UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 29, 2023

or

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

For the transition period from to .

Commission File Number: 1-6140

DILLARD'S, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**71-0388071**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 CANTRELL ROAD, LITTLE ROCK, ARKANSAS 72201
(Address of principal executive offices)
(Zip Code)

(501) 376-5200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	DDS	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 ☐ 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐		
Smaller reporting company	☐	Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS A COMMON STOCK as of May 27, 2023	12,497,859
CLASS B COMMON STOCK as of May 27, 2023	3,986,233

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DILLARD'S, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

DILLARD'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In Thousands)

	April 29, 2023	January 28, 2023	April 30, 2022
Assets			
Current assets:			
Cash and cash equivalents	$ 848,316	$ 650,336	$ 862,173
Restricted cash	8,418	9,995	—
Accounts receivable	59,050	56,952	30,920
Short-term investments	98,364	148,902	—
Merchandise inventories	1,410,017	1,120,208	1,364,975
Other current assets	79,030	85,453	96,193
Total current assets	**2,503,195**	**2,071,846**	**2,354,261**
Property and equipment (net of accumulated depreciation of $2,623,182, $2,584,708 and $2,554,485, respectively)	1,108,691	1,118,379	1,170,265
Operating lease assets	32,869	33,821	39,743
Deferred income taxes	41,801	42,278	29,115
Other assets	62,473	62,826	65,424
Total assets	**$ 3,749,029**	**$ 3,329,150**	**$ 3,658,808**
Liabilities and stockholders' equity			
Current liabilities:			
Trade accounts payable and accrued expenses	$ 1,099,669	$ 828,484	$ 1,163,293
Current portion of long-term debt	—	—	44,800
Current portion of operating lease liabilities	9,086	9,702	11,344
Federal and state income taxes	82,032	20,775	99,288
Total current liabilities	**1,190,787**	**858,961**	**1,318,725**
Long-term debt	321,381	321,354	321,274
Operating lease liabilities	23,691	24,164	28,512
Other liabilities	330,036	326,033	277,964
Subordinated debentures	200,000	200,000	200,000
Commitments and contingencies			
Stockholders' equity:			
Common stock	1,240	1,240	1,240
Additional paid-in capital	962,839	962,839	956,653
Accumulated other comprehensive loss	(64,378)	(65,722)	(22,617)
Retained earnings	5,846,802	5,648,700	5,275,371
Less treasury stock, at cost	(5,063,369)	(4,948,419)	(4,698,314)
Total stockholders' equity	**1,683,134**	**1,598,638**	**1,512,333**
Total liabilities and stockholders' equity	**$ 3,749,029**	**$ 3,329,150**	**$ 3,658,808**

See notes to condensed consolidated financial statements.

DILLARD’S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Thousands, Except Per Share Data)

	Three Months Ended	
	April 29, 2023	**April 30, 2022**
Net sales	$ 1,583,948	$ 1,611,668
Service charges and other income	29,959	31,114
	1,613,907	1,642,782
Cost of sales	891,261	861,437
Selling, general and administrative expenses	406,375	400,773
Depreciation and amortization	45,747	46,209
Rentals	4,381	5,079
Interest and debt expense, net	123	10,562
Other expense	4,698	1,936
Gain on disposal of assets	(1,793)	(7,237)
Income before income taxes	263,115	324,023
Income taxes	61,620	72,930
Net income	**$ 201,495**	**$ 251,093**
Earnings per share:		
Basic and diluted	$ 11.85	$ 13.68

See notes to condensed consolidated financial statements.

DILLARD'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In Thousands)

	Three Months Ended	
	April 29, 2023	April 30, 2022
Net income	$ 201,495	$ 251,093
Other comprehensive income:		
Amortization of retirement plan and other retiree benefit adjustments (net of tax of $117 and $58, respectively)	1,344	181
Comprehensive income	**$ 202,839**	**$ 251,274**

See notes to condensed consolidated financial statements.

