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

## FORM 10-Q

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

For the Quarterly Period Ended October 28, 2023

o **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**

______________________________________________________________________
(Former name, former address, and former fiscal year if changed since last report)

**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, $0.01 par value | BKE | New York Stock Exchange |

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

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 þ No o

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 þ; Accelerated filer o;
Non-accelerated filer o; Smaller reporting company o;
Emerging growth company o

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

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

The number of shares outstanding of the Registrant's Common Stock, $0.01 par value, as of December 1, 2023, was 50,445,386.

THE BUCKLE, INC.

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**THE BUCKLE, INC.**

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

| ASSETS | October 28, 2023 | January 28, 2023 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 311,657 | $ 252,077 |
| Short-term investments | 23,446 | 20,997 |
| Receivables | 10,341 | 12,648 |
| Inventory | 152,289 | 125,134 |
| Prepaid expenses and other assets | 11,206 | 12,480 |
| Total current assets | 508,939 | 423,336 |
| PROPERTY AND EQUIPMENT | 483,435 | 466,321 |
| Less accumulated depreciation and amortization | (359,367) | (353,919) |
| | 124,068 | 112,402 |
| OPERATING LEASE RIGHT-OF-USE ASSETS | 253,418 | 271,421 |
| LONG-TERM INVESTMENTS | 22,508 | 20,624 |
| OTHER ASSETS | 12,274 | 9,796 |
| Total assets | $ 921,207 | $ 837,579 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 63,320 | $ 44,835 |
| Accrued employee compensation | 34,784 | 55,490 |
| Accrued store operating expenses | 26,335 | 19,754 |
| Gift certificates redeemable | 12,305 | 16,777 |
| Current portion of operating lease liabilities | 78,884 | 89,187 |
| Income taxes payable | 536 | — |
| Total current liabilities | 216,164 | 226,043 |
| DEFERRED COMPENSATION | 22,508 | 20,624 |
| NON-CURRENT OPERATING LEASE LIABILITIES | 208,517 | 214,598 |
| Total liabilities | 447,189 | 461,265 |
| COMMITMENTS | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, authorized 100,000,000 shares of $0.01 par value; 50,445,386 and 50,092,616 shares issued and outstanding at October 28, 2023 and January 28, 2023 respectively | 504 | 501 |
| Additional paid-in capital | 189,297 | 178,964 |
| Retained earnings | 284,217 | 196,849 |
| Total stockholders' equity | 474,018 | 376,314 |
| Total liabilities and stockholders' equity | $ 921,207 | $ 837,579 |

See notes to unaudited condensed consolidated financial statements.

**THE BUCKLE, INC.**

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

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| SALES, Net of returns and allowances | $ 303,457 | $ 332,341 | $ 878,719 | $ 943,381 |
| COST OF SALES (Including buying, distribution, and occupancy costs) | 156,242 | 166,940 | 459,835 | 480,451 |
| Gross profit | 147,215 | 165,401 | 418,884 | 462,930 |
| OPERATING EXPENSES: | | | | |
| Selling | 70,242 | 74,148 | 205,081 | 209,376 |
| General and administrative | 12,908 | 11,830 | 39,247 | 35,359 |
| | 83,150 | 85,978 | 244,328 | 244,735 |
| INCOME FROM OPERATIONS | 64,065 | 79,423 | 174,556 | 218,195 |
| OTHER INCOME, Net | 4,490 | 1,883 | 11,322 | 2,711 |
| INCOME BEFORE INCOME TAXES | 68,555 | 81,306 | 185,878 | 220,906 |
| INCOME TAX EXPENSE | 16,793 | 19,920 | 45,540 | 54,122 |
| NET INCOME | $ 51,762 | $ 61,386 | $ 140,338 | $ 166,784 |
| EARNINGS PER SHARE: | | | | |
| Basic | $ 1.05 | $ 1.25 | $ 2.83 | $ 3.39 |
| Diluted | $ 1.04 | $ 1.24 | $ 2.81 | $ 3.37 |
| Basic weighted average shares | 49,513 | 49,214 | 49,513 | 49,214 |
| Diluted weighted average shares | 49,937 | 49,604 | 49,891 | 49,556 |

See notes to unaudited condensed consolidated financial statements.

