

Risk Factors Comparison 2025-04-02 to 2024-04-03 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

In management's judgment, the following are material risk factors that might make an investment in the Company speculative or risky: Business and Industry Risks: Dependence on Merchandising / Fashion Sensitivity. The Company's success is largely dependent upon its ability to gauge the fashion tastes of its customers and to provide merchandise that satisfies customer demand in a timely manner. The Company's failure to anticipate, identify, or react appropriately and timely to changes in fashion trends would reduce the Company's net sales and profitability. Misjudgments or unanticipated fashion changes could have a negative impact on the Company's image with its customers, which would also reduce the Company's net sales and profitability. Dependence on Private Label Merchandise. Sales from private label merchandise accounted for approximately **46** ~~47~~ % of net sales for fiscal ~~2023-2024~~ and ~~44-46~~ % for fiscal ~~2022-2023~~. The Company may increase or decrease the percentage of net sales from private label merchandise in the future. The Company's private label products generally earn a higher margin than branded products. Thus, reductions in the private label mix would decrease the Company's merchandise margins and, as a result, reduce net earnings. Fluctuations in Comparable Store Net Sales Results. The Company's comparable store net sales results have fluctuated in the past and are expected to continue to fluctuate in the future. A variety of factors affect comparable store sales results, including changes in fashion trends, changes in the Company's merchandise mix, calendar shifts of holiday periods, actions by competitors, weather conditions, and general economic conditions. As a result of these or other factors, the Company's future comparable store sales could decrease, reducing overall net sales and profitability. Ability to Continue Expansion and Management of Growth. The Company's growth depends on its ability to open and operate stores on a profitable basis and management's ability to manage planned expansion. During fiscal ~~2024-2025~~, the Company plans to open ~~8-7~~ new stores. Potential future expansion is dependent upon factors such as the ability to locate and obtain favorable store sites, negotiate acceptable lease terms, obtain necessary merchandise, and hire and train qualified management and other employees. There may be factors outside of the Company's control that affect the ability to expand, including general economic conditions. There is no assurance that the Company will be able to achieve its planned expansion or that future expansion will be profitable. If the Company fails to achieve store growth, there would be less growth in the Company's net sales from new stores and less growth in profitability. If the Company opens unprofitable store locations, there could be a reduction in net earnings, even with the resulting growth in the Company's net sales. Ability to Adjust to Changes in Shopping Center Traffic and Consumer Trends Related to E- Commerce Shopping. Shopping patterns have been evolving rapidly, along with consumers' ability to shop whenever and wherever they choose. These changing dynamics and increased competition from online retailers have adversely impacted shopping center traffic in many malls. The Company's ability to compete effectively in the future is dependent on its ability to continue to profitably manage both its in- store and e- commerce businesses. The Company considers its unique merchandise selection and its outstanding customer service to be key differentiators. The Company continues to invest in its e- commerce website and other digital initiatives to drive traffic to both its stores and buckle.com. The Company also continues to expand its omni- channel capabilities to satisfy its guests however they choose to shop. There can, however, be no assurance that the Company will be able to successfully integrate both channels and compete successfully with other retailers. The Company's inability to profitably adapt to changing consumer preferences would cause a decrease in the Company's net sales and net earnings. Reliance on Key Personnel. The continued success of the Company is dependent to a significant degree on the continued service of key personnel, including senior management. The loss of a member of senior management could create additional expense in covering their position as well as cause a reduction in net sales, thus reducing net earnings. The Company's success in the future will also be dependent upon the Company's ability to attract and retain qualified personnel. The Company's failure to attract and retain qualified personnel could negatively impact net sales, could create additional operating expenses, and could reduce overall profitability for the Company. Dependence on a Single Distribution Facility and Third- Party Carriers. The distribution function for all of the Company's stores is handled from a single facility in Kearney, Nebraska. Any significant interruption in the operation of the distribution facility due to natural disasters, system failures, or other unforeseen causes would impede the distribution of merchandise to the stores, causing a decline in store inventory, a reduction in store sales, and a reduction in Company profitability. Interruptions in service by common carriers could also delay shipment of goods to Company store locations. Additionally, there can be no assurance that the current facilities will be adequate to support future growth. Reliance on Foreign Sources of Production. The Company purchases a portion of its private label merchandise through sourcing agents in foreign markets. In addition, some