DILLARD'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In Thousands, Except Share and Per Share Data)

	Three Months Ended April 29, 2023					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, January 28, 2023	$ 1,240	$ 962,839	$ (65,722)	$ 5,648,700	$ (4,948,419)	$ 1,598,638
Net income	—	—	—	201,495	—	201,495
Other comprehensive income	—	—	1,344	—	—	1,344
Purchase of 357,154 shares of treasury stock (including excise tax)	—	—	—	—	(114,950)	(114,950)
Cash dividends declared:						
Common stock, $0.20 per share	—	—	—	(3,393)	—	(3,393)
Balance, April 29, 2023	$ 1,240	$ 962,839	$ (64,378)	$ 5,846,802	$ (5,063,369)	$ 1,683,134

	Three Months Ended April 30, 2022					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, January 29, 2022	$ 1,240	$ 956,653	$ (22,798)	$ 5,027,922	$ (4,511,799)	$ 1,451,218
Net income	—	—	—	251,093	—	251,093
Other comprehensive income	—	—	181	—	—	181
Purchase of 735,117 shares of treasury stock	—	—	—	—	(186,515)	(186,515)
Cash dividends declared:						
Common stock, $0.20 per share	—	—	—	(3,644)	—	(3,644)
Balance, April 30, 2022	$ 1,240	$ 956,653	$ (22,617)	$ 5,275,371	$ (4,698,314)	$ 1,512,333

See notes to condensed consolidated financial statements.

DILLARD'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Three Months Ended	
	April 29, 2023	**April 30, 2022**
Operating activities:		
Net income	$ 201,495	$ 251,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and other deferred costs	46,155	46,606
Gain on disposal of assets	(1,793)	(7,237)
Accrued interest on short-term investments	(1,881)	—
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,098)	8,857
Increase in merchandise inventories	(289,809)	(284,797)
Decrease (increase) in other current assets	7,163	(18,468)
Increase in other assets	(380)	(447)
Increase in trade accounts payable and accrued expenses and other liabilities	261,600	293,551
Increase in income taxes payable	60,496	76,024
Net cash provided by operating activities	**280,948**	**365,182**
Investing activities:		
Purchase of property and equipment and capitalized software	(32,348)	(27,312)
Proceeds from disposal of assets	1,887	8,090
Proceeds from insurance	—	4,438
Purchase of short-term investments	(97,543)	—
Proceeds from maturities of short-term investments	149,962	—
Net cash provided by (used in) investing activities	**21,958**	**(14,784)**
Financing activities:		
Cash dividends paid	(3,425)	(3,879)
Purchase of treasury stock	(103,078)	(201,105)
Net cash used in financing activities	**(106,503)**	**(204,984)**
Increase in cash, cash equivalents and restricted cash	196,403	145,414
Cash, cash equivalents and restricted cash, beginning of period	660,331	716,759
Cash, cash equivalents and restricted cash, end of period	**$ 856,734**	**$ 862,173**
Non-cash transactions:		
Accrued capital expenditures	$ 8,608	$ 6,667
Accrued purchases of treasury stock	11,872	1,643
Lease assets obtained in exchange for new operating lease liabilities	1,807	—

See notes to condensed consolidated financial statements.

DILLARD'S, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements of Dillard's, Inc. (the "Company") have been prepared in accordance with the rules of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended April 29, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending February 3, 2024 due to, among other factors, the seasonal nature of the business.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2023 filed with the SEC on March 27, 2023.

Restricted Cash - Restricted cash consists of cash proceeds from the sale of property held in escrow for the acquisition of replacement property under like-kind exchange agreements. The escrow accounts are administered by an intermediary. Pursuant to the like-kind exchange agreements, the cash remains restricted for a maximum of 180 days from the date of the property sale pending the acquisition of replacement property.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows.

(in thousands of dollars)	April 29, 2023	April 30, 2022
Cash and cash equivalents	$ 848,316	$ 862,173
Restricted cash	8,418	—
Total cash, cash equivalents and restricted cash	$ 856,734	$ 862,173

Note 2. Accounting Standards

Recently Adopted Accounting Pronouncements

There have been no recently adopted accounting pronouncements, except as noted below, that had a material impact on the Company's condensed consolidated financial statements.

