# Buckle

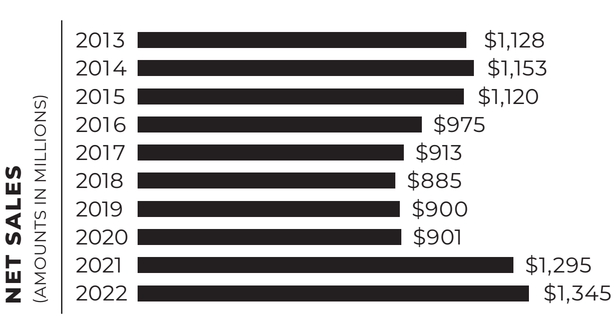
# Annual Report: 2022

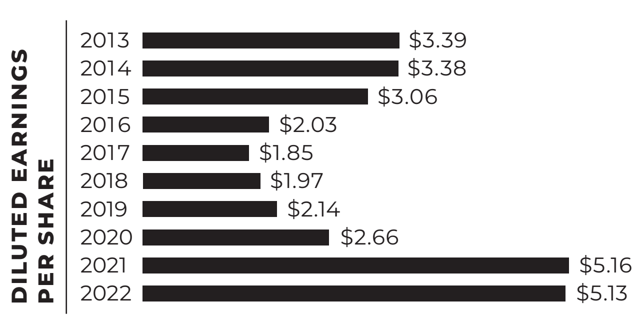
FOR THE STYLED LIFE.

# FINANCIAL HIGHLIGHTS

(dollar amounts in thousands except per share amounts and selected operating data)

| Buckle | JANUARY 28, 2023 | JANUARY 29, 2022 | JANUARY 30, 2021 |
|---|---|---|---|
| **INCOME STATEMENT DATA** | | | |
| NET SALES | $ 1,345,187 | $ 1,294,607 | $ 901,278 |
| INCOME BEFORE INCOME TAXES | $ 335,056 | $ 337,755 | $ 170,947 |
| INCOME TAX EXPENSE | $ 80,430 | $ 82,935 | $ 40,808 |
| NET INCOME | $ 254,626 | $ 254,820 | $ 130,139 |
| DILUTED EARNINGS PER SHARE | $ 5.13 | $ 5.16 | $ 2.66 |
| NET INCOME AS A PERCENTAGE OF NET SALES | 18.9% | 19.7% | 14.4% |
| **BALANCE SHEET DATA** | | | |
| WORKING CAPITAL | $ 197,293 | $ 142,665 | $ 230,865 |
| LONG-TERM INVESTMENTS | $ 20,624 | $ 19,352 | $ 18,320 |
| TOTAL ASSETS | $ 837,579 | $ 780,884 | $ 845,814 |
| LONG-TERM DEBT | $ – | $ – | $ – |
| STOCKHOLDERS' EQUITY | $ 376,314 | $ 312,924 | $ 396,629 |
| **SELECTED OPERATING DATA** | | | |
| NUMBER OF STORES OPEN AT YEAR END | 441 | 440 | 443 |
| AVERAGE SALES PER SQUARE FOOT | $ 475 | $ 468 | $ 311 |
| AVERAGE SALES PER STORE (000'S) | $ 2,515 | $ 2,430 | $ 1,598 |
| COMPARABLE STORE SALES CHANGE | 3.3% | 43.8% | 0.4% |



# DEAR SHAREHOLDERS:

Buckle's original mission statement was "to create the most pleasurable and comfortable shopping experience possible for our customers, by creating a consistently fulfilling learning environment for our teammates." While the current shortened version of our mission statement no longer includes the focus on fostering a learning environment, this principle has maintained its importance in our daily practices. We strive for continuous improvement, thoughtfully adapting as we evaluate new information and insights to better serve our guests. Our goal: to be our guests' favorite specialty store providing the best possible experience.

At Buckle, it has ***always*** been about the experience. An experience that is predicated on a commitment to excellence in all areas of our business and is made possible by our passionate pursuit of continual learning and evolution. During 2022, we made progress in the following areas:

- **Understanding our guests** – We are always learning more about who they are, what trends and brands they love, their favorite fits, their preferred channels, and the creative presentations that inspire them. We leverage these insights to ensure we provide the best style, selection, and experience to excite and engage new guests while deepening our relationships with loyal guests.

- **Service** – Our teams of stylists are constantly evolving their methods of presentation to highlight our unique product and deliver a fun and exciting shopping experience. We are always coaching the distinctive qualities of our brands, fits, and styles to ensure each guest receives the expert advice necessary to confidently live The Styled Life. Additionally, we continually invest in our omnichannel capabilities to take this service beyond the four-walls of our stores and into the hands of each guest, unifying the physical and digital experience.

- **Real estate portfolio** – While we remain committed to our real estate strategy of positioning our stores in the best possible shopping area in each of our markets, the types of locations we target has expanded. During the year, we opened four new stores and relocated seventeen stores from traditional mall locations into outdoor shopping centers. We continue to find additional opportunities with six new stores and double-digit relocations planned for 2023.

This commitment to excellence allowed Buckle to maintain our momentum from a record year in 2021 as we achieved comparable store sales growth of 3.3% in 2022. Our buying teams worked diligently to build back our inventory position and end the year with $125.1 million of style-right product on hand. For the year, we produced operating margins of 24.4% and diluted earnings per share of $5.13, which allowed us to return $202.9 million to shareholders through quarterly and special dividends.

Moving into 2023, I am confident in our team's ability to continue evolving and executing in a dynamic retail and economic environment, and I believe we are well positioned to capitalize on the opportunities ahead.

Thank you to each of our nearly 9,100 teammates for all your hard work and contributions to such an outstanding year. Thank you also to our cherished guests, valued business partners, and loyal shareholders. It is a pleasure to work with, and for, each of you.

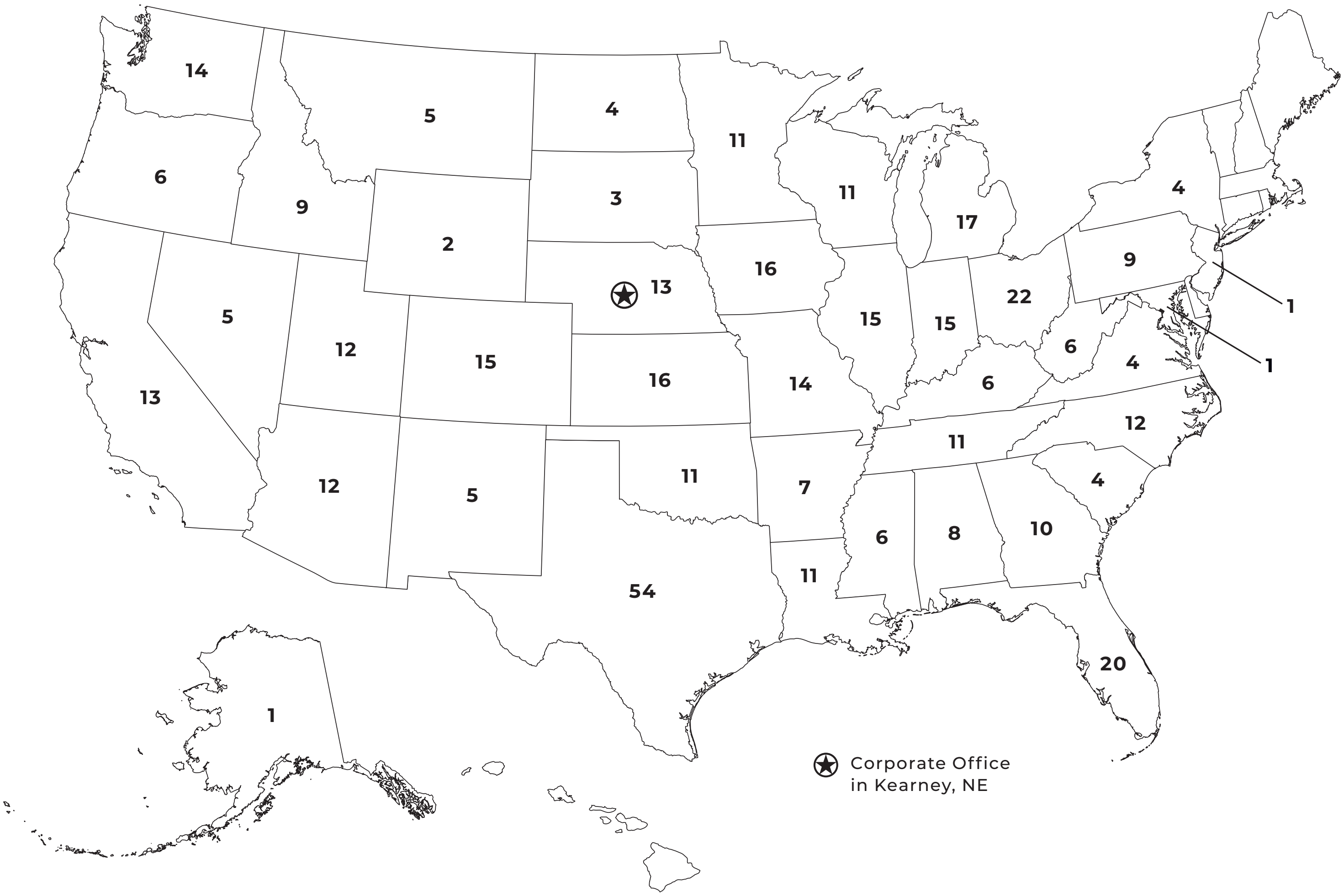
Sincerely,

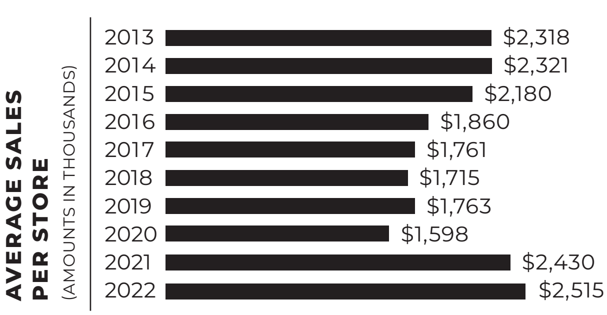
Dennis H Nelson

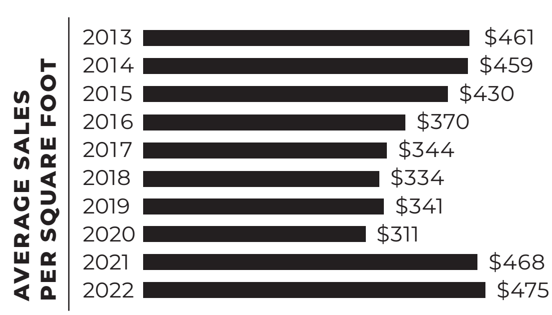
Dennis H. Nelson
President and Chief Executive Officer

# 441 STORES IN 42 STATES

During 2022, we opened four new stores, completed 23 full-store remodels, and strategically closed three stores to end the year with 441 stores in 42 states. For 2023, we anticipate opening six new stores and completing 12-17 full-store remodels.



**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-K

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

For the Fiscal Year Ended January 28, 2023

☐ **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: 001-12951

## THE BUCKLE, INC.

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **Nebraska** | **47-0366193** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**2407 West 24th Street, Kearney, Nebraska 68845-4915**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(308) 236-8491**

**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 Stock, $.01 par value | BKE | New York Stock Exchange |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
☑ Large accelerated filer; ☐ Accelerated filer; ☐ Non-accelerated filer; ☐ Smaller Reporting Company; ☐ Emerging Growth Company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value (based on the closing price of the New York Stock Exchange) of the common stock of the registrant held by non-affiliates of the registrant was $896,564,521 on July 30, 2022. For purposes of this response, executive officers and directors are deemed to be the affiliates of the Registrant and the holdings by non-affiliates was computed as 29,687,567 shares.

The number of shares outstanding of the Registrant's Common Stock, as of March 28, 2023, was 50,456,196.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the registrant's 2023 Annual Meeting of Stockholders are incorporated by reference in Part III.

**THE BUCKLE, INC.**
**FORM 10-K**
**January 28, 2023**

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## PART I

### ITEM 1 - BUSINESS

The Buckle, Inc. (the "Company") is a retailer of medium to better-priced casual apparel, footwear, and accessories for fashion-conscious young men and women. As of January 28, 2023, the Company operated 441 retail stores in 42 states throughout the United States under the names "Buckle" and "Buckle Youth." The Company markets a wide selection of mostly brand name casual apparel including denims, other casual bottoms, tops, sportswear, outerwear, accessories, and footwear. The Company emphasizes personalized attention to its customers and provides customer services such as free hemming, free gift-packaging, easy layaways, the Buckle private label credit card, and a guest loyalty program. Most stores are located in regional shopping malls and lifestyle centers. In recent years, however, the Company has successfully relocated several of its stores in smaller and middle markets from enclosed malls into power center locations, with continued plans for pursuing more such relocation opportunities in the future. The majority of the Company's central office functions, including purchasing, pricing, accounting, advertising, and distribution, are controlled from its corporate offices and distribution center in Kearney, Nebraska. The Company's men's buying team is located in Overland Park, Kansas.

Incorporated in Nebraska in 1948, the Company commenced business under the name Mills Clothing, Inc., a conventional men's clothing store with only one location. In 1967, a second store, under the trade name Brass Buckle, was purchased. In the early 1970s, the store image changed to that of a jeans store with a wide selection of denims and shirts. The first branch store was opened in Columbus, Nebraska, in 1976. In 1977, the Company began selling young women's apparel and opened its first mall store. The Company changed its corporate name to The Buckle, Inc. on April 23, 1991 and has experienced significant growth since that time, operating 441 stores in 42 states at the end of fiscal 2022. All references herein to fiscal 2022 refer to the 52-week period ended January 28, 2023. Fiscal 2021 refers to the 52-week period ended January 29, 2022 and fiscal 2020 refers to the 52-week period ended January 30, 2021. All references herein to the "Company", "Buckle", "we", "us", or similar terms refer to The Buckle, Inc. and its subsidiary.

The Company's principal executive offices are located at 2407 West 24th Street, Kearney, Nebraska 68845. The Company's telephone number is (308) 236-8491. The Company publishes its corporate web site at www.buckle.com.

#### Available Information

The Company's annual reports on Form 10-K, along with all other reports and amendments filed with or furnished to the Securities and Exchange Commission, are publicly available free of charge on the Investor Information section of the Company's website at www.buckle.com as soon as reasonably practicable after the Company files such materials with, or furnishes them to, the Securities and Exchange Commission. The Company's corporate governance policies, ethics code, and Board of Directors' committee charters are also posted within this section of the website. The information on the Company's website is not part of this or any other report The Buckle, Inc. files with, or furnishes to, the Securities and Exchange Commission.

#### Special Note Regarding Forward-Looking Statements

Certain statements herein, including anticipated store openings, trends in or expectations regarding the Company's revenue and net earnings growth, comparable store sales growth, cash flow requirements, and capital expenditures, all constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial, and competitive information and are subject to various risks and uncertainties. Actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, changes in product mix, changes in fashion trends and/or pricing, competitive factors, general economic conditions, economic conditions in the retail apparel industry, successful execution of internal performance and expansion plans, and other risks detailed herein and in the Company's other filings with the Securities and Exchange Commission.

A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Users should not place undue reliance on the forward-looking statements, which are accurate only as of the date of this report. The Company is under no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

## Merchandising

The Company's merchandising strategy is designed to create loyalty by offering a wide selection of key brand name and private label merchandise and providing a broad range of value-added services. The Company believes it provides a unique specialty apparel store experience with merchandise designed to appeal to the fashion-conscious 15 to 30-year old. The merchandise mix includes denims, casual bottoms, tops, sportswear, outerwear, accessories, and footwear. Denim is a significant contributor to total sales (39.3% of fiscal 2022 net sales) and is a key to the Company's merchandising strategy. The Company believes it attracts guests with its wide selection of branded and private label denim and a wide variety of fits, finishes, and styles. Tops are also significant contributors to total sales (29.7% of fiscal 2022 net sales). The Company strives to provide a continually changing selection of the latest casual fashions.