**THE BUCKLE, INC.**

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

| | Number of Shares | Common Stock | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| FISCAL 2023 | | | | | |
| BALANCE, July 30, 2023 | 50,445,926 | $ 504 | $ 185,921 | $ 250,111 | $ 436,536 |
| Net income | — | — | — | 51,762 | 51,762 |
| Dividends paid on common stock, ($0.35 per share) | — | — | — | (17,656) | (17,656) |
| Issuance of non-vested stock, net of forfeitures | (540) | — | — | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 3,376 | — | 3,376 |
| BALANCE, October 28, 2023 | 50,445,386 | $ 504 | $ 189,297 | $ 284,217 | $ 474,018 |
| BALANCE, January 29, 2023 | 50,092,616 | $ 501 | $ 178,964 | $ 196,849 | $ 376,314 |
| Net income | — | — | — | 140,338 | 140,338 |
| Dividends paid on common stock, ($1.05 per share) | — | — | — | (52,970) | (52,970) |
| Issuance of non-vested stock, net of forfeitures | 352,770 | 3 | (3) | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 10,336 | — | 10,336 |
| BALANCE, October 28, 2023 | 50,445,386 | $ 504 | $ 189,297 | $ 284,217 | $ 474,018 |
| FISCAL 2022 | | | | | |
| BALANCE, July 31, 2022 | 50,094,751 | $ 501 | $ 173,046 | $ 215,431 | $ 388,978 |
| Net income | — | — | — | 61,386 | 61,386 |
| Dividends paid on common stock, ($0.35 per share) | — | — | — | (17,532) | (17,532) |
| Issuance of non-vested stock, net of forfeitures | (2,885) | — | — | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 2,775 | — | 2,775 |
| BALANCE, October 29, 2022 | 50,091,866 | $ 501 | $ 175,821 | $ 259,285 | $ 435,607 |
| BALANCE, January 30, 2022 | 49,728,651 | $ 497 | $ 167,328 | $ 145,099 | $ 312,924 |
| Net income | — | — | — | 166,784 | 166,784 |
| Dividends paid on common stock, ($1.05 per share) | — | — | — | (52,598) | (52,598) |
| Issuance of non-vested stock, net of forfeitures | 363,215 | 4 | (4) | — | — |
| Amortization of non-vested stock grants, net of forfeitures | — | — | 8,497 | — | 8,497 |
| BALANCE, October 29, 2022 | 50,091,866 | $ 501 | $ 175,821 | $ 259,285 | $ 435,607 |

See notes to unaudited condensed consolidated financial statements.

**THE BUCKLE, INC.**

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

| | Thirty-Nine Weeks Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 140,338 | $ 166,784 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | |
| Depreciation and amortization | 14,854 | 13,590 |
| Amortization of non-vested stock grants, net of forfeitures | 10,336 | 8,497 |
| Deferred income taxes | (2,481) | (2,039) |
| Other | 677 | 367 |
| Changes in operating assets and liabilities: | | |
| Receivables | (910) | (726) |
| Inventory | (27,155) | (50,240) |
| Prepaid expenses and other assets | 1,274 | (2,242) |
| Accounts payable | 19,272 | 13,378 |
| Accrued employee compensation | (20,706) | (17,872) |
| Accrued store operating expenses | 6,988 | 11,037 |
| Gift certificates redeemable | (4,472) | (4,688) |
| Income taxes payable | 3,753 | (4,790) |
| Other assets and liabilities | 3,572 | 4,039 |
| Net cash flows from operating activities | 145,340 | 135,095 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (27,984) | (22,366) |
| Change in other assets | 3 | — |
| Purchases of investments | (32,104) | (29,316) |
| Proceeds from sales/maturities of investments | 27,295 | 17,395 |
| Net cash flows from investing activities | (32,790) | (34,287) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payment of dividends | (52,970) | (52,598) |
| Net cash flows from financing activities | (52,970) | (52,598) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 59,580 | 48,210 |
| CASH AND CASH EQUIVALENTS, Beginning of period | 252,077 | 253,970 |
| CASH AND CASH EQUIVALENTS, End of period | $ 311,657 | $ 302,180 |