Disclosure of Supplier Finance Program Obligations

In September 2022, the Financial Accounting Standards Board issued accounting standards update ("ASU") No. 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. The ASU is intended to enhance the transparency of the use of supplier finance programs by requiring that the buyers in those programs provide additional disclosures about the program's nature and potential magnitude, including a rollforward of the obligations and activity during the period. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The amendments in the update should be applied retrospectively, except for the amendment on rollforward information, which should be applied prospectively. This ASU was adopted for the fiscal period beginning January 29, 2023 and did not have a material impact on the Company's condensed consolidated financial statements.

Under the terms of the Company's supplier finance program, participating suppliers have the option of payment in advance of an invoice due date, which is paid by certain administering banks, on the basis of invoices that the Company has confirmed as valid and approved. The Company agrees to pay the administering bank the stated amount of confirmed invoices from its designated suppliers on the original due dates of the invoices. The Company's suppliers are not required to participate in the supplier finance program. The early payment transactions between the Company's supplier and the administering bank are subject to an agreement between those parties, and the Company does not participate in any financial aspect of the agreement between the Company's supplier and the administering bank. The Company has not pledged assets or any other security for the committed payment to the administering bank. The Company or the administering bank may terminate the agreement upon at least 30 days' notice.

The amount of obligations confirmed under the program that remain unpaid by the Company were $1.4 million, $1.8 million and $0.9 million as of April 29, 2023, January 28, 2023 and April 30, 2022, respectively. These obligations are presented within trade accounts payable and accrued expenses in our condensed consolidated balance sheets.

Recently Issued Accounting Pronouncements

Management has considered all recent accounting pronouncements and believes there is no accounting guidance issued but not yet effective that would be material to the Company's condensed consolidated financial statements.

Note 3. Business Segments

The Company operates in two reportable segments: the operation of retail department stores ("retail operations") and a general contracting construction company ("construction").

For the Company's retail operations segment, the Company determined its operating segments on a store by store basis. Each store's operating performance has been aggregated into one reportable segment for financial reporting purposes because stores are similar in each of the following areas: economic characteristics, class of consumer, nature of products and distribution methods. Revenues from external customers are derived from merchandise sales, and the Company does not rely on any major customers as a source of revenue. Across all stores, the Company operates one store format under the Dillard's name where each store offers the same general mix of merchandise with similar categories and similar customers. The Company believes that disaggregating its retail operations segment would not provide meaningful additional information.

The following table summarizes the percentage of net sales by segment and major product line:

	Three Months Ended	
	April 29, 2023	**April 30, 2022**
Retail operations segment:		
Cosmetics	15 %	14 %
Ladies' apparel	23	23
Ladies' accessories and lingerie	12	13
Juniors' and children's apparel	10	11
Men's apparel and accessories	18	19
Shoes	15	15
Home and furniture	3	3
	96	98
Construction segment	4	2
Total	100 %	100 %

The following tables summarize certain segment information, including the reconciliation of those items to the Company's consolidated operations:

(in thousands of dollars)	Retail Operations	Construction	Consolidated
Three Months Ended April 29, 2023			
Net sales from external customers	$ 1,514,933	$ 69,015	$ 1,583,948
Gross margin	690,389	2,298	692,687
Depreciation and amortization	45,687	60	45,747
Interest and debt expense (income), net	228	(105)	123
Income before income taxes	262,823	292	263,115
Total assets	3,686,633	62,396	3,749,029
Three Months Ended April 30, 2022			
Net sales from external customers	$ 1,580,799	$ 30,869	$ 1,611,668
Gross margin	748,444	1,787	750,231
Depreciation and amortization	46,151	58	46,209
Interest and debt expense (income), net	10,569	(7)	10,562
Income (loss) before income taxes	324,142	(119)	324,023
Total assets	3,617,164	41,644	3,658,808

Intersegment construction revenues of $10.4 million and $10.0 million for the three months ended April 29, 2023 and April 30, 2022, respectively, were eliminated during consolidation and have been excluded from net sales for the respective periods.