The percentage of net sales over the past three fiscal years of the Company's major product lines are set forth in the following table:

| Merchandise Group | Fiscal Years Ended<br>January 28, 2023 | <br>January 29, 2022 | <br>January 30, 2021 |
|---|---|---|---|
| Denims | 39.3 % | 39.6 % | 40.1 % |
| Tops (including sweaters) | 29.7 | 30.2 | 30.1 |
| Accessories | 10.0 | 9.3 | 9.0 |
| Footwear | 9.2 | 9.7 | 10.2 |
| Sportswear/fashions | 5.5 | 5.9 | 5.8 |
| Outerwear | 2.1 | 1.9 | 1.9 |
| Casual bottoms | 1.1 | 0.9 | 0.9 |
| Youth | 3.1 | 2.5 | 2.0 |
| Total | 100.0 % | 100.0 % | 100.0 % |

Brand name merchandise accounted for approximately 56% of the Company's net sales during fiscal 2022. The remaining balance is comprised of private label merchandise from exclusive brands including BKE, Buckle Black, Salvage, Red by BKE, Daytrip, Gimmicks, Gilded Intent, FITZ + EDDI, Willow & Root, Outpost Makers, Departwest, Sterling & Stitch, Reclaim, BKE Vintage, Nova Industries, J.B. Holt, Modish Rebel, and Veece. The Company's merchandisers continually work with manufacturers and vendors to produce brand name merchandise, the majority of which they believe is exclusive in terms of color, style, and fit. While the brands offered by the Company change to meet current customer preferences, the Company currently offers denims from brands such as Miss Me, Rock Revival, KanCan, Hidden, Flying Monkey, Levi's, Preme, Smoke Rise, Ariat, Good American, and Wrangler. Other key brands include Hurley, Billabong, Affliction, American Fighter, Sullen, Howitzer, Oakley, Fox, RVCA, 7 Diamonds, Nixon, Free People, Z Supply, Salt Life, White Crow, Brew City, Reef, Stance, Versace Cologne, American Highway, Eight X, Pendelton, Hooey, Goorin Bros., Old Row, Timberland, Teva, Kimes Ranch, SOREL, Hey Dude, Steve Madden, Dolce Vita, SAXX, Ray-Ban, Wanakome, Guess, Fossil, Brixton, Dr. Martens, Very G, Birkenstock, Bed Stu, Palladium, Mia, K-Swiss, Myra, STS, and G-Shock. The Company expects that brand name merchandise will continue to constitute the majority of sales.

Management believes the Company provides a unique store environment by maintaining a high level of personalized service and by offering a wide selection of fashionable, quality merchandise. The Company believes it is essential to create an enjoyable shopping environment and, in order to fulfill this mission, it employs highly motivated employees who provide personal attention to customers. Each salesperson is educated to help create a complete look for the customer by helping them find the best fits and showing merchandise as coordinating outfits. The Company also incorporates specialized services such as free hemming, free gift-packaging, layaways, a guest loyalty program, the Buckle private label credit card, personalized stylist services, and a special order system that allows stores to obtain specifically requested merchandise from other Company stores or from the Company's online order fulfillment center.

Merchandising and pricing decisions are made centrally; however, the Company's distribution system allows for variation in the mix of merchandise distributed to each store. This allows individual store inventories to be tailored to reflect differences in customer buying patterns at various locations. In addition, to ensure a continually fresh look in its stores, the Company ships new merchandise daily to most stores. The Company also has a transfer program that shifts certain merchandise to locations where it is selling best. This distribution and transfer system helps to maintain customer satisfaction by providing in-stock popular items and reducing the need to markdown slow-moving merchandise at a particular location. The Company believes the reduced markdowns justify the incremental distribution costs associated with the transfer system. The Company does not hold store-wide off-price sales at any time.

The Company continually evaluates its store design as part of the overall shopping experience and feels its current design continues to be well received by both guests and developers. This store design contains warm wood fixtures and floors, real brick finishes, and an appealing ceiling and lighting layout that creates a comfortable environment for the guest to shop. The signature Buckle-B icon is used throughout the store on fixtures, graphic images, and print materials to reinforce the brand identity. To enhance selling and product presentation, the Company continually updates the fixtures in its stores. The Company has been able to modify the store design for specialized venues including lifestyle centers and larger mall fronts. Over the past several fiscal years, the Company has also developed updated storefront designs that enhance the exterior visibility for stores relocating from enclosed mall locations to outdoor power centers and lifestyle centers.

## Marketing and Advertising

In fiscal 2022, the Company spent $19.2 million, or 1.4% of net sales, on targeted seasonal marketing campaigns, digital marketing efforts, and in-store point-of-sale materials. A coordinated effort to amplify value and relevance through brand image, voice, and experience is presented through store window displays, seasonal and product-level signage throughout the store, and on digital commerce and experience platforms. Promotions such as special, seasonal events combined with gift-with-purchase offers are offered to enhance the guest’s shopping experience. Seasonal guides, featuring current fashion trends and product selection, are distributed in the stores, at special events, and in new markets. Additionally, Buckle partners with key merchandise vendors on joint advertising and promotional opportunities that expand the marketing reach and position Buckle as the first-choice for these specialty branded fashions.

The Company also offers programs to build and strengthen its relationship with loyal guests. In October 2020, the Company combined its multi-tender loyalty program (Buckle Guest Loyalty) and private label credit card rewards program (B-Rewards) into one, all-inclusive program (Buckle Rewards). The Buckle Rewards incentive program rewards loyal guests and cardholders with real-time rewards after 300 points have been earned. There are three tiers in the program, providing guests with opportunities to earn additional points and exclusive benefits. The base tier is available for all guests who enroll, while the top two tiers are exclusive to holders of a Buckle private label credit card. In addition to the stated benefits, the Company also extends other exclusive offers to Buckle Rewards members such as special bonus points opportunities, targeted mailings, and other exclusive offers. The Company provides a special Buckle Premier+ tier for its most loyal cardholders. Buckle Premier+ cardholders must purchase at least $1,000 annually using their Buckle credit card to qualify, and these guests enjoy additional benefits including free ground shipping on online purchases and special orders. The Buckle credit card marketing program is partially funded by Comenity Bank, a third-party bank that owns the credit card accounts.

The Company supports a corporate web site at www.buckle.com. The Company’s web site serves as a portal to enhance, influence, and help its valued guests through their decision journey, reaching a growing online audience. Buckle.com provides an interactive, informative, and brand building environment where guests can shop, discover, learn, engage, and seek information, as well as search for career opportunities and read the Company’s latest financial news. The Company also maintains an opt-in email database. Targeted email campaigns are deployed informing guests of the latest styles and promotions. Paid-search, organic-search, and affiliate marketing programs are individually managed to increase online and in-store traffic. The Company continually invests in enhancements to the site's features and functionality, helping improve the overall digital guest experience and facilitate the growth in online traffic.

## Store Operations

The Company has an Executive Vice President of Stores, a Senior Vice President of Sales, 3 Vice Presidents of Sales, 4 Regional Managers, 32 District Managers, and 68 Area Managers. Certain district managers and all area managers also serve as manager of their home base store. In general, each store has 1 manager, 1 or 2 assistant managers, 1 to 3 additional full-time salespeople, and up to 20 part-time salespeople. Most stores have peak levels of staff during the back-to-school and holiday seasons. Almost every location also employs an alterations person.

The Company has established a comprehensive program stressing the prevention and control of shrinkage losses. Steps taken to reduce shrinkage include monitoring returns, cash refunds, voids, inappropriate discounts, and employee sales. The Company also has electronic article surveillance systems in all of the Company's stores as well as surveillance camera systems in approximately 99% of the stores. As a result, the Company achieved a merchandise shrinkage rate of 0.4% of net sales in fiscal 2022, 0.3% of net sales in fiscal 2021, and 0.4% of net sales in fiscal 2020.

The average store is approximately 5,300 square feet (of which the Company estimates an average of approximately 80% is selling space), and stores range in size from 1,937 square feet to 9,935 square feet.

**Purchasing and Distribution**

The Company has an experienced buying team. The experience and leadership within the buying team contributes significantly to the Company's success by enabling the buying team to react quickly to changes in fashion and by providing extensive knowledge of sources for both branded and private label goods.

The Company purchases products from manufacturers within the United States as well as from agents who source goods from foreign manufacturers. The Company's merchandising team shops and monitors fashion to stay abreast of the latest trends. The Company continually monitors styles, quality, and delivery schedules. The Company has not experienced any material difficulties with merchandise manufactured in foreign countries. The Company does not have long-term or exclusive contracts with any brand name manufacturer, private label manufacturer, or supplier. The Company plans its private label production with private label vendors three to six months in advance of product delivery. The Company requires its vendors to sign and adhere to its Buckle Responsible Sourcing Standards & Code of Conduct, which addresses adherence to legal requirements regarding employment practices and health, safety, and environmental regulations.

In fiscal 2022, Axis Denim (which produces private label denim for the Company) accounted for 15.2% of net sales and Rock Revival/Miss Me accounted for 10.7% of the Company's net sales. No other vendor accounted for more than 10% of the Company's net sales.

Buckle stores generally carry the same merchandise, with quantity and seasonal variations based upon historical sales data, climate, and perceived local customer demand. The Company uses a centralized receiving and distribution center located in Kearney, Nebraska. Merchandise is received daily in Kearney where it is sorted, tagged with bar-coded tickets (unless the vendor UPC code is used or the merchandise is pre-ticketed), and packaged for distribution to individual stores primarily via FedEx. The Company's goal is to ship the majority of its merchandise out to the stores within one to two business days of receipt. This system allows stores to receive new merchandise almost daily, creating excitement within the store and providing customers with a reason to shop often.

The Company has developed an effective system for tracking merchandise from the time it is checked in at the Company's distribution center until it arrives at the stores and is sold to a customer. The system's function is to ensure that store shipments are delivered accurately and promptly, to account for inventory, and to assist in allocating merchandise among stores. Management can track, on a daily basis, which merchandise is selling at specific locations and direct transfers of merchandise from one store to another as necessary. This allows stores to carry a reduced inventory while at the same time satisfying customer demand.

To reduce inter-store shipping costs and provide timely restocking of in-season merchandise, the Company warehouses a portion of initial shipments for later distribution. Sales data is then analyzed to replenish, on a basis of one to three times each week, those stores that are experiencing the greatest success selling specific styles, colors, and sizes of merchandise. This system is also designed to prevent an over-crowded look in the stores at the beginning of a season.

During fiscal 2010, the Company completed construction of a 240,000 square foot distribution center in Kearney, Nebraska, which currently serves as the Company's only store distribution center. The Company also owns two additional facilities as part of its home office campus in Kearney, Nebraska (one of which was completed during the first quarter of fiscal 2015). These facilities serve as the Company's corporate headquarters and house its online fulfillment and customer service center.

## Store Locations and Expansion Strategies

As of January 28, 2023, the Company operated 441 stores in 42 states. The existing stores are in 3 downtown locations, 50 strip centers, 54 lifestyle centers, and 334 shopping malls. The Company anticipates opening 6 new stores in fiscal 2023. The following table lists the location of existing stores as of January 28, 2023:

| Location of Stores | | | | | |
|---|---|---|---|---|---|
| **State** | **Number of Stores** | **State** | **Number of Stores** | **State** | **Number of Stores** |
| Alabama | 8 | Maryland | 1 | Oregon | 6 |
| Alaska | 1 | Michigan | 17 | Pennsylvania | 9 |
| Arizona | 12 | Minnesota | 11 | South Carolina | 4 |
| Arkansas | 7 | Mississippi | 6 | South Dakota | 3 |
| California | 13 | Missouri | 14 | Tennessee | 11 |
| Colorado | 15 | Montana | 5 | Texas | 54 |
| Florida | 20 | Nebraska | 13 | Utah | 12 |
| Georgia | 10 | Nevada | 5 | Virginia | 4 |
| Idaho | 9 | New Jersey | 1 | Washington | 14 |
| Illinois | 15 | New Mexico | 5 | West Virginia | 6 |
| Indiana | 15 | New York | 4 | Wisconsin | 11 |
| Iowa | 16 | North Carolina | 12 | Wyoming | 2 |
| Kansas | 16 | North Dakota | 4 | Total | 441 |
| Kentucky | 6 | Ohio | 22 | | |
| Louisiana | 11 | Oklahoma | 11 | | |

Over the past ten years, Buckle has opened a total of 55 new stores and closed 54, with the number of openings and closings in a given year being based on local economic conditions and available opportunities. The Company intends to open new stores only when management believes there is a reasonable expectation of satisfactory results.

The following table sets forth information regarding store openings and closings from the beginning of fiscal 2013 through the end of fiscal 2022:

| Total Number of Stores Per Year | | | | |
|---|---|---|---|---|
| **Fiscal Year** | **Open at start of year** | **Opened in Current Year** | **Closed in Current Year** | **Open at end of year** |
| 2013 | 440 | 13 | 3 | 450 |
| 2014 | 450 | 16 | 6 | 460 |
| 2015 | 460 | 9 | 1 | 468 |
| 2016 | 468 | 5 | 6 | 467 |
| 2017 | 467 | 2 | 12 | 457 |
| 2018 | 457 | — | 7 | 450 |
| 2019 | 450 | 2 | 4 | 448 |
| 2020 | 448 | 3 | 8 | 443 |
| 2021 | 443 | 1 | 4 | 440 |
| 2022 | 440 | 4 | 3 | 441 |

The Company's criteria used when considering a particular location for expansion include:

- Market area, including proximity to existing markets to capitalize on name recognition;
- Trade area population (number, average age, and college population);
- Economic vitality of market area;
- Location, anchor tenants, tenant mix, and average sales per square foot;
- Available location, square footage, storefront width, and facility of using the current store design;
- Availability of experienced management personnel for the market;
- Cost of rent, including minimum rent, common area, and extra charges; and
- Estimated construction costs, including landlord charge backs and tenant allowances.

The Company generally seeks sites of 4,250 to 5,000 square feet for its stores. The projected cost of opening a store is approximately $1.2 million, including construction costs of approximately $1.0 million (prior to any construction allowance received) and inventory costs of approximately $0.2 million, net of accounts payable.

The Company anticipates opening 6 new stores during fiscal 2023 and expects to complete approximately 12-17 full remodels. Year-to-date through March 28, 2023, the Company has closed 3 stores in fiscal 2023, with no other specific store closings currently planned for the remainder of the year. The construction costs for a full remodel are comparable to those of a new store. The Company also plans to complete several smaller store remodeling projects during fiscal 2023. The Company anticipates capital spending of approximately $24.0 to $30.0 million during fiscal 2023, which includes primarily planned store projects and technology investments.

The Company's ability to expand in the future will depend, in part, on general business conditions, the ability to find suitable locations with acceptable sites on satisfactory terms, and the readiness of trained store managers. There can be no assurance that the Company's future expansion plans will be fulfilled in whole or in part, or that leases for potential new sites will be obtained on terms favorable to the Company.

## Information Technology

The Company's information technology systems consist of a full range of retail, financial, and merchandising platforms, including purchasing, inventory distribution and control, financial reporting, accounts payable, and merchandise management.

The system includes PC based point-of-sale ("POS") registers in each store. The registers trickle transactions to a central server using a virtual private network ("VPN") for collection of comprehensive data, including complete item-level sales information. The transactions are then swept into the central database (IBM iSeries). Price updates are sent daily for the price lookup (“PLU”) file maintained within the POS registers.

Twice a week, the Company initiates an electronic "sweep" of the individual store bank accounts to the Company's primary concentration account. This allows the Company to meet its obligations and invest cash on a timely basis.

Management monitors the performance of each of its stores on a continual basis. Daily information is used to evaluate inventory, determine markdowns, analyze profitability, and assist management in the scheduling and compensation of employees.

The PLU system allows management to control merchandise pricing centrally, permitting faster and more accurate processing of sales at the store and the monitoring of specific inventory items to confirm that centralized pricing decisions are carried out in each of the stores. Management is able to direct all price changes, including promotional, clearance, and markdowns on a central basis and estimate the financial impact of such changes.

The VPN for communication with the stores also supports the Company’s intranet site. The intranet allows stores to view various types of information from the corporate office. Stores also have access to a variety of tools such as a product search with pictures, product availability, special order functions, inventory management, scheduling, performance tracking, printable forms, links to transmit various requests and information to the corporate office, training videos, email, and information/ guidelines from each of the departments at the corporate office. The Company’s network is also structured so that it can support additional functionality such as digital video monitoring and digital music content programming at each store location.

The Company is committed to the ongoing review of its technology systems to maintain productive, timely information and effective controls. This review includes testing of new products and systems to ensure that the Company is aware of technological developments. Most important, continual feedback is sought from every level of the Company to ensure that information provided is pertinent to all aspects of the Company's operations.

## Employees and Human Capital

The Company's employees, which we refer to as our "teammates," are critical to carrying out Buckle's mission statement, "to create the most enjoyable shopping experience possible for our guests." The Company's success is highly dependent on the continued contributions of all teammates, including those in the Company's stores, distribution center, and corporate offices. As a result, the Company seeks to recruit and retain talented teammates through competitive pay and benefits offerings, along with an entrepreneurial culture that emphasizes education, training, and advancement.

**Teammate Demographics.** As of January 28, 2023, the Company had approximately 9,100 teammates, of which approximately 3,100 were full-time. Of the total number of teammates, approximately 830 were employed at the corporate offices and in the distribution center. The Company has an experienced management team and most of the management team, from store managers through senior management, began work for the Company on the sales floor. The Company experiences high turnover of store and distribution center teammates, primarily due to the number of part-time teammates. However, the Company has not experienced significant difficulty in hiring qualified personnel.