See notes to unaudited condensed consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments necessary for the fair presentation of the results of operations for the interim periods have been included. All such adjustments are of a normal recurring nature. Because of the seasonal nature of the business, results for interim periods are not necessarily indicative of a full year's operations. The accounting policies followed by the Company and additional footnotes are reflected in the consolidated financial statements for the fiscal year ended January 28, 2023, included in The Buckle, Inc.'s 2022 Form 10-K. The condensed consolidated balance sheet as of January 28, 2023 is derived from audited financial statements.

For purposes of this report, unless the context otherwise requires, all references herein to the “Company,” “Buckle,” “we,” “us,” or similar terms refer to The Buckle, Inc. and its subsidiary.

The Company follows generally accepted accounting principles (“GAAP”) established by the Financial Accounting Standards Board (“FASB”). References to GAAP in these notes are to the FASB *Accounting Standards Codification* (“ASC”).

2. 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 had 443 stores located in 42 states throughout the United States as of October 28, 2023 and 441 stores in 42 states as of October 29, 2022. During the thirty-nine week period ended October 28, 2023, the Company opened 5 new stores, substantially remodeled 14 stores, and closed 3 stores, which includes 3 new stores, 4 substantially remodeled stores, and no closed stores for the third quarter. During the thirty-nine week period ended October 29, 2022, the Company opened 3 new stores, substantially remodeled 16 stores, and closed 2 stores, which includes 1 new store, 3 substantially remodeled stores, and 1 closed store for the third quarter.

For the thirteen week periods ended October 28, 2023 and October 29, 2022, online revenues accounted for 15.2% and 16.5%, respectively, of the Company's net sales. For the thirty-nine week periods ended October 28, 2023 and October 29, 2022, online revenues accounted for 16.0% and 16.5%, respectively. No sales to an individual customer or country, other than the United States, accounted for more than 10% of net sales.

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

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| **Merchandise Group** | **October 28, 2023** | **October 29, 2022** | **October 28, 2023** | **October 29, 2022** |
| Denims | 43.7 % | 42.6 % | 39.5 % | 38.3 % |
| Tops (including sweaters) | 30.2 | 30.5 | 29.2 | 29.6 |
| Accessories | 9.8 | 9.5 | 10.7 | 9.8 |
| Sportswear/Fashions | 2.4 | 2.0 | 7.6 | 7.5 |
| Footwear | 5.8 | 7.6 | 7.1 | 9.3 |
| Outerwear | 2.3 | 2.7 | 1.3 | 1.3 |
| Casual bottoms | 1.4 | 1.2 | 1.2 | 1.0 |
| Youth | 4.4 | 3.9 | 3.4 | 3.2 |
| Total | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Effective July 1, 2022, the Company entered into a 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 condensed consolidated statements of income.

3. 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.

| | Thirteen Weeks Ended October 28, 2023 | | | Thirteen Weeks Ended October 29, 2022 | | |
|---|---|---|---|---|---|---|
| | Net Income | Weighted Average Shares (a) | Per Share Amount | Net Income | Weighted Average Shares (a) | Per Share Amount |
| Basic EPS | $ 51,762 | 49,513 | $ 1.05 | $ 61,386 | 49,214 | $ 1.25 |
| Effect of Dilutive Securities: | | | | | | |
| Non-vested shares | — | 424 | (0.01) | — | 390 | (0.01) |
| Diluted EPS | $ 51,762 | 49,937 | $ 1.04 | $ 61,386 | 49,604 | $ 1.24 |