The retail operations segment gives rise to contract liabilities through the customer loyalty program associated with Dillard's private label cards and through the issuances of gift cards. The customer loyalty program liability and a portion of the gift card liability are included in trade accounts payable and accrued expenses, and a portion of the gift card liability is included in other liabilities on the condensed consolidated balance sheets. Our retail operations segment contract liabilities are as follows:

Retail (in thousands of dollars)	April 29, 2023	January 28, 2023	April 30, 2022	January 29, 2022
Contract liabilities	$ 76,011	$ 83,909	$ 71,779	$ 80,421

During the three months ended April 29, 2023 and April 30, 2022, the Company recorded $24.3 million and $25.2 million, respectively, in revenue that was previously included in the retail operations contract liability balances of $83.9 million and $80.4 million at January 28, 2023 and January 29, 2022, respectively.

Construction contracts give rise to accounts receivable, contract assets and contract liabilities. We record accounts receivable based on amounts expected to be collected from customers. We also record costs and estimated earnings in excess of billings on uncompleted contracts (contract assets) and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) in other current assets and trade accounts payable and accrued expenses, respectively, in the condensed consolidated balance sheets. The amounts included in the condensed consolidated balance sheets are as follows:

Construction (in thousands of dollars)	April 29, 2023	January 28, 2023	April 30, 2022	January 29, 2022
Accounts receivable	$ 48,334	$ 44,286	$ 20,895	$ 25,912
Costs and estimated earnings in excess of billings on uncompleted contracts	1,473	798	3,342	2,847
Billings in excess of costs and estimated earnings on uncompleted contracts	10,095	10,909	7,511	6,298

During the three months ended April 29, 2023 and April 30, 2022, the Company recorded $9.5 million and $5.8 million, respectively, in revenue that was previously included in billings in excess of costs and estimated earnings on uncompleted contracts of $10.9 million and $6.3 million at January 28, 2023 and January 29, 2022, respectively.

The remaining performance obligations related to executed construction contracts totaled $201.8 million, $189.1 million and $96.1 million at April 29, 2023, January 28, 2023 and April 30, 2022, respectively.

Note 4. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated (in thousands, except per share data).

	Three Months Ended	
	April 29, 2023	April 30, 2022
Net income	$ 201,495	$ 251,093
Weighted average shares of common stock outstanding	17,004	18,351
Basic and diluted earnings per share	$ 11.85	$ 13.68

The Company maintains a capital structure in which common stock is the only equity security issued and outstanding, and there were no shares of preferred stock, stock options, other dilutive securities or potentially dilutive securities issued or outstanding during the three months ended April 29, 2023 and April 30, 2022.

Note 5. Commitments and Contingencies

Various legal proceedings, in the form of lawsuits and claims, which occur in the normal course of business, are pending against the Company and its subsidiaries. In the opinion of management, disposition of these matters, individually or in the aggregate, is not expected to materially affect the Company's financial position, cash flows or results of operations.

At April 29, 2023, letters of credit totaling $19.3 million were issued under the Company's revolving credit facility. See Note 7, *Revolving Credit Agreement*, for additional information.

Note 6. Benefit Plans

The Company has an unfunded, nonqualified defined benefit plan ("Pension Plan") for its officers. The Pension Plan is noncontributory and provides benefits based on years of service and compensation during employment. Pension expense is determined using an actuarial cost method to estimate the total benefits ultimately payable to officers and allocates this cost to service periods. The actuarial assumptions used to calculate pension costs are reviewed annually.

The Company contributed $1.6 million to the Pension Plan during the three months ended April 29, 2023 and expects to make additional contributions to the Pension Plan of approximately $5.2 million during the remainder of fiscal 2023.