**Teammate Compensation.** Buckle's entrepreneurial culture is vital to our continued success. As such, we seek to offer competitive base pay and benefits to our teammates, as well as incentive compensation tied to both individual and overall Company performance. As teammates advance, a larger share of their compensation generally becomes performance-based. For example, the majority of store teammates are compensated with a base plus commission structure. Store managers receive compensation in the form of a base salary and incentive bonuses based on the individual performance of their store. District and area managers receive incentives based upon the performance of the stores in their district/area. We believe our incentive-based compensation structure creates a sense of ownership amongst our teammates. This aligns with our entrepreneurial culture, motivating our teammates to constantly seek improvements in the service we provide to our guests.

**Training and Advancement.** The Company invests heavily in the education, training, and leadership development of its teammates. Store managers perform sales training for new teammates at the store level, utilizing training videos and educational programs developed by sales leadership. As teammates progress, leadership development opportunities are provided through the Company's Leadership Academy, which is designed to prepare potential future leaders for store management opportunities. Additionally, the Company hosts manager meetings three times per year to provide continuing education and leadership development opportunities for our store managers. At the corporate offices, teammates are afforded professional growth opportunities aligned with their area of responsibility, including internal trainings, industry seminars and conferences, and experiential opportunities. Mentoring is also an important training and development tool utilized at all levels of the Company.

## Competition

The men's and women's apparel industries are highly competitive with fashion, selection, quality, price, location, store environment, and service being the principal competitive factors. While the Company believes it is able to compete favorably with other merchandisers, including department stores and specialty retailers, with respect to each of these factors, the Company believes it competes mainly on the basis of customer service and merchandise selection.

In the men's merchandise area, the Company competes primarily with specialty retailers such as Abercrombie & Fitch, American Eagle Outfitters, Boot Barn, Express, Gap, Hollister, PacSun, Scheels, and Tilly's. The men's market also competes with certain department stores, such as Dillards, Macy's, Nordstrom, and certain local or regional department stores and small specialty stores, as well as with direct-to-consumer brands and online retailers.

In the women's merchandise area, the Company competes primarily with specialty retailers such as Abercrombie & Fitch, Altar'd State, American Eagle Outfitters, Anthropologie, Boot Barn, Express, Forever 21, Francesca's, Free People, H&M, Hollister, Journey's, Lulus, Madewell, Maurices, PacSun, Revolve, Scheels, Tilly's, Urban Outfitters, Zara, and Zumiez. The women's market also competes with department stores, such as Dillards, Macy's, Nordstrom, and certain local or regional department stores, and small specialty boutiques, as well as with direct-to-consumer brands and online retailers.

Many of the Company's competitors are considerably larger and have substantially greater financial, marketing, and other resources than the Company, and there is no assurance that the Company will be able to compete successfully with them in the future. Furthermore, while the Company believes it competes effectively for favorable site locations and lease terms, competition for prime locations is intense.

## Seasonality

The Company's business is seasonal, with the holiday season (from approximately November 15 to December 30) and the back-to-school season (from approximately July 15 to September 1) historically contributing the greatest volume of net sales. For fiscal years 2022, 2021, and 2020, the holiday and back-to-school seasons accounted for approximately 35% of the Company's fiscal year net sales.

## Trademarks

“BUCKLE”, “THE BUCKLE”, “BUCKLE BLACK”, “BKE”, “BKE BOUTIQUE”, “BKE SOLE”, “DAYTRIP”, “RECLAIM”, “B BELIEVES”, “GIMMICKS”, "BKE RED", "BEST BRANDS. FAVORITE JEANS.", "BKE SPORT", "BKE RESERVE", "BUCKLE BELIEVES", "FADE BY BKE", "SOLELY BLACK BY BKE", "FITZ + EDDI", "BUCKLE SELECT", "IN THESE BLUES", "POETIC REBEL", "UNTAMED SOUL", "WILLOW & ROOT", "TWINE & STARK", "INDIE SPIRIT DESIGNS", "BKE CORE", "GILDED INTENT", "#BUCKLEDOUT", "QUINN & COPPER", "LEGACY COLLECTION BY BKE", "SWEET HARMONY BY BUCKLE", "DAYTRIP REFINED", "WHEREVER YOU WANDER BY BUCKLE", "RED BY BKE", "#INTHESEBLUES", "J.B. HOLT", "OUTPOST MAKERS", "DEPARTWEST", "STONE REFINERY", "stylized G", "DEPARTWEST logo", "GREHY", "NOVA INDUSTRIES", "SAY YOU WILL", "BRILL BOUTIQUE", "BUCKLE B", "BUCKLE REWARDS", "BKE ESSENTIALS" and “B” icon are federally registered trademarks of the Company. The Company also owns trademarks for certain product designs. The Company believes the strength of its trademarks is of considerable value to its business, and its trademarks are important to its marketing efforts. The Company intends to protect and promote its trademarks as management deems appropriate.

## Regulation

The Company and the merchandise it sells are subject to regulation by various federal, state, local, and foreign regulatory authorities. In addition, because some of the merchandise the Company sells is manufactured by foreign suppliers and imported by the Company, the Company’s operations are subject to a variety of trade laws, customs regulations, and international trade agreements. Compliance with these laws, rules, and regulations has not had, and at the present time is not expected to have, a material effect on the Company’s capital expenditures, results of operations, or competitive position. See “ITEM 1A – Risk Factors – Reliance on Foreign Sources of Production” for additional information.

## Executive Officers of the Company

The Executive Officers of the Company are listed below, together with brief accounts of their experience and certain other information.

**Daniel J. Hirschfeld, age 81.** Mr. Hirschfeld is Chairman of the Board of the Company. He has served as Chairman of the Board since April 19, 1991. Prior to that time, Mr. Hirschfeld served as President and Chief Executive Officer. Mr. Hirschfeld has been involved in all aspects of the Company's business, including the development of the Company's management information systems.

**Dennis H. Nelson, age 73.** Mr. Nelson is President and Chief Executive Officer and a Director of the Company. He has held the titles of President and Director since April 19, 1991. Mr. Nelson was elected Chief Executive Officer on March 17, 1997. Mr. Nelson began his career with the Company in 1970 as a part-time salesperson while he was attending Kearney State College (now the University of Nebraska - Kearney). While attending college, he became involved in merchandising and sales supervision for the Company. Upon graduation from college in 1973, Mr. Nelson became a full-time employee of the Company and he has worked in all phases of the Company's operations since that date. Prior to his election as President and Chief Operating Officer on April 19, 1991, Mr. Nelson performed all of the functions normally associated with those positions.

**Thomas B. Heacock, age 45**. Mr. Heacock is Senior Vice President of Finance, Treasurer, Chief Financial Officer, and a Director of the Company. He was elected a Director on December 4, 2017. Mr. Heacock was appointed Senior Vice President of Finance, Treasurer, and Chief Financial Officer effective February 4, 2018, after having served as Vice President of Finance, Treasurer, and Chief Financial Officer upon his appointment as Chief Financial Officer on July 20, 2017. He has been employed by the Company since October 2003 and served as Vice President of Finance, Treasurer, and Corporate Controller prior to his appointment as Chief Financial Officer. Prior to joining the Company, he was employed by Ernst & Young, LLP. Mr. Heacock is the son-in-law of Dennis H. Nelson, who serves as President and Chief Executive Officer and a Director of The Buckle, Inc.

**Kari G. Smith, age 59**. Ms. Smith is Executive Vice President of Stores and a Director of the Company. She was elected a Director effective February 4, 2018 and was appointed Executive Vice President of Stores on February 13, 2014, after having served as Vice President of Sales since May 2001. Ms. Smith joined the Company in May 1978 as a part-time salesperson. Later she became store manager in Great Bend, Kansas and then began working with other stores as an area manager. Ms. Smith has continued to develop her involvement with the sales management team, helping with manager meetings and the development of new store managers, as well as providing support for store managers, area managers, and district managers.

**Brett P. Milkie, age 63**. Mr. Milkie is Senior Vice President of Leasing. He was appointed to this position on March 6, 2014, after having served as Vice President of Leasing since May 1996. Mr. Milkie was a leasing agent for a national retail mall developer for 6 years prior to joining the Company in January 1992 as Director of Leasing.

**Michelle M. Hoffman, age 61.** Ms. Hoffman is Senior Vice President of Sales. She was appointed to this position on February 22, 2022, after having served as Vice President of Sales since March 2014. Ms. Hoffman has been employed by the Company since 1979 and has served in various roles of increasing responsibility on the sales team since that time; including salesperson, Store Manager, District Manager, and Regional Manager.

**Kelli D. Molczyk, age 44.** Ms. Molczyk is Senior Vice President of Women's Merchandising. She was appointed to this position on February 22, 2022, after having served as Vice President of Women's Merchandising since December 2014. Ms. Molczyk has been employed by the Company since 1999 and has served in various roles on the women's merchandising team since that time, including Divisional Merchandise Manager.

**Brady M. Fritz, age 43.** Ms. Fritz is Senior Vice President, General Counsel, and Corporate Secretary. She was appointed to this position on February 22, 2022, after having served as Vice President, General Counsel, and Corporate Secretary since March 2021. Ms. Fritz was hired by the Company on December 10, 2018 and has served as General Counsel and Corporate Secretary since that time. Prior to joining the Company, she served Cargill Incorporated for over 10 years in several roles of increasing responsibility, including most recently as Global Legal Operations Leader and Senior Attorney. Prior to joining Cargill Incorporated, Ms. Fritz began her career at Scudder Law Firm in Lincoln, Nebraska.

## ITEM 1A - RISK FACTORS

In management’s judgment, the following are material risk factors that might make an investment in the Company speculative or risky:

**<u>Business and Industry Risks:</u>**

**Dependence on Merchandising/Fashion Sensitivity**. The Company’s success is largely dependent upon its ability to gauge the fashion tastes of its customers and to provide merchandise that satisfies customer demand in a timely manner. The Company’s failure to anticipate, identify, or react appropriately and timely to changes in fashion trends would reduce the Company’s net sales and profitability. Misjudgments or unanticipated fashion changes could have a negative impact on the Company’s image with its customers, which would also reduce the Company’s net sales and profitability.

**Dependence on Private Label Merchandise**. Sales from private label merchandise accounted for approximately 44% of net sales for fiscal 2022 and 43% for fiscal 2021. The Company may increase or decrease the percentage of net sales from private label merchandise in the future. The Company’s private label products generally earn a higher margin than branded products. Thus, reductions in the private label mix would decrease the Company’s merchandise margins and, as a result, reduce net earnings.

**Fluctuations in Comparable Store Net Sales Results**. The Company’s comparable store net sales results have fluctuated in the past and are expected to continue to fluctuate in the future. A variety of factors affect comparable store sales results, including changes in fashion trends, changes in the Company’s merchandise mix, calendar shifts of holiday periods, actions by competitors, weather conditions, and general economic conditions. As a result of these or other factors, the Company’s future comparable store sales could decrease, reducing overall net sales and profitability.

**Ability to Continue Expansion and Management of Growth**. The Company's growth depends on its ability to open and operate stores on a profitable basis and management's ability to manage planned expansion. During fiscal 2023, the Company plans to open 6 new stores. Potential future expansion is dependent upon factors such as the ability to locate and obtain favorable store sites, negotiate acceptable lease terms, obtain necessary merchandise, and hire and train qualified management and other employees. There may be factors outside of the Company's control that affect the ability to expand, including general economic conditions. There is no assurance that the Company will be able to achieve its planned expansion or that future expansion will be profitable. If the Company fails to achieve store growth, there would be less growth in the Company's net sales from new stores and less growth in profitability. If the Company opens unprofitable store locations, there could be a reduction in net earnings, even with the resulting growth in the Company's net sales.

**Ability to Adjust to Changes in Shopping Center Traffic and Consumer Trends Related to E-Commerce Shopping**. Shopping patterns have been evolving rapidly, along with consumers' ability to shop whenever and wherever they choose. These changing dynamics and increased competition from online retailers have adversely impacted shopping center traffic in many malls. The Company's ability to compete effectively in the future is dependent on its ability to continue to profitably manage both its in-store and e-commerce businesses. The Company considers its unique merchandise selection and its outstanding customer service to be key differentiators. The Company continues to invest in its e-commerce website and other digital initiatives to drive traffic to both its stores and buckle.com. The Company also continues to expand its omni-channel capabilities to satisfy its guests however they choose to shop. There can, however, be no assurance that the Company will be able to successfully integrate both channels and compete successfully with other retailers. The Company's inability to profitably adapt to changing consumer preferences would cause a decrease in the Company's net sales and net earnings.

**Reliance on Key Personnel**. The continued success of the Company is dependent to a significant degree on the continued service of key personnel, including senior management. The loss of a member of senior management could create additional expense in covering their position as well as cause a reduction in net sales, thus reducing net earnings. The Company's success in the future will also be dependent upon the Company's ability to attract and retain qualified personnel. The Company's failure to attract and retain qualified personnel could negatively impact net sales, could create additional operating expenses, and could reduce overall profitability for the Company.

**Dependence on a Single Distribution Facility and Third-Party Carriers**. The distribution function for all of the Company's stores is handled from a single facility in Kearney, Nebraska. Any significant interruption in the operation of the distribution facility due to natural disasters, system failures, or other unforeseen causes would impede the distribution of merchandise to the stores, causing a decline in store inventory, a reduction in store sales, and a reduction in Company profitability. Interruptions in service by common carriers could also delay shipment of goods to Company store locations. Additionally, there can be no assurance that the current facilities will be adequate to support future growth.

**Reliance on Foreign Sources of Production.** The Company purchases a portion of its private label merchandise through sourcing agents in foreign markets. In addition, some of the Company's domestic vendors manufacture goods overseas. The Company does not have any long-term merchandise supply contracts and its imports are subject to existing or potential duties, tariffs, and quotas. The Company faces a variety of risks associated with doing business overseas including competition for facilities and quotas, political instability, possible new legislation relating to imports that could limit the quantity of merchandise that may be imported, imposition of tariffs, duties, taxes, and other charges on imports, and local business practice and political issues which may result in adverse publicity. The Company's inability to rely on foreign sources of production due to these or other causes could reduce the amount of inventory the Company is able to purchase, hold up the timing on the receipt of new merchandise, and reduce merchandise margins if comparable inventory is purchased from branded sources. Any or all of these changes would cause a decrease in the Company's net sales and net earnings.

**Dependence upon Maintaining Sales and Profit Growth in the Highly Competitive Retail Apparel Industry**. The specialty retail industry is highly competitive. The Company competes primarily on the basis of fashion, selection, quality, price, location, service, and store environment. The Company faces a variety of competitive challenges, including:

- Anticipating and responding timely to changing customer demands and preferences;
- Effectively marketing both branded and private label merchandise to consumers in several diverse market segments and maintaining favorable brand recognition;
- Providing unique, high-quality merchandise in styles, colors, and sizes that appeal to consumers;
- Sourcing merchandise efficiently;
- Competitively pricing merchandise and creating customer perception of value; and
- Monitoring increased labor costs, including increases in health care benefits and worker's compensation and unemployment insurance costs.

There is no assurance that the Company will be able to compete successfully in the future.

**Reliance on Consumer Spending Trends**. The continued success of the Company depends, in part, upon numerous factors that impact the levels of individual disposable income and thus, consumer spending. Factors include the political environment, the threat or outbreak of war (including, the ongoing conflict in Ukraine), terrorism, civil unrest, economic conditions, employment, consumer debt, interest rates, inflation, and consumer confidence. A decline in consumer spending, for any reason, could have an adverse effect on the Company's net sales, gross profits, and results from operations.

**Operational Risks:**

**Fluctuations in Tax Obligations and Effective Tax Rate.** The Company records tax expense based on its estimates of future payments. At any one time, multiple tax years are subject to audit by various taxing authorities. There can be no assurance as to the outcome of any current or potential future audits and their impact on the tax owed by the Company. In addition, the Company's effective tax rate may be materially impacted by changes in tax laws and regulations in the jurisdictions where it operates. Future tax law changes could materially impact the Company's effective tax rate and, therefore, its net earnings.

**Evolving Regulations and Expectations with Respect to Environmental, Social, and Governance Matters.** There has been increasing stakeholder and regulatory focus on environmental, social, and governance ("ESG") initiatives and related disclosures affecting public companies. The Company anticipates that expectations and requirements in these areas will continue to evolve. To the extent the Company is unable to meet or is perceived to be unable to meet these expectations and requirements, the Company's reputation, business, and financial performance could be adversely affected.

**Modifications and/or Upgrades to Information Technology Systems May Disrupt Operations**. The Company relies upon its various information systems to manage its operations and regularly evaluates its information technology in order for management to identify investment opportunities for maintaining, modifying, upgrading, or replacing these systems. There are inherent risks associated with replacing or changing these systems. Any delays, errors in capturing data, or difficulties in transitioning to these or other new systems, or in integrating these systems with the Company's current systems, or any other disruptions affecting the Company's information systems, could have a material adverse impact on the Company's business.

