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. ☐

For the complete annual report, go online to corporate.buckle.com/investors/annual-reports.

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.

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.

THE BUCKLE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar Amounts in Thousands Except Share and Per Share Amounts)

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.

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.

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.

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 %

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