The components of net periodic benefit costs are as follows (in thousands):

	Three Months Ended	
(in thousands of dollars)	April 29, 2023	April 30, 2022
Components of net periodic benefit costs:		
Service cost	$ 1,262	$ 1,019
Interest cost	3,237	1,697
Net actuarial loss	1,461	239
Net periodic benefit costs	$ 5,960	$ 2,955

The service cost component of net periodic benefit costs is included in selling, general and administrative expenses, and the interest costs and net actuarial loss components are included in other expense in the condensed consolidated statements of income.

Note 7. Revolving Credit Agreement

The Company maintains a credit facility ("credit agreement") for general corporate purposes including, among other uses, working capital financing, the issuance of letters of credit, capital expenditures and, subject to certain restrictions, the repayment of existing indebtedness and share repurchases. The credit agreement, which is secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries, provides a borrowing capacity of $800 million, subject to certain limitations as outlined in the credit agreement, with a $200 million expansion option.

In April 2021, the Company amended the credit agreement (the "2021 amendment"). Pursuant to the 2021 amendment, the Company pays a variable rate of interest on borrowings under the credit agreement and a commitment fee to the participating banks. The rate of interest on borrowings is LIBOR plus 1.75% if average quarterly availability is less than 50% of the total commitment, as defined in the 2021 amendment ("total commitment"), and the rate of interest on borrowings is LIBOR plus 1.50% if average quarterly availability is greater than or equal to 50% of the total commitment. The commitment fee for unused borrowings is 0.30% per annum if average borrowings are less than 35% of the total commitment and 0.25% if average borrowings are greater than or equal to 35% of the total commitment. As long as availability exceeds $80 million and certain events of default have not occurred and are not continuing, there are no financial covenant requirements under the credit agreement. The credit agreement, as amended by the 2021 amendment, matures on April 28, 2026.

At April 29, 2023, no borrowings were outstanding, and letters of credit totaling $19.3 million were issued under the credit agreement leaving unutilized availability under the facility of $780.7 million.

Note 8. Stock Repurchase Programs

In May 2021, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("May 2021 Stock Plan"). In February 2022, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("February 2022 Stock Plan").

The following is a summary of share repurchase activity for the periods indicated (in thousands, except per share data):

	Three Months Ended	
	April 29, 2023	April 30, 2022
Cost of shares repurchased	$ 113,810	$ 186,515
Number of shares repurchased	357	735
Average price per share	$ 318.66	$ 253.72

All repurchases of the Company's Class A Common Stock above were made at the market price at the trade date, and all amounts paid to reacquire these shares were allocated to treasury stock. As of April 29, 2023, the Company had completed the authorized purchases under the May 2021 Stock Plan, and $61.6 million of authorization remained under the February 2022 Stock Plan.

Subsequent to the end of the quarter ended April 29, 2023, the Company completed the remaining authorized purchases under the February 2022 Stock Plan, and in May 2023, the Company's Board of Directors approved a new stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("May 2023 Stock Plan"). The May 2023 Stock Plan permits the Company to repurchase its Class A Common Stock in the open market, pursuant to preset trading plans meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or through privately negotiated transactions.

Note 9. Income Taxes

During the three months ended April 29, 2023 and April 30, 2022, income tax expense differed from what would be computed using the statutory federal income tax rate primarily due to the effects of state and local income taxes.

Note 10. Gain on Disposal of Assets

During the three months ended April 29, 2023, the Company recorded proceeds of $1.9 million primarily from the sale of one store property, resulting in a gain of $1.8 million that was recorded in gain on disposal of assets.

During the three months ended April 30, 2022, the Company recorded proceeds of $8.1 million primarily from the sale of one store property, resulting in a gain of $7.2 million that was recorded in gain on disposal of assets.

Note 11. Fair Value Disclosures

The estimated fair values of financial instruments presented herein have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of amounts the Company could realize in a current market exchange.

The fair value of the Company's long-term debt and subordinated debentures are based on market prices and are categorized as Level 1 in the fair value hierarchy.