**Reliance on Increasingly Complex Information Systems for Management of Distribution, Sales, and Other Functions**. If the Company's information systems fail to perform these functions adequately or if the Company experiences an interruption in their operation, including a breach in cyber-security, its business and results of operations could suffer. All of the Company's major operations, including distribution, sales, and accounting, are dependent upon the Company's complex information systems. The Company's information systems are vulnerable to damage or interruption from:

- Earthquake, fire, flood, tornado, and other natural disasters;
- Power loss, computer systems failure, internet and telecommunications or data network failure;
- Hackers, computer viruses, software bugs, or glitches.

Any damage or significant disruption in the operation of such systems, or the failure of the Company's information systems to perform as expected, could disrupt the Company's business, result in decreased sales, increased overhead costs, excess inventory, or product shortages and otherwise adversely affect the Company's operations, financial performance, and financial condition.

**Unauthorized Access to, or Accidental Disclosure of, Consumer Personally-Identifiable Information that the Company Collects May Result in Significant Expenses and Negatively Impact the Company's Reputation and Business.** As part of the Company's normal operations, it receives and maintains confidential information about customers, employees, and other third parties. The Company employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding customers, employees, job applicants, and others, including credit card information and personally-identifiable information. Despite safeguards and security processes and protections, the Company's computer systems may be susceptible to electronic or physical computer break-ins, viruses, and other disruptions and security breaches. Additionally, the Company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at the Company, its customers, or others who have entrusted the Company with information. Actual or anticipated attacks may cause the Company to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Advances in computer capabilities, new technological discoveries, or other developments may result in the technology used to protect transaction or other data being breached or compromised. In addition, data and security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breach by employees or by persons with whom the Company has commercial relationships that result in the unauthorized release of personal or confidential information. Any perceived or actual unauthorized disclosure of personally-identifiable information regarding visitors to the Company's websites or otherwise, whether through a breach of the Company's network by an unauthorized party, employee theft, misuse, or error, or otherwise, could harm the Company's reputation, impair the Company's ability to attract and retain customers, or subject the Company to claims or litigation arising from damages suffered by consumers, and adversely affect the Company's operations, financial performance, and financial condition.

**Interest Rate Risk.** The Company is exposed to market risk related to interest rate risk on the cash and investments in interest-bearing securities. These investments have carrying values that are subject to interest rate changes that could impact earnings to the extent that the Company did not hold the investments to maturity. If there are changes in interest rates, those changes would also affect the investment income the Company earns on its cash and investments. For each one-quarter percent decline in the interest/dividend rate earned on cash and investments, the Company's net income would decrease approximately $0.5 million or less than $0.01 per share. This amount could vary based upon the number of shares of the Company's stock outstanding and the level of cash and investments held by the Company.

**Operations of the Company Could be Adversely Affected by Events Beyond the Company's Control.** The Company's operations, our suppliers, and the spending patterns of our guests could be negatively impacted by various events beyond the Company's control. Such events include, but are not limited to, natural disasters, such as hurricanes, tornadoes, floods, wildfires, and other extreme weather conditions; unforeseen public health crises, such as pandemics and epidemics; negative climate conditions; or other catastrophic events or disasters occurring in or impacting the areas in which the Company's stores, distribution center, corporate offices, or suppliers' facilities are located. Such events have the potential to adversely affect the Company's operations and financial results.

**Impact to the Operations of the Company's Facilities and Retail Stores Resulting from the Novel Coronavirus ("COVID-19") or Other Global Pandemics.** The Company currently has a concentration of facilities in Kearney, Nebraska, including its corporate office, distribution center, and online fulfillment center. The Company also has an office in Overland Park, Kansas for its men's buying team. The Company is dependent on the successful operation of these facilities to sustain its operations, including the operation of its online business at buckle.com and its 441 stores in 42 states across the United States.

While the Company has effectively managed the risks posed to its teammates and guests as a result of the COVID-19 global pandemic, there can be no assurances that it will be able to continue to do so as the result of further spread of COVID-19, any variants thereof, or the outbreak of infectious diseases in the future. The operation of all of the Company's facilities is critically dependent on the employees who staff these locations. In addition, federal and state governments have, and may again, imposed restrictions ranging from limitations on public interaction to stay-at-home orders in affected areas. Any events that threaten the operation of the Company's facilities or retail stores, including the outbreak of COVID-19, could have a material adverse effect on the Company's business. This coupled with the potential reduction in consumer spending could materially impact the Company's financial condition and results of operations. Further, these events may also limit the ability of the Company's vendors/manufacturers to operate, which would limit or delay the receipt of new merchandise.

<u>**General Risks:**</u>

**Forward-Looking Statements.** The Company cautions that the risk factors described above could cause actual results to vary materially from those anticipated in any forward-looking statements made by or on behalf of the Company. Management cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to vary from those contained in forward-looking statements.

**ITEM 1B - UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2 - PROPERTIES**

All of the store locations operated by the Company are leased facilities. Most of the Company's stores have lease terms of approximately ten years. In the past, the Company has not experienced problems renewing its leases, although no assurance can be given that the Company can renew existing leases on favorable terms. The Company seeks to negotiate extensions on leases for stores undergoing remodeling to provide terms of approximately ten years after completion of remodeling. Consent of the landlord generally is required to remodel or change the name under which the Company does business. The Company has not experienced problems in obtaining such consent in the past. Most leases provide for a fixed minimum rental cost plus an additional rental cost based upon a set percentage of sales beyond a specified breakpoint, plus common area and other charges. The current terms of the Company's leases for stores open as of January 28, 2023, including automatic renewal options, expiring on or before January 31 of each year is as follows:

| Year | Number of Expiring Leases |
|---|---|
| 2024 | 145 |
| 2025 | 104 |
| 2026 | 53 |
| 2027 | 42 |
| 2028 | 38 |
| 2029 | 10 |
| 2030 | 4 |
| 2031 and later | 45 |
| Total | 441 |

The corporate headquarters and online fulfillment center for the Company are located within a facility purchased by the Company in 1988, which is located in Kearney, Nebraska. The building currently provides approximately 261,200 square feet of space, which includes approximately 82,200 square feet related to the Company's 2005 addition. During fiscal 2010, the Company completed construction of a 240,000 square foot distribution center in Kearney, Nebraska, which currently serves as the Company's only store distribution center. In fiscal 2015, the Company completed construction of a new office building as a part of its home office campus in Kearney, Nebraska, which provides 80,000 square feet of office space.

**ITEM 3 - LEGAL PROCEEDINGS**

From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. As of the date of this Form 10-K, the Company was not engaged in legal proceedings that are expected, individually or in the aggregate, to have a material effect on the Company.

**ITEM 4 - MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company’s common stock trades on the New York Stock Exchange under the symbol BKE.

Dividend Payments

During fiscal 2020, the Company's Board of Directors suspended the Company's quarterly cash dividends during the first two quarters of the fiscal year as a result of the global COVID-19 pandemic. Upon resuming the Company's quarterly cash dividends, the Company paid cash dividends of $0.30 per share in both the third and fourth quarters. The Company also paid a special cash dividend of $2.00 per share in the fourth quarter of fiscal 2020. During fiscal 2021, the Company paid cash dividends of $0.33 per share in each of the first three quarters and $0.35 per share in the fourth quarter. The Company also paid a special cash dividend of $5.65 per share in the fourth quarter of fiscal 2021. During fiscal 2022, the Company paid cash dividends of $0.35 per share in each of the four quarters. The Company also paid a special cash dividend of $2.65 per share in the fourth quarter of fiscal 2022.

Issuer Purchases of Equity Securities

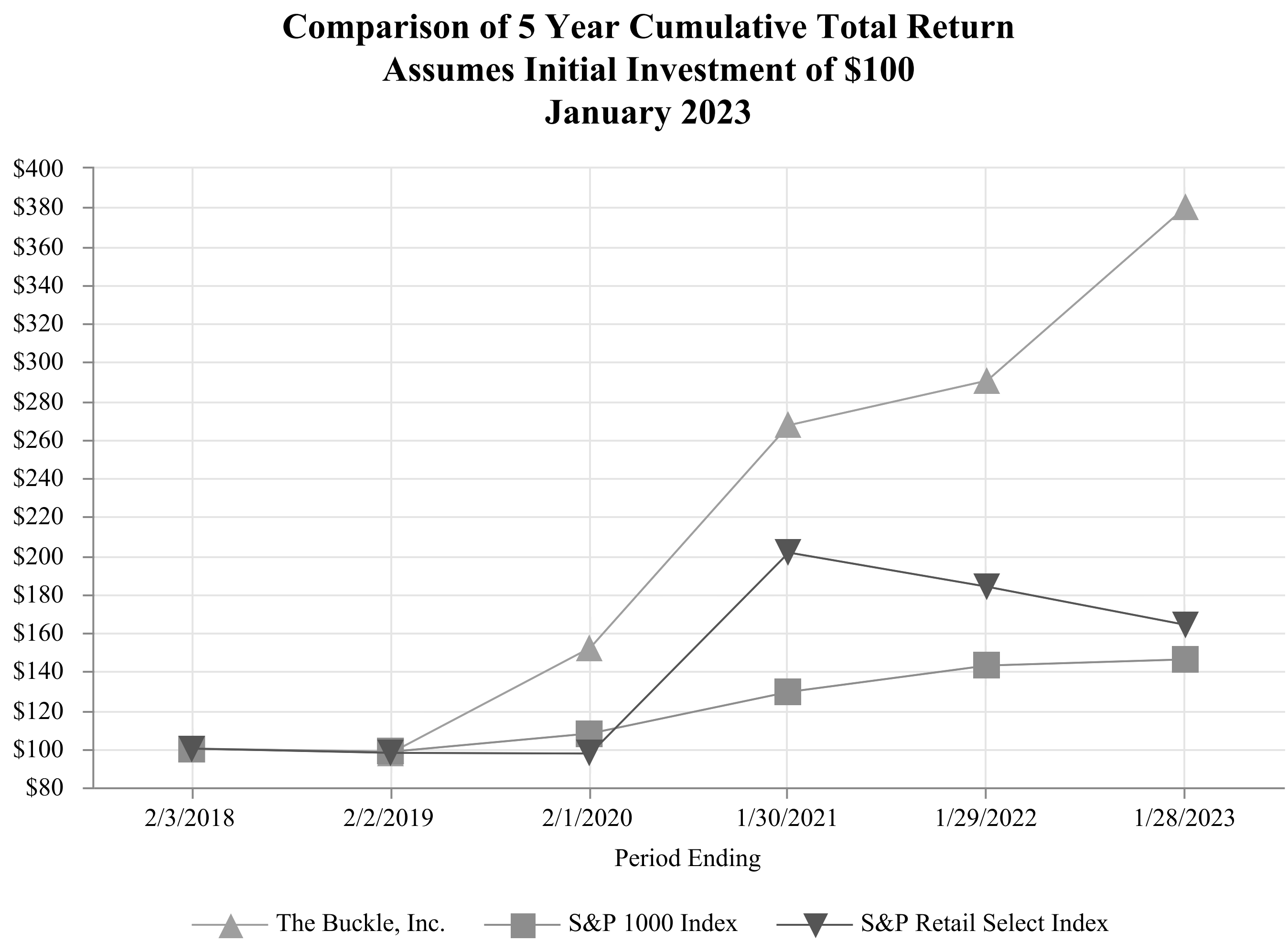
The following table sets forth information concerning purchases made by the Company of its common stock for each of the months in the fiscal quarter ended January 28, 2023:

| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Approximate Number of Shares Yet To Be Purchased Under Publicly Announced Plans |
|---|---|---|---|---|
| Oct. 30, 2022 to Nov. 26, 2022 | — | — | — | 410,655 |
| Nov. 27, 2022 to Dec. 31, 2022 | — | — | — | 410,655 |
| Jan. 1, 2023 to Jan. 28, 2023 | — | — | — | 410,655 |
| Total | — | — | — | |

*The Board of Directors authorized a 1,000,000 share repurchase plan on November 20, 2008. The Company has 410,655 shares remaining to complete this authorization.*

Stock Price Performance Graph

The graph below compares the cumulative total return on common shares of the Company for the last five fiscal years with the cumulative total return on the S&P 1000 Index and the S&P Retail Select Industry Index:




| **Total Return Analysis** | **2/3/2018** | **2/2/2019** | **2/1/2020** | **1/30/2021** | **1/29/2022** | **1/28/2023** |
|---|---|---|---|---|---|---|
| The Buckle, Inc. | $ 100.00 | $ 98.05 | $ 152.18 | $ 267.26 | $ 290.34 | $ 380.09 |
| S&P 1000 Index | 100.00 | 98.43 | 107.86 | 129.33 | 142.98 | 146.16 |
| S&P Retail Select Industry Index | 100.00 | 97.81 | 97.47 | 201.40 | 183.74 | 164.01 |

The following table lists the Company's quarterly market range for fiscal years 2022, 2021, and 2020, as reported by the New York Stock Exchange:

| | Fiscal Years Ended | | | | | |
|---|---|---|---|---|---|---|
| | January 28, 2023 | | January 29, 2022 | | January 30, 2021 | |
| Quarter | High | Low | High | Low | High | Low |
| First | $ 40.07 | $ 30.30 | $ 45.53 | $ 35.77 | $ 26.77 | $ 11.76 |
| Second | 33.94 | 26.50 | 50.79 | 38.45 | 19.03 | 12.76 |
| Third | 40.54 | 29.55 | 46.80 | 38.11 | 25.08 | 15.02 |
| Fourth | 50.35 | 37.20 | 57.10 | 32.26 | 42.36 | 23.98 |

The number of record holders of the Company's common stock as of March 28, 2023 was 470. Based upon information from the principal market makers, the Company believes there are more than 30,000 beneficial owners. The closing price of the Company's common stock on March 28, 2023 was $34.44.

Additional information required by this item appears in the Notes to Consolidated Financial Statements contained herein under Footnote K "Stock-Based Compensation" and is incorporated by reference.

**ITEM 6 - RESERVED**

**ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto of the Company included in this Form 10-K. The following is management's discussion and analysis of certain significant factors which have affected the Company's financial condition and results of operations during the periods included in the accompanying consolidated financial statements included in this Form 10-K.

**EXECUTIVE OVERVIEW**

Company management considers the following items to be key performance indicators in evaluating Company performance.

*Comparable Store Sales* – Stores are deemed to be comparable stores if they were open in the prior year on the first day of the fiscal period being presented. Stores which have been remodeled, expanded, and/or relocated, but would otherwise be included as comparable stores, are not excluded from the comparable store sales calculation. Online sales are included in comparable store sales. Management considers comparable store sales to be an important indicator of current Company performance, helping leverage certain fixed costs when results are positive. Negative comparable store sales results could reduce net sales and have a negative impact on operating leverage, thus reducing net earnings.

*Net Merchandise Margins* – Management evaluates the components of merchandise margin including initial markup and the amount of markdowns during a period. Any inability to obtain acceptable levels of initial markups or any significant increase in the Company's use of markdowns could have an adverse effect on the Company's gross margin and results of operations.

*Operating Margin* – Operating margin is a good indicator for management of the Company's success. Operating margin can be positively or negatively affected by comparable store sales, merchandise margins, occupancy costs, and the Company's ability to control operating costs.

*Cash Flow and Liquidity (working capital)* – Management reviews current cash and short-term investments along with cash flow from operating, investing, and financing activities to determine the Company's short-term cash needs for operations and expansion. The Company believes that existing cash, short-term investments, and cash flow from operations will be sufficient to fund current and long-term anticipated capital expenditures and working capital requirements for the next several years.