of the Company's domestic vendors manufacture goods overseas. The Company does not have any long- term merchandise supply contracts and its imports are subject to existing or potential duties, tariffs, and quotas. The Company faces a variety of risks associated with doing business overseas including competition for facilities and quotas, political instability, possible new legislation **or other governmental action** relating to imports that could limit the quantity of merchandise that may be imported, imposition of tariffs, duties, taxes, and other charges on imports, and local business practice and political issues which may result in adverse publicity. The Company's inability to rely on foreign sources of production due to these or other causes could reduce the amount of inventory the Company is able to purchase, hold up the timing on the receipt of new merchandise, and reduce merchandise margins if comparable inventory is purchased from branded sources. Any or all of these changes would cause a decrease in the Company's net sales and net earnings. Dependence upon Maintaining Sales and Profit Growth in the Highly Competitive Retail Apparel Industry. The specialty retail industry is highly competitive. The Company competes primarily on the basis of fashion, selection, quality, price, location, service, and store environment. The Company faces a variety of competitive challenges, including: •

Anticipating and responding timely to changing customer demands and preferences; • Effectively marketing both branded and private label merchandise to consumers in several diverse market segments and maintaining favorable brand recognition; • Providing unique, high- quality merchandise in styles, colors, and sizes that appeal to consumers; • Sourcing merchandise efficiently; • Competitively pricing merchandise and creating customer perception of value; and • Monitoring increased labor costs, including increases in health care benefits and worker' s compensation and unemployment insurance costs. There is no assurance that the Company will be able to compete successfully in the future. Reliance on Consumer Spending Trends. The continued success of the Company depends, in part, upon numerous factors that impact the levels of individual disposable income and thus, consumer spending. Factors include the political environment, the threat or outbreak of war (including, the ongoing conflict in Ukraine), terrorism, civil unrest, economic conditions, employment, consumer debt, interest rates, inflation, and consumer confidence. A decline in consumer spending, for any reason, could have an adverse effect on the Company' s net sales, gross profits, and results from operations. Operational Risks: Fluctuations in Tax Obligations and Effective Tax Rate. The Company records tax expense based on its estimates of future payments. At any one time, multiple tax years are subject to audit by various taxing authorities. There can be no assurance as to the outcome of any current or potential future audits and their impact on the tax owed by the Company. In addition, the Company' s effective tax rate may be materially impacted by changes in tax laws and regulations in the jurisdictions where it operates. Future tax law changes could materially impact the Company' s effective tax rate and, therefore, its net earnings. Evolving Regulations and Expectations with Respect to Environmental, Social, and Governance Matters. There has been increasing stakeholder and regulatory focus on environmental, social, and governance (" ESG") initiatives and related disclosures affecting public companies. The Company anticipates that expectations and requirements in these areas will continue to evolve. To the extent the Company is unable to meet or is perceived to be unable to meet these expectations and requirements, the Company' s reputation, business, and financial performance could be adversely affected. Modifications and / or Upgrades to Information Technology Systems May Disrupt Operations. The Company relies upon its various information systems to manage its operations and regularly evaluates its information technology in order for management to identify investment opportunities for maintaining, modifying, upgrading, or replacing these systems. There are inherent risks associated with replacing or changing these systems. Any delays, errors in capturing data, or difficulties in transitioning to these or other new systems, or in integrating these systems with the Company' s current systems, or any other disruptions affecting the Company' s information systems, could have a material adverse impact on the Company' s business. Reliance on Increasingly Complex Information Systems for Management of Distribution, Sales, and Other Functions. If the Company' s information systems fail to perform these functions adequately or if the Company experiences an interruption in their operation, including a breach in cyber- security, its business and results of operations could suffer. All of the Company' s major operations, including distribution, sales, and accounting, are dependent upon the Company' s complex information systems. The Company' s information systems are vulnerable to damage or interruption from: • Earthquake, fire, flood, tornado, and other natural disasters; • Power loss, computer systems failure, internet and telecommunications or data network failure; • Hackers, computer viruses malware, software bugs, or glitches. Any damage or significant disruption in the operation of such systems, or the failure of the Company' s information systems to perform as expected, could disrupt the Company' s business, result in decreased sales, increased overhead costs, excess inventory, or product shortages and otherwise adversely affect the Company' s operations, financial