| | Thirty-Nine Weeks Ended October 28, 2023 | | | Thirty-Nine Weeks Ended October 29, 2022 | | |
|---|---|---|---|---|---|---|
| | Net Income | Weighted Average Shares (a) | Per Share Amount | Net Income | Weighted Average Shares (a) | Per Share Amount |
| Basic EPS | $ 140,338 | 49,513 | $ 2.83 | $ 166,784 | 49,214 | $ 3.39 |
| Effect of Dilutive Securities: | | | | | | |
| Non-vested shares | — | 378 | (0.02) | — | 342 | (0.02) |
| Diluted EPS | $ 140,338 | 49,891 | $ 2.81 | $ 166,784 | 49,556 | $ 3.37 |

(a) Shares in thousands.

4. Investments

The following is a summary of investments as of October 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 | $ 23,446 | $ 1 | $ (43) | $ — | $ 23,404 |
| Trading Securities: | | | | | |
| Mutual funds | $ 23,231 | $ — | $ (723) | $ — | $ 22,508 |

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

| | Amortized Cost | Fair Value |
|---|---|---|
| **Held-to-Maturity Securities** | | |
| Less than 1 year | $ 23,446 | $ 23,404 |
| 1 - 5 years | — | — |
| Total | $ 23,446 | $ 23,404 |

As of October 28, 2023 and January 28, 2023, 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.

5. 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 October 28, 2023 and January 28, 2023, 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 | | | |
|---|---|---|---|---|
| **October 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) | $ 22,508 | $ — | $ — | $ 22,508 |

| | 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 |

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 condensed 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 October 28, 2023, the fair value of held-to-maturity securities was $23,404 compared to the carrying amount of $23,446. As of January 28, 2023, the fair value of held-to-maturity securities was $20,992 compared to the carrying amount of $20,997.

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.

6. 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 condensed consolidated statements of income. The components of total lease cost are as follows:

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Operating lease cost | $ 24,846 | $ 23,649 | $ 73,644 | $ 70,287 |
| Variable lease cost [(a)] | 4,528 | 5,288 | 14,796 | 16,249 |
| Total lease cost | $ 29,374 | $ 28,937 | $ 88,440 | $ 86,536 |

[(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:

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Cash paid for amounts included in the measurement of lease liabilities: | | | | |
| Operating cash flows from operating leases | $ 25,786 | $ 24,580 | $ 76,285 | $ 73,011 |
| Right-of-use assets obtained in exchange for lease obligations: | | | | |
| Operating leases | $ 33,131 | $ 29,335 | $ 68,394 | $ 56,592 |

The Company uses its incremental borrowing rate as the discount rate to determine the present value of lease payments. As of October 28, 2023, the weighted-average remaining lease term was 5.3 years and the weighted-average discount rate was 5.3%.

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 condensed consolidated balance sheet as of October 28, 2023:

| Fiscal Year | Operating Leases [(a)] |
|---|---|
| 2023 (remaining) | $ 25,969 |
| 2024 | 87,633 |
| 2025 | 63,043 |
| 2026 | 48,402 |
| 2027 | 32,314 |
| Thereafter | 76,793 |
| Total lease payments | 334,154 |
| Less: Imputed interest | 46,753 |
| Total operating lease liability | $ 287,401 |

[(a)] Operating lease payments exclude $55,895 of legally binding minimum lease payments for leases signed, but not yet commenced.

7. Supplemental Cash Flow Information

The Company had non-cash investing activities during the thirty-nine week periods ended October 28, 2023 and October 29, 2022 of $ 787 and ($700), 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 period. The liability for unpaid purchases of property, plant, and equipment included in accounts payable was $1,667 and $2,454 as of October 28, 2023 and January 28, 2023, respectively. Amounts reported as unpaid purchases are recorded as cash outflows from investing activities for purchases of property, plant, and equipment in the condensed 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 the thirty-nine week periods ended October 28, 2023 and October 29, 2022 of $44,268 and $60,951, respectively.