## RESULTS OF OPERATIONS

The following table sets forth certain financial data expressed as a percentage of net sales and the percentage change in the dollar amount of such items compared to the prior period:

| | Percentage of Net Sales For Fiscal Years Ended | | | Percentage Increase (Decrease) | |
|---|---|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 30, 2021 | Fiscal Year 2021 to 2022 | Fiscal Year 2020 to 2021 |
| Net sales | 100.0 % | 100.0 % | 100.0 % | 3.9 % | 43.6 % |
| Cost of sales (including buying, distribution, and occupancy costs) | 49.7 % | 49.6 % | 55.5 % | 4.3 % | 28.2 % |
| Gross profit | 50.3 % | 50.4 % | 44.5 % | 3.5 % | 63.0 % |
| Selling expenses | 21.9 % | 20.6 % | 21.2 % | 10.3 % | 39.4 % |
| General and administrative expenses | 4.0 % | 3.9 % | 4.6 % | 5.7 % | 23.1 % |
| Income from operations | 24.4 % | 25.9 % | 18.7 % | (2.2)% | 99.7 % |
| Other income, net | 0.5 % | 0.2 % | 0.3 % | 206.8 % | (22.9)% |
| Income before income taxes | 24.9 % | 26.1 % | 19.0 % | (0.8)% | 97.6 % |
| Income tax expense | 6.0 % | 6.4 % | 4.6 % | (3.0)% | 103.2 % |
| Net income | 18.9 % | 19.7 % | 14.4 % | (0.1)% | 95.8 % |

**Fiscal 2022 Compared to Fiscal 2021**

Net sales for the 52-week fiscal year ended January 28, 2023, increased 3.9% to $1.345 billion from net sales of $1.295 billion for the 52-week fiscal year ended January 29, 2022. Comparable store net sales for the 52-week fiscal year increased 3.3% from comparable store net sales for the prior year 52-week period ended January 29, 2022. Total sales growth for the year was the result of a 4.6% increase in the average unit retail and a 0.1% increase in the number of transactions, partially offset by a a 0.8% decrease in the average number of units sold per transaction. Online sales for the fiscal year increased 4.3% to $230.4 million for the 52-week fiscal year ended January 28, 2023 compared to $220.8 million for the 52-week fiscal year ended January 29, 2022.

The Company's average retail price per piece of merchandise sold increased $2.13, or 4.6%, during fiscal 2022 compared to fiscal 2021. This $2.13 increase was primarily attributable to the following changes (with their corresponding effect on the overall average price per piece): a 5.2% increase in average denim price points ($0.95), a 3.0% increase in average knit shirt price points ($0.32), a 5.9% increase in average accessory price points ($0.27), a 6.9% increase in average woven shirt price points ($0.18), a 7.3% increase in average sportswear price points ($0.16), and an increase in average price points for certain other merchandise categories ($0.43); which were partially offset by a shift in the merchandise mix (-$0.18). These changes are primarily a reflection of merchandise shifts in terms of brands and product styles, fabrics, details, and finishes.

Gross profit after buying, distribution, and occupancy costs increased from $653.0 million in fiscal 2021 to $676.0 million in fiscal 2022. As a percentage of net sales, gross profit was 50.3% in fiscal 2022 compared to 50.4% in fiscal 2021. The gross margin decrease was the result of a decline in merchandise margins (0.45%, as a percentage of net sales), partially offset by leveraged occupancy, buying, and distribution expenses (0.35%, as a percentage of net sales). Merchandise shrinkage was 0.4% of net sales for fiscal 2022 compared to 0.3% of net sales for fiscal 2021.

Selling expenses increased from $266.4 million in fiscal 2021 to $293.9 million in fiscal 2022. As a percentage of net sales, selling expenses increased from 20.6% in fiscal 2021 to 21.9% in fiscal 2022.

General and administrative expenses increased from $51.1 million in fiscal 2021 to $54.0 million in fiscal 2022. As a percentage of net sales, general and administrative expenses increased from 3.9% in fiscal 2021 to 4.0% in fiscal 2022.

In total, selling, general, and administrative expenses were 25.9% of net sales for fiscal 2022 compared to 24.5% of net sales for fiscal 2021. The increase was the result of increases in store labor-related expenses (1.00%, as a percentage of net sales) and certain other expense categories (0.80%, as a percentage of net sales), which were partially offset by a decrease in expense related to incentive compensation accruals (0.40%, as a percentage of net sales).

As a result of the above changes, the Company's income from operations decreased from $335.5 million for fiscal 2021 to $328.1 million for fiscal 2022. Income from operations was 24.4% as a percentage of net sales in fiscal 2022 compared to 25.9% as a percentage of net sales in fiscal 2021.

Other income was $6.9 million in fiscal 2022 compared to $2.3 million in fiscal 2021. The Company's other income is derived primarily from investment income related to the Company's cash and investments.

Income tax expense as a percentage of pre-tax income was 24.0% in fiscal 2022 and 24.6% in fiscal 2021, bringing net income to $254.6 million in fiscal 2022 versus $254.8 million in fiscal 2021.

**Fiscal 2021 Compared to Fiscal 2020**

A discussion of fiscal 2020 and year-over-year comparisons between fiscal 2021 and fiscal 2020 can be found in PART II, ITEM 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, filed with the United States Securities and Exchange Commission on March 30, 2022.

## LIQUIDITY AND CAPITAL RESOURCES

As of January 28, 2023, the Company had working capital of $197.3 million, including $252.1 million of cash and cash equivalents and $21.0 million of short-term investments. The Company's cash receipts are generated from retail sales and from investment income, and the Company's primary ongoing cash requirements are for inventory, payroll, occupancy costs, dividend payments, new store expansion, remodeling, and other capital expenditures. Historically, the Company's primary source of working capital has been cash flow from operations. During fiscal 2022, 2021, and 2020 the Company's cash flow from operations was $242.4 million, $311.8 million, and $227.4 million, respectively. Changes in operating cash flow between each of the three years is primarily a function of changes in net income, along with changes in inventory and accounts payable based on the timing and amount of merchandise purchased in each respective period. Operating cash flow is also impacted by the timing of certain other payments, including rent, income taxes, and annual incentive bonuses. The reduction in operating cash flow for fiscal 2022 compared to fiscal 2021 is primarily attributable to changes in inventory and accounts payable as the Company built its inventory back to more normalized levels, as well as the payment of incentive bonuses in the first quarter of fiscal 2022 based on the Company's strong financial results in fiscal 2021. These factors also had a significant impact on operating cash flow compared to fiscal 2020, but were offset by strong increases in both net sales and net income for both fiscal 2022 and fiscal 2021 compared to fiscal 2020.

During fiscal 2022, 2021, and 2020, the Company invested $29.5 million, $18.3 million, and $5.5 million, respectively, in new store construction, store renovation, and store technology upgrades. The Company spent $0.9 million, $0.8 million, and $2.2 million in fiscal 2022, 2021, and 2020, respectively, in capital expenditures for the corporate offices and distribution facility.

During fiscal 2023, the Company anticipates opening 6 new stores and completing approximately 12-17 store remodels and/or relocations. Management estimates that total capital expenditures during fiscal 2023 will be approximately $24.0 to $30.0 million, which includes primarily planned store projects and technology investments. The Company believes that existing cash and cash equivalents, investments, and cash flow from operations will be sufficient to fund current and long-term anticipated capital expenditures and working capital requirements for the next several years. The Company has had a consistent record of generating positive cash flow each year and, as of January 28, 2023, had total cash and investments of $293.7 million, including $20.6 million of long-term investments.

Future conditions, however, may reduce the availability of funds based upon factors such as a decrease in demand for the Company's product, change in product mix, competitive factors, and general economic conditions as well as other risks and uncertainties which would reduce the Company's sales, net profitability, and cash flows. Also, the Company's acceleration in store openings and/or remodels, or entering into a merger, acquisition, or other financial related transaction could reduce the amount of cash available for further capital expenditures and working capital requirements.

The Company has available an unsecured line of credit of $25.0 million with Wells Fargo Bank, N.A. for operating needs and letters of credit. The line of credit agreement has an expiration date of July 31, 2023 and provides that $10.0 million of the $25.0 million line is available for letters of credit. Borrowings under the line of credit provide for interest to be paid at a rate based on SOFR. The Company has, from time to time, borrowed against these lines of credit. There were no borrowings during fiscal 2022, 2021, and 2020. The Company had no bank borrowings as of January 28, 2023 and was in compliance with the terms and conditions of the line of credit agreement.

**Dividend payments** - During fiscal 2022, the Company paid total cash dividends of $202.9 million as follows: $0.35 per share in each of the four quarters and a special cash dividend of $2.65 per share in the fourth quarter. During fiscal 2021, the Company's paid cash dividends of $347.8 million as follows: $0.33 per share in each of the first three quarters, $0.35 per share in the fourth quarter, and a special cash dividend of $5.65 per share in the fourth quarter. During fiscal 2020, the Company's Board of Directors suspended the Company's quarterly cash dividends during the first two quarters of the fiscal year as a result of the global COVID-19 pandemic. During the last two quarters of the fiscal year, the Company paid total cash dividends of $128.5 million as follows: $0.30 per share in both the third and fourth quarters and also a special cash dividend of $2.00 per share in the fourth quarter.

**Stock repurchase plan** - The Company did not repurchase any shares of its common stock during fiscal 2022 or fiscal 2021. During fiscal 2020, the Company repurchased 25,000 shares of its common stock at an average price of $14.83 per share. As of January 28, 2023, 410,655 shares remained available under the Company's current 1,000,000 share repurchase plan that was approved by the Board of Directors on November 20, 2008.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management’s Discussion and Analysis of Financial Condition and Results of Operations are based upon The Buckle, Inc.’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires that management make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of sales and expenses during the reporting period. The Company regularly evaluates its estimates, including those related to inventory, investments, incentive bonuses, and income taxes. Management bases its estimates on past experience and on various other factors that are thought to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes that the estimates and judgments used in preparing these consolidated financial statements were the most appropriate at that time. Presented below are those critical accounting policies that management believes require subjective and/or complex judgments that could potentially affect reported results of operations.

1. ***Revenue Recognition.*** Retail store sales are recorded, net of expected returns, upon the purchase of merchandise by customers. Online sales are recorded, net of expected returns, when the merchandise is tendered for delivery to the common carrier. Shipping fees charged to customers are included in revenue and shipping costs are included in selling expenses. The Company recognizes revenue from sales made under its layaway program upon delivery of the merchandise to the customer. Revenue is not recorded when gift cards and gift certificates are sold, but rather when a card or certificate is redeemed for merchandise. A current liability for unredeemed gift cards and certificates is recorded at the time the card or certificate is purchased. The liability recorded for unredeemed gift certificates and gift cards was $16.8 million and $16.5 million as of January 28, 2023 and January 29, 2022, respectively. Gift card and gift certificate breakage is recognized as revenue in proportion to the redemption pattern of customers by applying an estimated breakage rate. The estimated breakage rate is based on historical issuance and redemption patterns and is re-assessed by the Company on a regular basis. Sales tax collected from customers is excluded from revenue and is included as part of "accrued store operating expenses" on the Company's consolidated balance sheets.

   The Company establishes a liability for estimated merchandise returns, based upon the historical average sales return percentage, that is recognized at the transaction value. The Company also recognizes a return asset and a corresponding adjustment to cost of sales for the Company's right to recover returned merchandise, which is measured at the estimated carrying value, less any expected recovery costs. Customer returns could potentially exceed the historical average, thus reducing future net sales results and potentially reducing future net earnings. The accrued liability for reserve for sales returns was $3.0 million as of both January 28, 2023 and January 29, 2022.

The Company's Buckle Rewards program allows participating guests to earn points for every qualifying purchase, which (after achievement of certain point thresholds) are redeemable as a discount off a future purchase. In addition, through partnership with Bread Financial and Comenity Bank (collectively the "Bank"), the Company offers a private label credit card ("PLCC") program. Buckle Rewards members with a PLCC earn additional points under the Buckle Rewards program for every qualifying purchase on their PLCC card. Reported revenue is net of both current period reward redemptions and accruals for estimated future rewards earned under the Buckle Rewards program. A liability has been recorded for future rewards based on the Company's estimate of how many earned points will turn into rewards and ultimately be redeemed prior to expiration. As of January 28, 2023 and January 29, 2022, $10.1 million and $10.6 million was included in "accrued store operating expenses" as a liability for estimated future rewards.

Effective July 1, 2022, the Company entered into a new five year agreement (the "Agreement") with the Bank, to continue providing guests with PLCC services. Each PLCC bears the Buckle brand logo and can only be used at the Company's retail locations and eCommerce platform. The Bank is the sole owner of the accounts issued under the PLCC program and bears full risk associated with guest non-payment.

As part of the Agreement, the Company receives a percentage of PLCC sales from the Bank, along with other incentive payments upon the achievement of certain performance targets. All amounts received from the Bank under the Agreement are recorded in net sales in the consolidated statements of income.

2. ***Inventory***. Inventory is valued at the lower of cost or net realizable value. Cost is determined using an average cost method that approximates the first-in, first-out (FIFO) method. Management makes adjustments to inventory and cost of goods sold, based upon estimates, to account for merchandise obsolescence and markdowns that could affect net realizable value, based on assumptions using calculations applied to current inventory levels within each different markdown level. Management also reviews the levels of inventory in each markdown group and the overall aging of the inventory versus the estimated future demand for such product and the current market conditions. Such judgments could vary significantly from actual results, either favorably or unfavorably, due to fluctuations in future economic conditions, industry trends, consumer demand, and the competitive retail environment. Such changes in market conditions could negatively impact the sale of markdown inventory, causing further markdowns or inventory obsolescence, resulting in increased cost of goods sold from write-offs and reducing the Company’s net earnings. The adjustment to inventory for markdowns and/or obsolescence was $6.3 million as of January 28, 2023 and $5.6 million as of January 29, 2022.

3. ***Income Taxes***. The Company records a deferred tax asset and liability for expected future tax consequences resulting from temporary differences between the financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing tax planning in assessing the value of its deferred tax assets. If the Company determines that it is more than likely that these assets will not be realized, the Company would reduce the value of these assets to their expected realizable value, thereby decreasing net income. Estimating the value of these assets is based upon the Company’s judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, such value would be increased. Adjustment would be made to increase net income in the period such determination was made.

4. ***Leases***. The Company's lease portfolio is primarily comprised of leases for retail store locations. The Company also leases certain equipment and corporate office space. Store leases for new stores typically have an initial term of 10 years, with options to renew for an additional 1 to 5 years. The exercise of lease renewal options is at the Company's sole discretion and is included in the lease term for calculations of its right-of-use assets and liabilities when it is reasonably certain that the Company plans to renew these leases. Certain store lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. Lease agreements do not contain any residual value guarantees, material restrictive covenants, or options to purchase the leased property.

   The Company records its lease liabilities at the present value of the lease payments not yet paid, discounted at the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term. As the Company's leases do not provide an implicit interest rate, the Company obtains an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

   The Company has elected to apply the practical expedient to account for lease components (e.g. fixed payments for rent, insurance, and real estate taxes) and non-lease components (e.g. fixed payments for common area maintenance) together as a single component for all underlying asset classes. Additionally, the Company elected as an accounting policy to exclude short-term leases from the recognition requirements.

Consistent with guidance in the FASB Staff Q&A regarding lease concessions related to the effects of the COVID-19 pandemic, the Company made the election to treat all lease concessions as though the enforceable rights and obligations existed in each contract and, therefore, did not apply the lease modification guidance in ASC 842.

5. ***Investments***. Investments classified as short-term investments include securities with a maturity of greater than three months and less than one year. Available-for-sale securities are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity (net of the effect of income taxes), using the specific identification method, until they are sold. Held-to-maturity securities are reported at amortized cost. Trading securities are reported at fair value, with unrealized gains and losses included in earnings, using the specific identification method.

## OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS, AND COMMERCIAL COMMITMENTS

As referenced in the table below, the Company has contractual obligations and commercial commitments that may affect the financial condition of the Company. Based on management's review of the terms and conditions of its contractual obligations and commercial commitments, there is no known trend, demand, commitment, event, or uncertainty that is reasonably likely to occur which would have a material effect on the Company's financial condition, results of operations, or cash flows. In addition, the commercial obligations and commitments made by the Company are customary transactions which are similar to those of other comparable retail companies.

The following table identifies the material obligations and commitments as of January 28, 2023:

| Contractual obligations (dollar amounts in thousands): | Payments Due by Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **Total** | **2023** | **2024-2025** | **2026-2027** | **Thereafter** |
| Purchase obligations | $ 14,071 | $ 9,452 | $ 4,016 | $ 603 | $ — |
| Deferred compensation | 20,624 | — | — | — | 20,624 |
| Operating lease payments [(a)] | 343,811 | 101,332 | 131,386 | 63,793 | 47,300 |
| Total contractual obligations | $ 378,506 | $ 110,784 | $ 135,402 | $ 64,396 | $ 67,924 |

[(a)] See Footnote D of the consolidated financial statements.

The Company has available an unsecured line of credit of $25.0 million, which is excluded from the preceding table. The line of credit agreement has an expiration date of July 31, 2023 and provides that $10.0 million of the $25.0 million line of credit is available for letters of credit. Certain merchandise purchase orders require that the Company open letters of credit. When the Company takes possession of the merchandise, it releases payment on the letters of credit. The amounts of outstanding letters of credit reported reflect the open letters of credit on merchandise ordered, but not yet received or funded. The Company believes it has sufficient credit available to open letters of credit for merchandise purchases. There were no bank borrowings during fiscal 2022, 2021, and 2020. The Company had outstanding letters of credit totaling $3.3 million and $2.7 million as of January 28, 2023 and January 29, 2022, respectively. The Company has no other off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

Included in "other assets" is a note receivable of $1.4 million as of both January 28, 2023 and January 29, 2022, from a life insurance trust fund controlled by the Company's Chairman. The note was created over three years, beginning in July 1994, when the Company paid life insurance premiums of $0.2 million each year for the Chairman on a personal policy. The note accrues interest at 5% of the principal balance per year and is to be paid from the life insurance proceeds. The note is secured by a life insurance policy on the Chairman.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recently issued accounting pronouncements are disclosed in Footnote A of the consolidated financial statements.