performance, and financial condition. Unauthorized Access to, or Accidental Disclosure of, Consumer Personally- Identifiable Information that the Company Collects May Result in Significant Expenses and Negatively Impact the Company' s Reputation and Business. As part of the Company' s normal operations, it receives and maintains confidential information about customers, employees, and other third parties. The Company employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding customers, employees, job applicants, and others, including credit card information and personally- identifiable information. Despite safeguards and security processes and protections, the Company' s computer systems may be susceptible to electronic or physical computer break- ins, viruses malware, and other disruptions and security breaches. Additionally, the Company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber- attacks. Attacks may be targeted at the Company, its customers, or others who have entrusted the Company with information. Actual or anticipated attacks may cause the Company to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third- party experts and consultants. Advances in computer capabilities, new technological discoveries, or other developments may result in the technology used to protect transaction or other data being breached or compromised. In addition, data and security breaches can also occur as a result of non- technical issues, including intentional or inadvertent breach by employees or by persons with whom the Company has commercial relationships that result in the unauthorized release of personal or confidential information. Any perceived or actual unauthorized disclosure of personally- identifiable information regarding visitors to the Company' s websites or otherwise, whether through a breach of the Company' s network by an unauthorized party, employee theft, misuse, or error, or otherwise, could harm the Company' s reputation, impair the Company' s ability to attract and retain customers, or subject the Company to claims or litigation arising from damages suffered by consumers, and adversely affect the Company' s operations, financial performance, and financial condition. Interest Rate Risk. The Company is exposed to market risk related to interest rate risk on the cash and investments in interest- bearing securities. These investments have carrying values that are subject to interest rate changes that could impact earnings to the extent that the Company did not hold the investments to maturity. If there are changes in interest rates, those changes would also affect the investment income the Company earns on its cash and investments. For each one- quarter percent decline in the interest / dividend rate earned on cash and investments, the Company' s net income would decrease approximately \$ 0. 5 million or less than \$ 0. 01 per share. This amount could vary based upon the number of shares of the Company' s stock outstanding and the level of cash and investments held by the Company. Operations of the Company Could be Adversely Affected by Events Beyond the Company' s Control. The Company' s operations, our suppliers, and the spending patterns of our guests could be

negatively impacted by various events beyond the Company's control. Such events include, but are not limited to, natural disasters, such as hurricanes, tornadoes, floods, wildfires, and other extreme weather conditions; unforeseen public health crises, such as pandemics and epidemics; negative climate conditions; or other catastrophic events or disasters occurring in or impacting the areas in which the Company's stores, distribution center, corporate offices, or suppliers' facilities are located. Such events have the potential to adversely affect the Company's operations and financial results. Impact to the Operations of the Company's Facilities and Retail Stores Resulting from Global Pandemics. The Company currently has a concentration of facilities in Kearney, Nebraska, including its corporate office, distribution center, and online fulfillment center. The Company also has an office in Overland Park, Kansas for its men's buying team. The Company is dependent on the successful operation of these facilities to sustain its operations, including the operation of its online business at buckle.com and its ~~444-441~~ stores in 42 states across the United States. While the Company effectively managed the risks posed to its teammates and guests as a result of the COVID-19 global pandemic, there can be no assurances that it will be able to do so as the result of the outbreak of infectious diseases in the future. The operation of all of the Company's facilities is critically dependent on the employees who staff these locations. In addition, federal and state governments may impose restrictions ranging from limitations on public interaction to stay-at-home orders in affected areas. Any events that threaten the operation of the Company's facilities or retail stores could have a material adverse effect on the Company's business. This coupled with the potential reduction in consumer spending could materially impact the Company's financial condition and results of operations. Further, any such future ~~outbreaks-~~ **outbreak** events may also limit the ability of the Company's vendors / manufacturers to operate, which would limit or delay the receipt of new merchandise. General Risks: Forward-Looking Statements. The Company cautions that the risk factors described above could cause actual results to vary materially from those anticipated in any forward-looking statements made by or on behalf of the Company. Management cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to vary from those contained in forward-looking statements.