8. 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 restricted stock plans that allow 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 October 28, 2023, 3,042,561 shares were available for grant under the Company's various restricted stock plans, of which 3,000,000 shares were available for grant to executive officers. The 3,000,000 shares available for grant to employees and executive officers represents the entirety of the shares authorized for issuance under the Company's 2023 Employee Restricted Stock Plan, which was approved by stockholders at the Company's 2023 annual meeting to replace the Company's 2005 Restricted Stock Plan, as the Company has not yet granted any shares under the new plan.

Compensation expense was recognized during fiscal 2023 and fiscal 2022 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:

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Stock-based compensation expense, before tax | $ 3,376 | $ 2,775 | $ 10,336 | $ 8,497 |
| Stock-based compensation expense, after tax | $ 2,549 | $ 2,095 | $ 7,804 | $ 6,415 |

Non-vested shares of common stock granted during the thirty-nine week periods ended October 28, 2023 and October 29, 2022 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 thirty-nine week period ended October 28, 2023 is as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-Vested - beginning of year | 657,494 | $ 35.58 |
| Granted | 375,250 | 43.35 |
| Forfeited | (22,480) | 37.07 |
| Vested | (77,643) | 36.43 |
| Non-Vested - end of quarter | 932,621 | $ 38.60 |

As of October 28, 2023, there was $15,191 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 the thirty-nine week periods ended October 28, 2023 and October 29, 2022 was $2,892 and $2,810, respectively.

9. 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.

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto of the Company included in this Form 10-Q. All references herein to the “Company,” “Buckle,” “we,” “us,” or similar terms refer to The Buckle, Inc. and its subsidiary. 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 condensed consolidated financial statements.

## 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 Thirteen Weeks Ended | | Percentage | Percentage of Net Sales For Thirty-Nine Weeks Ended | | Percentage |
|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Increase/(Decrease) | October 28, 2023 | October 29, 2022 | Increase/(Decrease) |
| Net sales | 100.0 % | 100.0 % | (8.7) % | 100.0 % | 100.0 % | (6.9) % |
| Cost of sales (including buying, distribution, and occupancy costs) | 51.5 % | 50.2 % | (6.4) % | 52.3 % | 50.9 % | (4.3) % |
| Gross profit | 48.5 % | 49.8 % | (11.0) % | 47.7 % | 49.1 % | (9.5) % |
| Selling expenses | 23.1 % | 22.3 % | (5.3) % | 23.3 % | 22.2 % | (2.1) % |
| General and administrative expenses | 4.3 % | 3.6 % | 9.1 % | 4.5 % | 3.8 % | 11.0 % |
| Income from operations | 21.1 % | 23.9 % | (19.3) % | 19.9 % | 23.1 % | (20.0) % |
| Other income, net | 1.5 % | 0.6 % | 138.5 % | 1.3 % | 0.3 % | 317.7 % |
| Income before income taxes | 22.6 % | 24.5 % | (15.7) % | 21.2 % | 23.4 % | (15.9) % |
| Income tax expense | 5.5 % | 6.0 % | (15.7) % | 5.2 % | 5.7 % | (15.9) % |
| Net income | 17.1 % | 18.5 % | (15.7) % | 16.0 % | 17.7 % | (15.9) % |

Net sales decreased from $332.3 million in the third quarter of fiscal 2022 to $303.5 million in the third quarter of fiscal 2023, an 8.7% decrease. Comparable store net sales for the thirteen week quarter ended October 28, 2023 decreased 9.2% from comparable store net sales for the prior year thirteen week period ended October 29, 2022. The reduction in total sales for the period was the result of an 8.9% decrease in the number of transactions and a 0.5% decrease in the average number of units sold per transaction, which were partially offset by a 0.6% increase in the average unit retail. Online sales for the quarter decreased 16.2% to $46.1 million for the thirteen week period ended October 28, 2023 compared to $55.0 million for the thirteen week period ended October 29, 2022.