## FORWARD LOOKING STATEMENTS

Information in this report, other than historical information, may be considered to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "1995 Act"). Such statements are made in good faith by the Company pursuant to the safe-harbor provisions of the 1995 Act. In connection with these safe-harbor provisions, this management's discussion and analysis contains certain forward-looking statements, which reflect management's current views and estimates of future economic conditions, Company performance, and financial results. The statements are based on many assumptions and factors that could cause future results to differ materially. Such factors include, but are not limited to, changes in product mix, changes in fashion trends, competitive factors, and general economic conditions, economic conditions in the retail apparel industry, as well as other risks and uncertainties inherent in the Company's business and the retail industry in general. Any changes in these factors could result in significantly different results for the Company. The Company further cautions that the forward-looking information contained herein is not exhaustive or exclusive. The Company does not undertake to update any forward-looking statements, which may be made from time to time by or on behalf of the Company.

## ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

***Interest Rate Risk*** - The Company is exposed to market risk related to interest rate risk on the cash and investments in interest-bearing securities. These investments have carrying values that are subject to interest rate changes that could impact earnings to the extent that the Company did not hold the investments to maturity. If there are changes in interest rates, those changes would also affect the investment income the Company earns on its cash and investments. For each one-quarter percent decline in the interest/dividend rate earned on cash and investments, the Company's net income would decrease approximately $0.5 million, or less than $0.01 per share. This amount could vary based upon the number of shares of the Company's stock outstanding and the level of cash and investments held by the Company.

## ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of The Buckle, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Buckle, Inc. and subsidiary (the "Company") as of January 28, 2023 and January 29, 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three fiscal years in the period ended January 28, 2023, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 28, 2023 and January 29 2022, and the results of its operations and its cash flows for each of the three years in the period ended January 28, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 28, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 29, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### Inventory – Adjustment to Inventory for Markdowns and Obsolescence – Refer to Note A to the financial statements

*Critical Audit Matter Description*

Inventory is stated at the lower of cost or net realizable value. The Company periodically evaluates the carrying value of inventory, which requires management to make assumptions and estimate the amount necessary to adjust inventory for markdowns and obsolescence. Changes in assumptions applied to the current inventory levels within each different markdown level and the overall aging of inventory could have a significant impact on the valuation of inventory. The adjustment to inventory for markdowns and obsolescence was $6.3 million as of January 28, 2023.

Given the judgments made by management to estimate the adjustment to inventory for markdowns and obsolescence, auditing the adjustment to inventory for markdowns and obsolescence involved a higher degree of auditor judgment and the involvement of more senior members of the engagement team in executing, supervising, and reviewing the results of the procedures.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the adjustment to inventory for markdowns and obsolescence included the following, among others:

- We tested the effectiveness of the control related to evaluating the appropriateness of the assumptions and reasonableness of the adjustment to inventory for markdowns and obsolescence.
- We tested the accuracy and completeness of the inventory balance within each markdown level and the overall aging of inventory.
- We evaluated the reasonableness of management's adjustment to inventory for markdowns and obsolescence by performing the following:
    - Developing estimates of the adjustment to inventory for markdowns and obsolescence and comparing our estimates to management's estimate.
    - Comparing management's current assumptions related to the inventory levels, within each different markdown level, and the overall aging of inventory to management's historical assumptions and analyzing trends related to gross margin percentages.
- We tested the mathematical accuracy of the Company's calculation of the adjustment to inventory for markdowns and obsolescence.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
March 29, 2023

We have served as the Company's auditor since 1990.

**THE BUCKLE, INC.**

**CONSOLIDATED BALANCE SHEETS**
**(Amounts in Thousands Except Share and Per Share Amounts)**

| ASSETS | January 28, 2023 | January 29, 2022 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 252,077 | $ 253,970 |
| Short-term investments (Notes B and C) | 20,997 | 12,926 |
| Receivables | 12,648 | 12,087 |
| Inventory | 125,134 | 102,095 |
| Prepaid expenses and other assets | 12,480 | 10,128 |
| Total current assets | 423,336 | 391,206 |
| | | |
| PROPERTY AND EQUIPMENT (Note E) | 466,321 | 453,228 |
| Less accumulated depreciation and amortization | (353,919) | (352,724) |
| | 112,402 | 100,504 |
| | | |
| OPERATING LEASE RIGHT-OF-USE ASSETS (Note D) | 271,421 | 258,914 |
| LONG-TERM INVESTMENTS (Notes B and C) | 20,624 | 19,352 |
| OTHER ASSETS (Notes G and H) | 9,796 | 10,908 |
| | | |
| Total assets | $ 837,579 | $ 780,884 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 44,835 | $ 59,950 |
| Accrued employee compensation | 55,490 | 62,055 |
| Accrued store operating expenses | 19,754 | 20,264 |
| Gift certificates redeemable | 16,777 | 16,470 |
| Current portion of operating lease liabilities (Note D) | 89,187 | 88,273 |
| Income taxes payable (Note G) | — | 1,529 |
| Total current liabilities | 226,043 | 248,541 |
| | | |
| DEFERRED COMPENSATION (Note J) | 20,624 | 19,352 |
| NON-CURRENT OPERATING LEASE LIABILITIES (Note D) | 214,598 | 200,067 |
| Total liabilities | 461,265 | 467,960 |
| | | |
| COMMITMENTS (Notes F and I) | | |
| | | |
| STOCKHOLDERS' EQUITY (Note K): | | |
| Common stock, authorized 100,000,000 shares of $0.01 par value; 50,092,616 and 49,728,651 shares issued and outstanding at January 28, 2023 and January 29, 2022, respectively | 501 | 497 |
| Additional paid-in capital | 178,964 | 167,328 |
| Retained earnings | 196,849 | 145,099 |
| Total stockholders' equity | 376,314 | 312,924 |
| | | |
| Total liabilities and stockholders' equity | $ 837,579 | $ 780,884 |

See notes to consolidated financial statements.

**THE BUCKLE, INC.**

**CONSOLIDATED STATEMENTS OF INCOME**
**(Amounts in Thousands Except Per Share Amounts)**

| | Fiscal Years Ended | | |
|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 30, 2021 |
| SALES, Net of returns and allowances | $ 1,345,187 | $ 1,294,607 | $ 901,278 |
| COST OF SALES (Including buying, distribution, and occupancy costs) | 669,184 | 641,598 | 500,610 |
| Gross profit | 676,003 | 653,009 | 400,668 |
| OPERATING EXPENSES: | | | |
| Selling | 293,891 | 266,424 | 191,158 |
| General and administrative | 53,980 | 51,086 | 41,488 |
| | 347,871 | 317,510 | 232,646 |
| INCOME FROM OPERATIONS | 328,132 | 335,499 | 168,022 |
| OTHER INCOME, Net | 6,924 | 2,256 | 2,925 |
| INCOME BEFORE INCOME TAXES | 335,056 | 337,755 | 170,947 |
| INCOME TAX EXPENSE (Note G) | 80,430 | 82,935 | 40,808 |
| NET INCOME | $ 254,626 | $ 254,820 | $ 130,139 |
| EARNINGS PER SHARE (Note L): | | | |
| Basic | $ 5.17 | $ 5.20 | $ 2.67 |
| Diluted | $ 5.13 | $ 5.16 | $ 2.66 |

See notes to consolidated financial statements.

**THE BUCKLE, INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Amounts in Thousands Except Share and Per Share Amounts)**

| | Number of Shares | Common Stock | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| BALANCE, February 1, 2020 | 49,205,681 | $ 492 | $ 152,258 | $ 236,398 | $ 389,148 |
| Net income | — | — | — | 130,139 | 130,139 |
| Dividends paid on common stock, ($2.60 per share) | — | — | — | (128,460) | (128,460) |
| Issuance of non-vested stock, net of forfeitures | 227,050 | 2 | (2) | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 6,174 | — | 6,174 |
| Common stock purchased and retired | (25,000) | — | (372) | — | (372) |
| BALANCE, January 30, 2021 | 49,407,731 | $ 494 | $ 158,058 | $ 238,077 | $ 396,629 |
| Net income | — | — | — | 254,820 | 254,820 |
| Dividends paid on common stock, ($6.99 per share) | — | — | — | (347,798) | (347,798) |
| Issuance of non-vested stock, net of forfeitures | 320,920 | 3 | (3) | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 9,273 | — | 9,273 |
| BALANCE, January 29, 2022 | 49,728,651 | $ 497 | $ 167,328 | $ 145,099 | $ 312,924 |
| Net income | — | — | — | 254,626 | 254,626 |
| Dividends paid on common stock, ($4.05 per share) | — | — | — | (202,876) | (202,876) |
| Issuance of non-vested stock, net of forfeitures | 363,965 | 4 | (4) | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 11,640 | — | 11,640 |
| BALANCE, January 28, 2023 | 50,092,616 | $ 501 | $ 178,964 | $ 196,849 | $ 376,314 |

See notes to consolidated financial statements.

**THE BUCKLE, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Amounts in Thousands)**

| | Fiscal Years Ended | | |
|---|---|---|---|
| | **January 28, 2023** | **January 29, 2022** | **January 30, 2021** |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 254,626 | $ 254,820 | $ 130,139 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | |
| Depreciation and amortization | 18,855 | 18,689 | 20,863 |
| Amortization of non-vested stock grants, net of forfeitures | 11,640 | 9,273 | 6,174 |
| Deferred income taxes | 1,142 | (381) | (1,298) |
| Other | 705 | 5 | 276 |
| Changes in operating assets and liabilities: | | | |
| Receivables | (94) | (3,281) | 313 |
| Inventory | (23,039) | (1,032) | 20,195 |
| Prepaid expenses and other assets | (2,352) | 1,062 | 9,745 |
| Accounts payable | (16,213) | 15,914 | 16,748 |
| Accrued employee compensation | (6,565) | 26,190 | 12,936 |
| Accrued store operating expenses | (459) | 832 | 2,099 |
| Gift certificates redeemable | 307 | 2,191 | (1,040) |
| Income taxes payable | (1,996) | (15,205) | 8,000 |
| Other assets and liabilities | 5,825 | 2,677 | 2,270 |
| Net cash flows from operating activities | 242,382 | 311,754 | 227,420 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment | (30,360) | (19,100) | (7,657) |
| Proceeds from sale of property and equipment | — | 954 | 111 |
| Change in other assets | (30) | (30) | 62 |
| Purchases of investments | (34,039) | (18,778) | (17,629) |
| Proceeds from sales/maturities of investments | 23,030 | 8,179 | 24,345 |
| Net cash flows from investing activities | (41,399) | (28,775) | (768) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Purchases of common stock | — | — | (372) |
| Payment of dividends | (202,876) | (347,798) | (128,460) |
| Net cash flows from financing activities | (202,876) | (347,798) | (128,832) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,893) | (64,819) | 97,820 |
| CASH AND CASH EQUIVALENTS, Beginning of year | 253,970 | 318,789 | 220,969 |
| CASH AND CASH EQUIVALENTS, End of year | $ 252,077 | $ 253,970 | $ 318,789 |

See notes to consolidated financial statements.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Fiscal Year -*** The Buckle, Inc. (the "Company") has its fiscal year end on the Saturday nearest January 31. All references in these consolidated financial statements to fiscal years are to the calendar year in which the fiscal year begins. Fiscal 2022 represents the 52-week period ended January 28, 2023, fiscal 2021 represents the 52-week period ended January 29, 2022, and fiscal 2020 represents the 52-week period ended January 30, 2021.

***Nature of Operations -*** The Company is a retailer of medium to better-priced casual apparel, footwear, and accessories for fashion-conscious young men and women. The Company operates its business as one reportable segment and sells its merchandise through its retail stores and e-Commerce platform. The Company operated 441 stores located in 42 states throughout the United States as of January 28, 2023.

During fiscal 2022, the Company opened 4 new stores, substantially remodeled 23 stores, and closed 3 stores. During fiscal 2021, the Company opened 1 new store, substantially remodeled 15 stores, and closed 4 stores. During fiscal 2020, the Company opened 3 new stores, substantially remodeled 4 stores, and closed 8 stores.

***Principles of Consolidation -*** The consolidated financial statements include the accounts of The Buckle, Inc. and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

***Revenue Recognition -*** Retail store sales are recorded, net of expected returns, upon the purchase of merchandise by customers. Online sales are recorded, net of expected returns, when the merchandise is tendered for delivery to the common carrier. Shipping fees charged to customers are included in revenue and shipping costs are included in selling expenses. The Company recognizes revenue from sales made under its layaway program upon delivery of the merchandise to the customer. Revenue is not recorded when gift cards and gift certificates are sold, but rather when a card or certificate is redeemed for merchandise. A current liability for unredeemed gift cards and certificates is recorded at the time the card or certificate is purchased. The liability recorded for unredeemed gift certificates and gift cards was $16,777 and $16,470 as of January 28, 2023 and January 29, 2022, respectively. Gift card and gift certificate breakage is recognized as revenue in proportion to the redemption pattern of customers by applying an estimated breakage rate. The estimated breakage rate is based on historical issuance and redemption patterns and is re-assessed by the Company on a regular basis. Sales tax collected from customers is excluded from revenue and is included as part of "accrued store operating expenses" on the Company's consolidated balance sheets.

The Company establishes a liability for estimated merchandise returns, based upon the historical average sales return percentage, that is recognized at the transaction value. The Company also recognizes a return asset and a corresponding adjustment to cost of sales for the Company's right to recover returned merchandise, which is measured at the estimated carrying value, less any expected recovery costs. The accrued liability for reserve for sales returns was $2,979 as of January 28, 2023 and $3,013 as of January 29, 2022.

The Company's Buckle Rewards program allows participating guests to earn points for every qualifying purchase, which (after achievement of certain point thresholds) are redeemable as a discount off a future purchase. In addition, through partnership with Bread Financial and Comenity Bank (collectively the "Bank"), the Company offers a private label credit card ("PLCC") program. Buckle Rewards members with a PLCC earn additional points under the Buckle Rewards program for every qualifying purchase on their PLCC card. Reported revenue is net of both current period reward redemptions and accruals for estimated future rewards earned under the Buckle Rewards program. A liability has been recorded for future rewards based on the Company's estimate of how many earned points will turn into rewards and ultimately be redeemed prior to expiration. As of January 28, 2023 and January 29, 2022, $10,137 and $10,640 was included in "accrued store operating expenses" as a liability for estimated future rewards.

Effective July 1, 2022, the Company entered into a new five year agreement (the "Agreement") with the Bank, to continue providing guests with PLCC services. Each PLCC bears the Buckle brand logo and can only be used at the Company's retail locations and eCommerce platform. The Bank is the sole owner of the accounts issued under the PLCC program and bears full risk associated with guest non-payment.

As part of the Agreement, the Company receives a percentage of PLCC sales from the Bank, along with other incentive payments upon the achievement of certain performance targets. All amounts received from the Bank under the Agreement are recorded in net sales in the consolidated statements of income.

***Cash and Cash Equivalents -*** The Company considers all debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

***Investments -*** Investments classified as short-term investments include securities with a maturity of greater than three months and less than one year. Available-for-sale securities are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity (net of the effect of income taxes), using the specific identification method, until they are sold. Held-to-maturity securities are carried at amortized cost. Trading securities are reported at fair value, with unrealized gains and losses included in earnings, using the specific identification method.

***Inventory -*** Inventory is valued at the lower of cost or net realizable value. Cost is determined using an average cost method that approximates the first-in, first-out (FIFO) method. Management makes adjustments to inventory and cost of goods sold, based upon estimates, to account for merchandise obsolescence and markdowns that could affect net realizable value, based on assumptions using calculations applied to current inventory levels within each different markdown level. Management also reviews the levels of inventory in each markdown group and the overall aging of the inventory versus the estimated future demand for such product and the current market conditions. The adjustment to inventory for markdowns and/or obsolescence reduced the Company's inventory valuation by $6,295 and $5,604 as of January 28, 2023 and January 29, 2022, respectively.

***Property and Equipment -*** Property and equipment are stated on the basis of historical cost. Depreciation is provided using a combination of accelerated and straight-line methods based upon the estimated useful lives of the assets. The majority of property and equipment have useful lives of 5 to 10 years with the exception of buildings, which have estimated useful lives of 31.5 to 39 years. Leasehold improvements are stated on the basis of historical cost and are amortized over the shorter of the life of the lease or the estimated economic life of the assets. When circumstances indicate the carrying values of long-lived assets may be impaired, an evaluation is performed on current net book value amounts. Judgments made by the Company related to the expected useful lives of property and equipment and the ability to realize cash flows in excess of carrying amounts of such assets are affected by factors such as changes in economic conditions and changes in operating performance. As the Company assesses the expected cash flows and carrying amounts of long-lived assets, adjustments are made to such carrying values.