The fair value of the Company's cash and cash equivalents, restricted cash and trade accounts receivable approximates their carrying values at April 29, 2023 due to the short-term maturities of these instruments. The Company's short-term investments are recorded at amortized cost, which is consistent with the Company's held-to-maturity classification. The fair values of the Company's long-term debt at April 29, 2023 were approximately $330 million. The carrying values of the Company's long-term debt at April 29, 2023 were approximately $321 million. The fair values of the Company's subordinated debentures at April 29, 2023 were approximately $206 million. The carrying values of the Company's subordinated debentures at April 29, 2023 were $200 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the condensed consolidated financial statements and the footnotes thereto included elsewhere in this report, as well as the financial and other information included in our Annual Report on Form 10-K for the year ended January 28, 2023.

EXECUTIVE OVERVIEW

The Company's results for the three months ended April 29, 2023 reflected a good performance, marking the Company's second-highest first quarter net income performance following last year's highest first quarter net income performance. Management noted a decline in customer activity in the back half of the first quarter which resulted in a retail sales decline of 4% for the period.

Retail gross margin for the three months ended April 29, 2023 declined to 45.6% of sales from a record 47.3% for the prior year first quarter as a result of increased markdowns and decreased markups. Inventory increased 3% at April 29, 2023 compared to April 30, 2022. Selling, general and administrative ("SG&A") expenses for the three months ended April 29, 2023 increased to $406.4 million (25.7% of sales) compared to $400.8 million (24.9% of sales) for the prior year first quarter.

For the three months ended April 29, 2023, the Company reported net income of $201.5 million ($11.85 per share) compared to net income of $251.1 million ($13.68 per share) for the prior year first quarter. Included in net income for the three months ended April 29, 2023 is a pretax gain of $1.8 million ($1.4 million after tax or $0.08 per share) primarily related to the sale of a store property. Included in net income for the three months ended April 30, 2022 is a pretax gain of $7.2 million ($5.6 million after tax or $0.31 per share) primarily related to the sale of a store property.

Cash flows provided by operating activities were $280.9 million for the three months ended April 29, 2023. The Company repurchased approximately 0.4 million shares of its outstanding Class A Common Stock for $113.8 million under its stock repurchase plan during the three months ended April 29, 2023. The Company repurchased approximately 0.7 million shares of its outstanding Class A Common Stock for $186.5 million under its stock repurchase plans during the three months ended April 30, 2022. At April 29, 2023, $61.6 million of authorization remained under the Company's open stock repurchase plan.

Subsequent to the end of the quarter ended April 29, 2023, the Company completed the remaining authorized purchases under its previous stock repurchase plan, and in May 2023, the Company's Board of Directors approved a new stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("May 2023 Stock Plan").

As of April 29, 2023, the Company had working capital of $1,312.4 million (including cash and cash equivalents, restricted cash and short-term investments of $848.3 million, $8.4 million and $98.4 million, respectively) and $521.4 million of total debt outstanding, excluding operating lease liabilities.

The Company maintained 274 Dillard's stores, including 27 clearance centers, and an internet store as of April 29, 2023.

Key Performance Indicators

We use a number of key indicators of financial condition and operating performance to evaluate our business, including the following:

	Three Months Ended	
	April 29, 2023	April 30, 2022
Net sales (in millions)	$ 1,583.9	$ 1,611.7
Retail stores sales trend	(4)%	22 %
Comparable retail stores sales trend	(4)%	23 %
Gross margin (in millions)	$ 692.7	$ 750.2
Gross margin as a percentage of net sales	43.7 %	46.5 %
Retail gross margin as a percentage of retail net sales	45.6 %	47.3 %
Selling, general and administrative expenses as a percentage of net sales	25.7 %	24.9 %
Cash flow provided by operations (in millions)	$ 280.9	$ 365.2
Total retail store count at end of period	274	280
Retail sales per square foot	$ 33	$ 34
Retail store inventory trend	3 %	4 %
Annualized retail merchandise inventory turnover	2.5	2.7

General

Net sales. Net sales includes merchandise sales of comparable and non-comparable stores and revenue recognized on contracts of CDI Contractors, LLC ("CDI"), the Company's general contracting construction company. Comparable store sales includes sales for those stores which were in operation for a full period in both the most recently completed quarter and the corresponding quarter for the prior fiscal year, including our internet store. Comparable store sales excludes changes in the allowance for sales returns. Non-comparable store sales includes: sales in the current fiscal year from stores opened during the previous fiscal year before they are considered comparable stores; sales from new stores opened during the current fiscal year; sales in the previous fiscal year for stores closed during the current or previous fiscal year that are no longer considered comparable stores; sales in clearance centers; and changes in the allowance for sales returns.