Net sales decreased from $943.4 million for the first three quarters of fiscal 2022 to $878.7 million for the first three quarters of fiscal 2023, a 6.9% decrease. Comparable store net sales for the thirty-nine week period ended October 28, 2023 decreased 7.3% from comparable store net sales for the prior year thirty-nine week period ended October 29, 2022. The reduction in total sales for the year-to-date period was the result of a 7.5% decrease in the number of transactions, which was partially offset by a 0.7% increase in the average unit retail. The average number of units sold per transaction were even for both periods. Online sales for the year-to-date period decreased 9.4% to $141.0 million for the thirty-nine week period ended October 28, 2023 compared to $155.6 million for the thirty-nine week period ended October 29, 2022.

The Company's average retail price per piece of merchandise sold increased $0.31, or 0.6%, during the third quarter of fiscal 2023 compared to the third quarter of fiscal 2022. This $0.31 increase was primarily attributable to the following changes (with their corresponding effect on the overall average price per piece): a 2.6% increase in average knit shirt price points ($0.30), a 1.2% increase in average denim price points ($0.25), an 8.7% increase in average footwear price points ($0.23), and an increase in average price points for certain other merchandise categories ($0.25); which were partially offset by a shift in the merchandise mix (-$0.72). These changes are primarily a reflection of merchandise shifts in terms of brands and product styles, fabrics, details, and finishes.

For the year-to-date period, the Company's average retail price per piece of merchandise sold increased $0.31, or 0.7%, compared to the same period in fiscal 2022. This $0.31 increase was primarily attributable to the following changes (with their corresponding effect on the overall average price per piece): a 2.5% increase in average denim price points ($0.45), a 7.2% increase in average accessory price points ($0.34), a 7.7% increase in average footwear price points ($0.24), a 1.9% increase in average knit shirt price points ($0.20), and an increase in average price points for certain other merchandise categories ($0.30); which were partially offset by a shift in the merchandise mix (-$1.22). 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 expenses was $147.2 million in the third quarter of fiscal 2023, compared to $165.4 million in the third quarter of fiscal 2022. As a percentage of net sales, gross profit was 48.5% in the third quarter of fiscal 2023, compared to 49.8% in the third quarter of fiscal 2022. The current quarter margin decline was the result of deleveraged buying, distribution, and occupancy expenses, as merchandise margins were flat.

Year-to-date, gross profit was $418.9 million for the thirty-nine week period ended October 28, 2023, compared to $462.9 million for the thirty-nine week period ended October 29, 2022. As a percentage of net sales, gross profit was 47.7% for the first three quarters of fiscal 2023, compared to 49.1% for the first three quarters of fiscal 2022. The year-to-date decline was due to 110 basis points of deleveraged buying, distribution, and occupancy expenses, along with a 30 basis point reduction in merchandise margins.

Selling, general, and administrative expenses were 27.4% of net sales for the third quarter of fiscal 2023, compared to 25.9% for the third quarter of fiscal 2022. The increase was the result of increases in store labor-related expenses (1.30%, as a percentage of net sales), general and administrative salary expense (0.30%, as a percentage of net sales), equity compensation expense (0.30%, as a percentage of net sales), and marketing spend (0.20%, as a percentage of net sales), which were partially offset by a reduction in expense related to incentive compensation accruals (0.50%, as a percentage of net sales) and reductions in certain other expense categories (0.10%, as a percentage of net sales).

For the 39-week year-to-date period, selling, general, and administrative expenses were 27.8% of net sales for fiscal 2023, compared to 26.0% for fiscal 2022. The increase was the result of increases in store labor-related expenses (1.30%, as a percentage of net sales), general and administrative salary expense (0.30%, as a percentage of net sales), equity compensation expense (0.30%, as a percentage of net sales), marketing spend (0.20%, as a percentage of net sales), and certain other expense categories (0.30%, as a percentage of net sales), which were partially offset by a reduction in expense related to incentive compensation accruals (0.60%, as a percentage of net sales).