***Pre-Opening Expenses -*** Costs related to opening new stores are expensed as incurred.

***Advertising Costs -*** Advertising costs are expensed as incurred and were $19,227, $16,880, and $12,530 for fiscal years 2022, 2021, and 2020, respectively.

***Health Care Costs -*** The Company is self-funded for health and dental claims up to $200 per individual per plan year. The Company's plan covers eligible employees, and management makes estimates at period end to record a reserve for unpaid claims based upon historical claims information. The accrued liability as a reserve for unpaid health care claims was $792 and $850 as of January 28, 2023 and January 29, 2022, respectively.

***Leases -*** The Company's lease portfolio is primarily comprised of leases for retail store locations. The Company also leases certain equipment and corporate office space. Store leases for new stores typically have an initial term of 10 years, with options to renew for an additional 1 to 5 years. The exercise of lease renewal options is at the Company's sole discretion and is included in the lease term for calculations of its right-of-use assets and liabilities when it is reasonably certain that the Company plans to renew these leases. Certain store lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. Lease agreements do not contain any residual value guarantees, material restrictive covenants, or options to purchase the leased property.

The Company records its lease liabilities at the present value of the lease payments not yet paid, discounted at the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term. As the Company's leases do not provide an implicit interest rate, the Company obtains an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company has elected to apply the practical expedient to account for lease components (e.g. fixed payments for rent, insurance, and real estate taxes) and non-lease components (e.g. fixed payments for common area maintenance) together as a single component for all underlying asset classes. Additionally, the Company elected as an accounting policy to exclude short-term leases from the recognition requirements.

Consistent with guidance in the FASB Staff Q&A regarding lease concessions related to the effects of the COVID-19 pandemic, the Company made the election to treat all lease concessions as though the enforceable rights and obligations existed in each contract and, therefore, did not apply the lease modification guidance in ASC 842.

***Other Income -*** The Company’s other income is derived primarily from interest and dividends received on cash and investments.

***Income Taxes -*** The Company records a deferred tax asset and liability for expected future tax consequences resulting from temporary differences between the financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing tax planning in assessing the value of its deferred tax assets. If the Company determines that it is more than likely that these assets will not be realized, the Company would reduce the value of these assets to their expected realizable value, thereby decreasing net income. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, such value would be increased, thus increasing net income in the period such determination was made. The Company records tax benefits only for tax positions that are more than likely to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company’s tax returns that do not meet these recognition and measurement standards.

***Financial Instruments and Credit Risk Concentrations -*** Financial instruments, which potentially subject the Company to concentrations of credit risk, are primarily cash, investments, and accounts receivable. The Company’s investments are primarily in tax-free municipal bonds, corporate bonds, or U.S. Treasury securities with short-term maturities. The majority of the Company’s cash and cash equivalents are held by Wells Fargo Bank, N.A. This amount, as well as cash and investments held by certain other financial institutions, exceeds federally insured limits.

Concentrations of credit risk with respect to accounts receivable are limited due to the nature of the Company’s receivables, which include primarily employee receivables that can be offset against future compensation. The Company’s financial instruments have a fair value approximating the carrying value.

***Earnings Per Share -*** Basic earnings per share data are based on the weighted average outstanding common shares during the period. Diluted earnings per share data are based on the weighted average outstanding common shares and the effect of all dilutive potential common shares.

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

***Recently Issued Accounting Pronouncements -*** The Company has considered all recent accounting pronouncements and concluded that there are no recent accounting pronouncements that may have a material impact on the Company's consolidated financial statements, based on current information.

***Supplemental Cash Flow Information -*** The Company had non-cash investing activities during fiscal years 2022, 2021, and 2020 of $(1,098), $(637), and $(160), respectively. The non-cash investing activity relates to the change in the balance of unpaid purchases of property, plant, and equipment included in accounts payable as of the end of the year. The liability for unpaid purchases of property, plant, and equipment included in accounts payable was $2,454, $1,356, and $719 as of January 28, 2023, January 29, 2022, and January 30, 2021, respectively. Amounts reported as unpaid purchases are recorded as cash outflows from investing activities for purchases of property, plant, and equipment in the consolidated statement of cash flows in the period they are paid.

Additional cash flow information for the Company includes cash paid for income taxes during fiscal years 2022, 2021, and 2020 of $81,135, $98,522, and $34,106, respectively.

## B. INVESTMENTS

The following is a summary of investments as of January 28, 2023:

| | Amortized Cost or Par Value | Gross Unrealized Gains | Gross Unrealized Losses | Other-than-Temporary Impairment | Estimated Fair Value |
|---|---|---|---|---|---|
| Held-to-Maturity Securities: | | | | | |
| State and municipal bonds | $ 20,997 | $ 10 | $ (15) | $ — | $ 20,992 |
| Trading Securities: | | | | | |
| Mutual funds | $ 20,871 | $ — | $ (247) | $ — | $ 20,624 |

The following is a summary of investments as of January 29, 2022:

| | Amortized Cost or Par Value | Gross Unrealized Gains | Gross Unrealized Losses | Other-than-Temporary Impairment | Estimated Fair Value |
|---|---|---|---|---|---|
| Held-to-Maturity Securities: | | | | | |
| State and municipal bonds | $ 12,926 | $ 1 | $ (4) | $ — | $ 12,923 |
| Trading Securities: | | | | | |
| Mutual funds | $ 17,932 | $ 1,420 | $ — | $ — | $ 19,352 |

The amortized cost and fair value of debt securities by contractual maturity as of January 28, 2023 is as follows:

| | Amortized Cost | Fair Value |
|---|---|---|
| **Held-to-Maturity Securities** | | |
| Less than 1 year | $ 20,997 | $ 20,992 |
| 1 - 5 years | — | — |
| Total | $ 20,997 | $ 20,992 |

As of January 28, 2023 and January 29, 2022, all of the Company's investments in held-to-maturity securities are classified in short-term investments. Trading securities are held in a Rabbi Trust, intended to fund the Company’s deferred compensation plan, and are classified in long-term investments.

## C. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities. Short-term and long-term investments with active markets or known redemption values are reported at fair value utilizing Level 1 inputs.
- Level 2 – Observable market-based inputs (either directly or indirectly) such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or inputs that are corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data and are projections, estimates, or interpretations that are supported by little or no market activity and are significant to the fair value of the assets.

As of January 28, 2023 and January 29, 2022, the Company held certain assets that are required to be measured at fair value on a recurring basis including its investments in trading securities.

The Company's financial assets measured at fair value on a recurring basis are as follows:

| | Fair Value Measurements at Reporting Date Using | | | |
|---|---|---|---|---|
| **January 28, 2023** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| Trading securities (including mutual funds) | $ 20,624 | $ — | $ — | $ 20,624 |

| | Fair Value Measurements at Reporting Date Using | | | |
|---|---|---|---|---|
| **January 29, 2022** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| Trading securities (including mutual funds) | $ 19,352 | $ — | $ — | $ 19,352 |

Securities included in Level 1 represent securities which have publicly traded quoted prices.

The carrying value of cash equivalents approximates fair value due to the low level of risk these assets present and their relatively liquid nature, particularly given their short maturities. The Company also holds certain financial instruments that are not carried at fair value on the consolidated balance sheets, including held-to-maturity securities. Held-to-maturity securities consist primarily of state and municipal bonds. The fair values of these debt securities are based on quoted market prices and yields for the same or similar securities, which the Company determined to be Level 2 inputs. As of January 28, 2023, the fair value of held-to-maturity securities was $20,992 compared to the carrying amount of $20,997. As of January 29, 2022, the fair value of held-to-maturity securities was $12,923 compared to the carrying amount of $12,926.

The carrying values of receivables, accounts payable, accrued expenses, and other current liabilities approximates fair value because of their short-term nature. From time to time, the Company measures certain assets at fair value on a non-recurring basis, specifically long-lived assets evaluated for impairment. These are typically store specific assets, which are reviewed for impairment when circumstances indicate impairment may exist due to the questionable recoverability of the carrying values of long-lived assets. If expected future cash flows related to a store's assets are less than their carrying value, an impairment loss would be recognized for the difference between the carrying value and the estimated fair value of the store's assets. The fair value of the store's assets is estimated utilizing an income-based approach based on the expected cash flows over the remaining life of the store's lease. The amount of impairment related to long-lived assets was immaterial for all periods presented.

## D. LEASES

The Company's lease portfolio is primarily comprised of leases for retail store locations. The Company also leases certain equipment and corporate office space. Store leases for new stores typically have an initial term of 10 years, with options to renew for an additional 1 to 5 years. The exercise of lease renewal options is at the Company's sole discretion and is included in the lease term for calculations of its right-of-use assets and liabilities when it is reasonably certain that the Company plans to renew these leases. Certain store lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. Lease agreements do not contain any residual value guarantees, material restrictive covenants, or options to purchase the leased property.

The Company records its lease liabilities at the present value of the lease payments not yet paid, discounted at the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term. As the Company's leases do not provide an implicit interest rate, the Company obtains an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company has elected to apply the practical expedient to account for lease components (e.g. fixed payments for rent, insurance, and real estate taxes) and non-lease components (e.g. fixed payments for common area maintenance) together as a single component for all underlying asset classes. Additionally, the Company elected as an accounting policy to exclude short-term leases from the recognition requirements.

Lease expense is included in cost of sales in the consolidated statements of income. The components of total lease cost are as follows:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 30, 2021 |
| Operating lease cost | $ 94,546 | $ 94,384 | $ 97,450 |
| Variable lease cost [a] | 29,114 | 26,298 | 18,243 |
| Total lease cost | $ 123,660 | $ 120,682 | $ 115,693 |

[a] Includes variable payments related to both lease and non-lease components, such as contingent rent payments based on performance and payments related to taxes, insurance, and maintenance costs. Also includes payments related to short-term leases with periods of less than twelve months.

Supplemental cash flow information related to leases is as follows:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 30, 2021 |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows from operating leases | $ 97,547 | $ 99,989 | $ 96,930 |
| | | | |
| Right-of-use assets obtained in exchange for lease obligations: | | | |
| Operating leases | $ 125,554 | $ 83,087 | $ 32,937 |

The Company uses its incremental borrowing rate as the discount rate to determine the present value of lease payments. As of January 28, 2023, the weighted-average remaining lease term was 4.9 years and the weighted-average discount rate was 4.7%.

The table below reconciles undiscounted future lease payments (e.g. fixed payments for rent, insurance, real estate taxes, and common area maintenance) for each of the next five fiscal years and the total of the remaining years to the operating lease liabilities recorded on the consolidated balance sheet as of January 28, 2023:

| **Fiscal Year** | **Operating Leases** [(a)] |
|---|---|
| 2023 | $ 101,332 |
| 2024 | 78,126 |
| 2025 | 53,260 |
| 2026 | 38,815 |
| 2027 | 24,978 |
| Thereafter | 47,300 |
| Total lease payments | 343,811 |
| Less: Imputed interest | 40,026 |
| Total operating lease liability | $ 303,785 |

(a) Operating lease payments exclude $23,580 of legally binding minimum lease payments for leases signed, but not yet commenced.

## E. PROPERTY AND EQUIPMENT

| | January 28, 2023 | January 29, 2022 |
|---|---|---|
| Land | $ 2,491 | $ 2,491 |
| Building and improvements | 42,758 | 42,751 |
| Office equipment | 10,897 | 11,466 |
| Transportation equipment | 21,100 | 21,067 |
| Leasehold improvements | 175,068 | 166,662 |
| Furniture and fixtures | 179,866 | 173,943 |
| Shipping/receiving equipment | 29,446 | 29,510 |
| Construction-in-progress | 4,695 | 5,338 |
| Total | $ 466,321 | $ 453,228 |

## F. FINANCING ARRANGEMENTS

The Company has available an unsecured line of credit of $25,000 with Wells Fargo Bank, N.A. for operating needs and letters of credit. The line of credit agreement has an expiration date of July 31, 2023 and provides that $10,000 of the $25,000 line is available for letters of credit. Borrowings under the line of credit provide for interest to be paid at a rate based on SOFR. The Company has, from time to time, borrowed against these lines of credit. There were no bank borrowings as of January 28, 2023 or January 29, 2022. The Company had outstanding letters of credit totaling $3,277 and $2,735 as of January 28, 2023 and January 29, 2022, respectively.

## G. INCOME TAXES

The provision for income taxes consists of:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | **January 28, 2023** | **January 29, 2022** | **January 30, 2021** |
| Current income tax expense: | | | |
| Federal | $ 68,003 | $ 69,228 | $ 35,837 |
| State | 11,285 | 14,088 | 6,269 |
| Deferred income tax expense (benefit) | 1,142 | (381) | (1,298) |
| Total | $ 80,430 | $ 82,935 | $ 40,808 |

Total income tax expense for the year varies from the amount which would be provided by applying the statutory income tax rate to earnings before income taxes. The primary reasons for this difference (expressed as a percent of pre-tax income) are as follows:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | **January 28, 2023** | **January 29, 2022** | **January 30, 2021** |
| Statutory rate | 21.0 % | 21.0 % | 21.0 % |
| State income tax effect | 2.7 | 3.3 | 2.9 |
| Other | 0.3 | 0.3 | — |
| Effective tax rate | 24.0 % | 24.6 % | 23.9 % |

Deferred income tax assets and liabilities are comprised of the following:

| | January 28, 2023 | January 29, 2022 |
|---|---|---|
| Deferred income tax assets (liabilities): | | |
| Inventory | $ 4,257 | $ 3,673 |
| Stock-based compensation | 4,276 | 3,157 |
| Accrued compensation | 5,197 | 4,796 |
| Deferred payroll taxes [a] | — | 623 |
| Accrued store operating costs | 2,886 | 3,006 |
| Unrealized (gain)/loss on securities | 59 | (341) |
| Gift certificates redeemable | 889 | 921 |
| Deferred rent liability | 98 | 110 |
| Property and equipment | (17,118) | (13,514) |
| Operating lease right-of-use assets | (65,141) | (62,139) |
| Operating lease liabilities | 72,908 | 69,202 |
| Capitalized research and development costs | 41 | — |
| Net deferred income tax asset | $ 8,352 | $ 9,494 |

[a] Relates to the liability for deferred payment of the employer's portion of Social Security taxes, as provided for under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") enacted on March 27, 2020.

As of January 28, 2023 and January 29, 2022, respectively, the net deferred income tax assets of $8,352 and $9,494 are classified in "other assets." There were no unrecognized tax benefits recorded in the Company's consolidated financial statements as of January 28, 2023 or January 29, 2022. Fiscal years 2019 through 2022 remain subject to potential federal examination. Additionally, fiscal years 2018 through 2022 are subject to potential examination by various state taxing authorities.

## H. RELATED PARTY TRANSACTIONS

Included in "other assets" is a note receivable of $1,425 as of January 28, 2023 and $1,395 as of January 29, 2022, respectively, from a life insurance trust fund controlled by the Company's Chairman. The note was created over three years, beginning in July 1994, when the Company paid life insurance premiums of $200 each year for the Chairman on a personal policy. The note accrues interest at 5% of the principal balance per year and is to be paid from the life insurance proceeds. The note is secured by a life insurance policy on the Chairman.

## I. COMMITMENTS AND CONTINGENCIES

***Litigation*** - From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. As of the date of these consolidated financial statements, the Company was not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material effect on the Company's consolidated results of operations and financial position.

## J. EMPLOYEE BENEFITS

The Company has a 401(k) profit sharing plan covering all eligible employees who elect to participate. Contributions to the plan are based upon the amount of the employees' deferrals and the employer's discretionary matching formula. The Company may contribute to the plan at its discretion. The total expense under the profit sharing plan was $1,840, $1,935, and $1,640 for fiscal years 2022, 2021, and 2020, respectively.

The Buckle, Inc. Deferred Compensation Plan covers the Company's officers. The plan is funded by participant contributions and a specified annual Company matching contribution not to exceed 6% of the participant's compensation. The Company's contributions were $615, $314, and $199 for fiscal years 2022, 2021, and 2020, respectively.

## K. STOCK-BASED COMPENSATION

The Company has several stock option plans which allow for granting of stock options to employees, executives, and directors. The Company has not granted any stock options since fiscal 2008 and there are currently no stock options outstanding. The Company also has a restricted stock plan that allows for the granting of non-vested shares of common stock to employees and executives and a restricted stock plan that allows for the granting of non-vested shares of common stock to non-employee directors. As of January 28, 2023, 646,918 shares were available for grant under the Company's various restricted stock plans, of which 584,107 shares were available for grant to executive officers.

Compensation expense was recognized during fiscal 2022, 2021, and 2020 for equity-based grants, based on the grant date fair value of the awards. The fair value of grants of non-vested common stock awards is the stock price on the date of grant.

Information regarding the impact of compensation expense related to grants of non-vested shares of common stock is as follows:

| | Fiscal Years Ended | | |
|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 30, 2021 |
| Stock-based compensation expense, before tax | $ 11,640 | $ 9,273 | $ 6,174 |
| Stock-based compensation expense, after tax | $ 8,846 | $ 6,992 | $ 4,698 |

Non-vested shares of common stock granted during each of the past three fiscal years were granted pursuant to the Company's 2005 Restricted Stock Plan and the Company's 2008 Director Restricted Stock Plan. Shares granted under the 2005 Plan are typically "performance based" and vest over a period of four years, only upon certification by the Compensation Committee of the Board of Directors that the Company has achieved its pre-established performance targets for the fiscal year. Certain shares granted under the 2005 Plan, however, are "non-performance based" and vest over a period of four years without being subject to the achievement of performance targets. Shares granted under the 2008 Director Plan vest 25% on the date of grant and then in equal portions on each of the first three anniversaries of the date of grant.

A summary of the Company's stock-based compensation activity related to grants of non-vested shares of common stock for the fiscal year ended January 28, 2023 is as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-Vested - beginning of year | 590,462 | $ 32.20 |
| Granted | 367,050 | 36.54 |
| Forfeited | (3,085) | 31.08 |
| Vested | (296,933) | 30.09 |
| Non-Vested - end of year | 657,494 | $ 35.58 |

As of January 28, 2023, there was $10,237 of unrecognized compensation expense related to grants of non-vested shares. It is expected that this expense will be recognized over a weighted average period of approximately 2.0 years. The total fair value of shares vested during fiscal 2022, 2021, and 2020 was $12,411, $10,125, and $6,834 respectively.

## L. EARNINGS PER SHARE

The following table provides a reconciliation between basic and diluted earnings per share:

| | Fiscal Years Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | January 28, 2023 | | | January 29, 2022 | | | January 30, 2021 | | |
| | Net Income | Weighted Average Shares (a) | Per Share Amount | Net Income | Weighted Average Shares (a) | Per Share Amount | Net Income | Weighted Average Shares (a) | Per Share Amount |
| Basic EPS | $ 254,626 | 49,269 | $ 5.17 | $ 254,820 | 48,994 | $ 5.20 | $130,139 | 48,755 | $ 2.67 |
| Effect of Dilutive Securities: | | | | | | | | | |
| Non-vested shares | — | 362 | (0.04) | — | 391 | (0.04) | — | 258 | (0.01) |
| Diluted EPS | $ 254,626 | 49,631 | $ 5.13 | $ 254,820 | 49,385 | $ 5.16 | $130,139 | 49,013 | $ 2.66 |

(a) Shares in thousands.

## M. REVENUES

The Company is a retailer of medium to better-priced casual apparel, footwear, and accessories for fashion-conscious young men and women. The Company operates its business as one reportable segment. The Company sells its merchandise through its retail stores and e-Commerce platform. The Company operated 441 stores located in 42 states throughout the United States as of January 28, 2023.

Revenue for fiscal 2020 was significantly affected by the impacts of COVID-19. The Company temporarily closed all of its brick and mortar stores beginning March 18, 2020 to protect the health and welfare of its guests, teammates, and communities. The Company began the process of reopening certain stores the week of April 26, 2020, following all appropriate federal, state, and local reopening guidelines. The store closings had a significant impact on the Company's revenue during the first half of fiscal 2020, with total revenue down $73,692 or 18.2% compared to the first half of fiscal 2019. With a strong second half of the year, however, total sales for the 52-week period ended January 30, 2021 were up $1,024 or 0.1% compared to the 52-week period ended February 1, 2020. The Company's online store remained open without interruption and experienced significant growth. For the full fiscal year ended January 30, 2021, the Company's online store grew by $79,759 or 72.0%.

During fiscal years 2022, 2021, and 2020, online revenues accounted for 17.1%, 17.1%, and 21.1%, respectively, of the Company's net sales. No sales to an individual customer or country, other than the United States, accounted for more than 10.0% of net sales.

The following is information regarding the Company’s major product lines, stated as a percentage of the Company’s net sales:

| | Fiscal Years Ended | | |
|---|---|---|---|
| Merchandise Group | January 28, 2023 | January 29, 2022 | January 30, 2021 |
| Denims | 39.3 % | 39.6 % | 40.1 % |
| Tops (including sweaters) | 29.7 | 30.2 | 30.1 |
| Accessories | 10.0 | 9.3 | 9.0 |
| Footwear | 9.2 | 9.7 | 10.2 |
| Sportswear/Fashions | 5.5 | 5.9 | 5.8 |
| Outerwear | 2.1 | 1.9 | 1.9 |
| Casual bottoms | 1.1 | 0.9 | 0.9 |
| Youth | 3.1 | 2.5 | 2.0 |
| Total | 100.0 % | 100.0 % | 100.0 % |

Effective July 1, 2022, the Company entered into a new five year agreement (the "Agreement") with Bread Financial and Comenity Bank (collectively the "Bank"), to provide guests with private label credit cards ("PLCC"). Each PLCC bears the Buckle brand logo and can only be used at the Company's retail locations and eCommerce platform. The Bank is the sole owner of the accounts issued under the PLCC program and bears full risk associated with guest non-payment.

As part of the Agreement, the Company receives a percentage of PLCC sales from the Bank, along with other incentive payments upon the achievement of certain performance targets. All amounts received from the Bank under the Agreement are recorded in net sales in the consolidated statements of income.

## ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A – CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that material information, which is required to be timely disclosed, is accumulated and communicated to management in a timely manner. An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were effective to provide reasonable assurance that information required to be disclosed by the Company in the Company's reports that it files or submits under the Exchange Act is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms.

***Change in Internal Control Over Financial Reporting -*** There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

***Management's Report on Internal Control Over Financial Reporting*** - Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United State of America ("GAAP").

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of January 28, 2023, based on the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in their *Internal Control — Integrated Framework (2013)*. In making its assessment of internal control over financial reporting, management has concluded that the Company's internal control over financial reporting was effective as of January 28, 2023.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of the Company's internal control over financial reporting. Their report appears herein.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of The Buckle, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of The Buckle, Inc. and subsidiary (the “Company”) as of January 28, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 28, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the fiscal year ended January 28, 2023, of the Company and our report dated March 29, 2023, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
March 29, 2023

## ITEM 9B - OTHER INFORMATION

None.

## ITEM 9C - DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

# PART III

## ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item appears under the captions "Executive Officers of the Company" in this report and "Election of Directors" in the Company's Proxy Statement for its 2023 Annual Stockholders Meeting and is incorporated by reference.

## ITEM 11 - EXECUTIVE COMPENSATION

The information required by this item appears under the following captions in the Company's Proxy Statement for its 2023 Annual Stockholders Meeting and is incorporated by reference: “Executive Compensation,” “Director Compensation” (included under the “Election of Directors” section), and “Report of the Audit Committee.”

## ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item appears under the captions "Beneficial Ownership of Common Stock" and “Election of Directors” in the Company's Proxy Statement for its 2023 Annual Stockholders Meeting and in the Notes to Consolidated Financial Statements under Footnote K in this report and is incorporated by reference.

## ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item appears under the captions “Independence” and “Related Party Transactions” (included under the “Election of Directors” section) in the Company's Proxy Statement for its 2023 Annual Stockholders Meeting and is incorporated by reference.

## ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding the fees billed by Deloitte & Touche LLP (PCAOB ID No. 34), our independent registered public accounting firm, and the nature of services comprising the fees for each of the two most recent fiscal years is set forth under the caption “Ratification of Independent Registered Public Accounting Firm” in the Company’s Proxy Statement for its 2023 Annual Stockholders Meeting and is incorporated by reference.

## PART IV

### ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

**(a) Financial Statement Schedule**
Valuation and Qualifying Account. See Schedule II included in this report.
All other schedules are omitted because they are not applicable or the required information is presented in the consolidated financial statements or notes thereto.

**(b) Exhibits**
See Index To Exhibits.

### ITEM 16 - FORM 10-K SUMMARY

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

THE BUCKLE, INC.

Date: March 29, 2023

By: /s/ DENNIS H. NELSON
DENNIS H. NELSON,
President and CEO
(principal executive officer)

Date: March 29, 2023

By: /s/ THOMAS B. HEACOCK
THOMAS B. HEACOCK,
Senior Vice President of Finance, Treasurer,
and CFO (principal accounting officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 30th day of March, 2022.

/s/ DANIEL J. HIRSCHFELD
Daniel J. Hirschfeld
Chairman of the Board and Director

/s/ DENNIS H. NELSON
Dennis H. Nelson
President and Chief Executive Officer
and Director

/s/ THOMAS B. HEACOCK
Thomas B. Heacock
Sr. Vice President of Finance, Treasurer,
Chief Financial Officer, and Director

/s/ KARI G. SMITH
Kari G. Smith
Executive Vice President of Stores
and Director

/s/ HANK M. BOUNDS
Hank M. Bounds
Director

/s/ BILL L. FAIRFIELD
Bill L. Fairfield
Director

/s/ BRUCE L. HOBERMAN
Bruce L. Hoberman
Director

/s/ MICHAEL E. HUSS
Michael E. Huss
Director

/s/ SHRUTI S. JOSHI
Shruti S. Joshi
Director

/s/ ANGIE J. KLEIN
Angie J. Klein
Director

/s/ JOHN P. PEETZ, III
John P. Peetz, III
Director

/s/ KAREN B. RHOADS
Karen B. Rhoads
Director

/s/ JAMES E. SHADA
James E. Shada
Director

**SCHEDULE II - Valuation and Qualifying Accounts**
**(Amounts in Thousands)**

| | Allowance for Doubtful Accounts | Reserve for Sales Returns |
|---|---|---|
| Balance, February 1, 2020 | $ 4 | $ 2,257 |
| Amounts charged to costs and expenses | 489 | — |
| Amounts charged to other accounts | — | 62,257 |
| Deductions | (489) | (61,955) |
| Balance, January 30, 2021 | $ 4 | $ 2,559 |
| Amounts charged to costs and expenses | 448 | — |
| Amounts charged to other accounts | — | 85,192 |
| Deductions | (448) | (84,738) |
| Balance, January 29, 2022 | $ 4 | $ 3,013 |
| Amounts charged to costs and expenses | 557 | — |
| Amounts charged to other accounts | — | 88,357 |
| Deductions | (557) | (88,391) |
| Balance, January 28, 2023 | $ 4 | $ 2,979 |

## INDEX TO EXHIBITS

| | | Exhibits | Page Number or Incorporation by Reference to |
|---|---|---|---|
| (3) | Articles of Incorporation and By-Laws. | | |
| | (3.1) | Articles of Incorporation of The Buckle, Inc. as amended | Exhibit 3.1 to Form 10-Q filed for the fiscal quarter ended July 29, 2017 |
| | (3.2) | Amended and Restated By-Laws of The Buckle, Inc. | Exhibit 3.2 to Form 8-K filed for the report period December 3, 2021 |
| (4) | Instruments defining the rights of security holders, including indentures | | |
| | (4.1) | See Exhibits 3.1 and 3.2 for provisions of the Articles of Incorporation and Amended and Restated By-laws of the Registrant defining rights of holders of Common Stock of the registrant | |
| | (4.2) | Form of stock certificate for Common Stock | Exhibit 4.1 to Form S-1 No. 33-46294 |
| (10) | Material Contracts | | |
| | (10.1) | Amended and Restated Non-Qualified Deferred Compensation Plan (*) | Exhibit 10.6 and 10.6.1 to Form 10-K filed for the fiscal year ended January 28, 2012 |
| | (10.2) | Revolving Line of Credit Note and First Amendment to Credit Agreement, dated June 8, 2012 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit | Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended July 28, 2012 |
| | (10.2.1) | Revolving Line of Credit Note and Second Amendment to Credit Agreement, dated February 16, 2015 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit | Exhibit 10.2.1 to Form 10-K filed for the fiscal year ended January 31, 2015 |
| | (10.2.2) | Revolving Line of Credit Note and Third Amendment to Credit Agreement, dated June 30, 2017 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit | Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended July 29, 2017 |
| | (10.2.3) | Revolving Line of Credit Note and Fourth Amendment to Credit Agreement, dated July 26, 2019 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit | Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended August 3, 2019 |
| | (10.2.4) | Revolving Line of Credit Note and Fifth Amendment to Credit Agreement, dated July 16, 2021 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit | Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended July 31, 2021 |
| | (10.3) | 1993 Director Stock Option Plan Amended and Restated (*) | Exhibit B to Proxy Statement for Annual Meeting held June 2, 2006 |
| | (10.4) | 1997 Executive Stock Option Plan (*) | Exhibit B to Proxy Statement for Annual Meeting held May 28, 1998 |
| | (10.5) | 1998 Restricted Stock Plan (*) | Exhibit C to Proxy Statement for Annual Meeting held May 28, 1998 |
| | (10.6) | 2005 Restricted Stock Plan Amended and Restated (*) | Exhibit B to Proxy Statement for Annual Meeting held May 31, 2013 |
| | (10.7) | 2008 Director Restricted Stock Plan (*) | Exhibit B to Proxy Statement For Annual Meeting held May 28, 2008 |

| Exhibits | | | Page Number or Incorporation by Reference to |
|---|---|---|---|
| | (10.8) | 2021 Management Incentive Plan (*) | Exhibit A to Proxy Statement for Annual Meeting held June 7, 2021 |
| | (10.9) | 2022 Management Incentive Plan (*) | Exhibit A to Proxy Statement for Annual Meeting held June 6, 2022 |
| | (10.10) | Summary of Named Executive Officer Compensation (*) | Incorporated by reference from the section titled "Executive Compensation and Other Information" in Proxy Statement for the 2023 Annual Meeting of Stockholders |
| | (10.11) | Summary of Non-Employee Director Compensation (*) | Incorporated by reference from the section titled "Director Compensation" in Proxy Statement for the 2023 Annual Meeting of Stockholders |
| | (10.12) | Form of Director Indemnification Agreement | Exhibit 10.12 to Form 10-K filed for the fiscal year ended January 29, 2022 |
| (21) | List of Subsidiaries | | |
| (23) | Consent of Deloitte & Touche LLP | | |
| (31a) | Certification Pursuant to Rule 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | |
| (31b) | Certification Pursuant to Rule 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | |
| (32) | Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | |
| (101) | Includes the following materials from The Buckle, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 28, 2023, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and in detail. | | |
| (104) | Cover page formatted as Inline XBRL and contained in Exhibit 101 | | |

(*) Denotes management contract or compensatory plan or arrangement.

# CORPORATE INFORMATION

DATE FOUNDED
1948

NUMBER OF EMPLOYEES
9,100

STOCK TRANSFER AGENT AND REGISTRAR
Computershare Trust Company, N.A.
P.O. Box 43023
Providence, RI 02940-3023
(800) 884-4225

STOCK EXCHANGE LISTING
New York Stock Exchange
Trading Symbol: BKE

INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
Deloitte & Touche LLP
Omaha, Nebraska

ANNUAL MEETING
The Annual Meeting of Stockholders is scheduled for 10:00 a.m. CDT Monday, June 5, 2023 at the Company's Headquarters in Kearney, Nebraska

FORM 10-K
A copy of the Form 10-K is available to shareholders without charge upon written request to:
Thomas B. Heacock
Senior Vice President of Finance
The Buckle, Inc.
P.O. Box 1480
Kearney, Nebraska 68848-1480

# BOARD OF DIRECTORS

DANIEL J. HIRSCHFELD
Chairman of the Board

DENNIS H. NELSON
President and Chief Executive Officer

THOMAS B. HEACOCK
Senior Vice President of Finance,
Treasurer, and Chief Financial Officer

KARI G. SMITH
Executive Vice President of Stores

HANK M. BOUNDS

BILL L. FAIRFIELD

BRUCE L. HOBERMAN

MICHAEL E. HUSS

SHRUTI S. JOSHI

ANGIE J. KLEIN

JOHN P. PEETZ, III

KAREN B. RHOADS

JAMES E. SHADA

# EXECUTIVE OFFICERS

DENNIS H. NELSON
President and Chief Executive Officer

THOMAS B. HEACOCK
Senior Vice President of Finance,
Treasurer, and Chief Financial Officer

KARI G. SMITH
Executive Vice President of Stores

BRETT P. MILKIE
Senior Vice President of Leasing

MICHELLE M. HOFFMAN
Senior Vice President of Sales

KELLI D. MOLCZYK
Senior Vice President of Women's Merchandising

BRADY M. FRITZ
Senior Vice President, General Counsel,
and Corporate Secretary

BUCKLE
CORPORATE
OFFICE

2407 W 24TH STREET
KEARNEY, NE 68845
308.236.8491
WWW.BUCKLE.COM