As a result of the above changes, the Company's income from operations was $64.1 million, or 21.1% of net sales, for the third quarter of fiscal 2023, compared to income from operations of $79.4 million, or 23.9% of net sales, for the third quarter of fiscal 2022. Income tax expense as a percentage of pre-tax income was 24.5% for the third quarter of both fiscal 2023 and fiscal 2022, bringing the Company's net income to $51.8 million in the third quarter of fiscal 2023 compared to $61.4 million in the third quarter of fiscal 2022.

Year-to-date, income from operations was $174.6 million for the thirty-nine week period ended October 28, 2023 compared to $218.2 million for the thirty-nine week period ended October 29, 2022. Income from operations was 19.9% of net sales for the first three quarters of fiscal 2023 compared to 23.1% of net sales for the first three quarters of fiscal 2022. Income tax expense as a percentage of pre-tax income was 24.5% for both the first three quarters of fiscal 2023 and the first three quarters of fiscal 2022, bringing year-to-date net income to $140.3 million for fiscal 2023 compared to $166.8 million for fiscal 2022.

## LIQUIDITY AND CAPITAL RESOURCES

As of October 28, 2023, the Company had working capital of $292.8 million, including $311.7 million of cash and cash equivalents and $23.4 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 the first three quarters of fiscal 2023 and fiscal 2022, the Company's cash flow from operations was $145.3 million and $135.1 million, respectively. Changes in operating cash flow between periods 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 Company's growth in operating cash flow for the first three quarters of fiscal 2023 compared to the first three quarters of fiscal 2022 is primarily attributable to changes in inventory and accounts payable as the Company continued to manage and adjust to changing trends.

The uses of cash for both thirty-nine week periods primarily include payment of annual bonuses accrued at fiscal year end, inventory purchases, dividend payments, construction costs for new and remodeled stores, other capital expenditures, and purchases of investment securities.

During the first three quarters of fiscal 2023 and 2022, the Company invested $27.0 million and $22.0 million, respectively, in new store construction, store renovation, and store technology upgrades. The Company also spent $1.0 million and $0.4 million in the first three quarters of fiscal 2023 and 2022, respectively, in capital expenditures for the corporate headquarters and distribution facility.

During the remainder of fiscal 2023, the Company anticipates completing 4 new stores and an additional 5 full remodels. Management estimates that total capital expenditures during fiscal 2023 will be approximately $30.0 to $35.0 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 a consistent record of generating positive cash flow from operations each year and, as of October 28, 2023, had total cash and investments of $357.6 million, including $22.5 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 the Company 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, 2025 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 bank borrowings during the first three quarters of fiscal 2023 or 2022. The Company had no bank borrowings as of October 28, 2023 and was in compliance with the terms and conditions of the line of credit agreement.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management’s Discussion and Analysis of Financial Condition and Results of Operations are based upon The Buckle, Inc.’s condensed 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. The critical accounting policies and estimates utilized by the Company in the preparation of its condensed consolidated financial statements for the period ended October 28, 2023 have not changed materially from those utilized for the fiscal year ended January 28, 2023, included in The Buckle Inc.’s 2022 Annual Report on Form 10-K.

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 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 cards and gift certificates was $12.3 million and $16.8 million as of October 28, 2023 and January 28, 2023, 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 condensed 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 $3.6 million as of October 28, 2023 and $3.0 million as of January 28, 2023.

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 October 28, 2023 and January 28, 2023, $10.3 million and $10.1 million was included in "accrued store operating expenses" as a liability for estimated future rewards.

Effective July 1, 2022, the Company entered into a 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 condensed 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 $9.5 million as of October 28, 2023 and $6.3 million as of January 28, 2023.

3. Income Taxes. The Company records a deferred tax asset and liability for expected future tax consequences resulting from temporary differences between 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.

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 October 28, 2023:

| | Payments Due by Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Contractual obligations (dollar amounts in thousands):** | **Total** | **2023 (remaining)** | **2024-2025** | **2026-2027** | **Thereafter** |
| Purchase obligations | $ 13,579 | $ 6,995 | $ 5,874 | $ 710 | $ — |
| Deferred compensation | 22,508 | — | — | — | 22,508 |
| Operating lease payments [a] | 334,154 | 25,969 | 150,676 | 80,716 | 76,793 |
| Total contractual obligations | $ 370,241 | $ 32,964 | $ 156,550 | $ 81,426 | $ 99,301 |

[a] See Footnote 6 to the condensed 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, 2025 and provides that $10.0 million of the $25.0 million line 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 the first three quarters of fiscal 2023 or the first three quarters of fiscal 2022. The Company had outstanding letters of credit totaling $2.9 million and $3.3 million as of October 28, 2023 and January 28, 2023, respectively. The Company has no other off-balance sheet arrangements.

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. Quarterly results may vary significantly depending on a variety of factors including the timing and amount of sales and costs associated with the opening of new stores, the timing and level of markdowns, the timing of store closings, the remodeling of existing stores, competitive factors, and general economic conditions.

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 3 – 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 4 – 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.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 1A. Risk Factors:

There have been no material changes from the risk factors disclosed under "Item 1A - Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

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

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 October 28, 2023:

| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans |
|---|---|---|---|---|
| July 30, 2023 to Aug 26, 2023 | - | - | - | 410,655 |
| Aug 27, 2023 to Sept 30, 2023 | - | - | - | 410,655 |
| Oct 1, 2023 to Oct 28, 2023 | - | - | - | 410,655 |
| | - | - | - | |

*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.*

Item 3. Defaults Upon Senior Securities: None

Item 4. Mine Safety Disclosures: None

Item 5. Other Information: None

Item 6. Exhibits:

| | |
|---|---|
| Exhibit 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer (Section 302 of the Sarbanes-Oxley Act of 2002) |
| Exhibit 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer (Section 302 of the Sarbanes-Oxley Act of 2002) |
| Exhibit 32.1 | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.2 | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 101 | The following materials from The Buckle, Inc.'s Quarterly Report on Form 10-Q for the quarter ended October 28, 2023, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Income; (iii) Condensed Consolidated Statements of Stockholders' Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and in detail. |
| Exhibit 104 | Cover page formatted as Inline XBRL and contained in Exhibit 101 |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE BUCKLE, INC.

Date: December 7, 2023

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

Date: December 7, 2023

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

EXHIBIT INDEX

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| Exhibit 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer (Section 302 of the Sarbanes-Oxley Act of 2002) |
| Exhibit 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer (Section 302 of the Sarbanes-Oxley Act of 2002) |
| Exhibit 32.1 | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.2 | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 101 | The following materials from The Buckle, Inc.'s Quarterly Report on Form 10-Q for the quarter ended October 28, 2023, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Income; (iii) Condensed Consolidated Statements of Stockholders' Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and in detail. |
| Exhibit 104 | Cover page formatted as Inline XBRL and contained in Exhibit 101 |

EXHIBIT 31.1

CERTIFICATIONS

I, Dennis H. Nelson, certify that:

1. I have reviewed this report of The Buckle, Inc. on Form 10-Q for the quarterly period ended October 28, 2023;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: December 7, 2023

By: /s/ DENNIS H. NELSON

DENNIS H. NELSON,

President and CEO

(principal executive officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Thomas B. Heacock, certify that:

1. I have reviewed this report of The Buckle, Inc. on Form 10-Q for the quarterly period ended October 28, 2023;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: December 7, 2023

By: /s/ THOMAS B. HEACOCK

THOMAS B. HEACOCK,

Senior Vice President of Finance, Treasurer, and CFO

(principal accounting officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Buckle, Inc. (the “Company”) on Form 10-Q for the period ended October 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dennis H. Nelson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

By: /s/ DENNIS H. NELSON
DENNIS H. NELSON,
President and CEO
(principal executive officer)
December 7, 2023

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Buckle, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas B. Heacock, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

By: /s/ THOMAS B. HEACOCK
THOMAS B. HEACOCK,
Senior Vice President of Finance, Treasurer, and CFO
(principal accounting officer)
December 7, 2023