Sales occur as a result of interaction with customers across multiple points of contact, creating an interdependence between in-store and online sales. Online orders are fulfilled from both fulfillment centers and retail stores. Additionally, online customers have the ability to buy online and pick up in-store. Retail in-store customers have the ability to purchase items that may be ordered and fulfilled from either a fulfillment center or another retail store location. Online customers may return orders via mail, or customers may return orders placed online to retail store locations. Customers who earn reward points under the private label credit card program may earn and redeem rewards through in-store or online purchases.

Service charges and other income. Service charges and other income includes income generated through the long-term marketing and servicing alliance with Wells Fargo Bank, N.A. ("Wells Fargo Alliance"). Other income includes rental income, shipping and handling fees and gift card breakage.

Cost of sales. Cost of sales includes the cost of merchandise sold (net of purchase discounts, non-specific margin maintenance allowances and merchandise margin maintenance allowances), bankcard fees, freight to the distribution centers, employee and promotional discounts, shipping to customers and direct payroll for salon personnel. Cost of sales also includes CDI contract costs, which comprise all direct material and labor costs, subcontract costs and those indirect costs related to contract performance, such as indirect labor, employee benefits and insurance program costs.

Selling, general and administrative expenses. Selling, general and administrative expenses include buying, occupancy, selling, distribution, warehousing, store and corporate expenses (including payroll and employee benefits), insurance, employment taxes, advertising, management information systems, legal and other corporate level expenses. Buying expenses consist of payroll, employee benefits and travel for design, buying and merchandising personnel.

Depreciation and amortization. Depreciation and amortization expenses include depreciation and amortization on property and equipment.

Rentals. Rentals includes expenses for store leases, including contingent rent, data processing and other equipment rentals and office space leases.

Interest and debt expense, net. Interest and debt expense includes interest, net of interest income from demand deposits and short-term investments and capitalized interest, relating to the Company's unsecured notes, subordinated debentures and commitment fees and borrowings, if any, under the Company's credit agreement. Interest and debt expense also includes the amortization of financing costs and interest on finance lease obligations.

Other expense. Other expense includes the interest cost and net actuarial loss components of net periodic benefit costs related to the Company's unfunded, nonqualified defined benefit plan and charges related to the write off of certain deferred financing fees in connection with the amendment and extension of the Company's secured revolving credit facility, if any.

Gain on disposal of assets. Gain on disposal of assets includes the net gain or loss on the sale or disposal of property and equipment, as well as gains from insurance proceeds in excess of the cost basis of insured assets, if any.

LIBOR

On March 5, 2021, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the 1-week and 2-month U.S. dollar settings; and (b) immediately after June 30, 2023, in the case of the remaining U.S. dollar settings. The 2021 amendment to our credit agreement included an approach to replace LIBOR with a SOFR-based rate and we are currently in discussions to achieve the transition. We are also currently engaged with Wells Fargo to amend the Company's private label card agreement to transition to a SOFR-based rate.

Seasonality

Our business, like many other retailers, is subject to seasonal influences, with a significant portion of sales and income typically realized during the last quarter of our fiscal year due to the holiday season. Because of the seasonality of our business, results from any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

RESULTS OF OPERATIONS

The following table sets forth the results of operations as a percentage of net sales for the periods indicated (percentages may not foot due to rounding):

	Three Months Ended April 29, 2023	Three Months Ended April 30, 2022
Net sales	100.0 %	100.0 %
Service charges and other income	1.9	1.9
	101.9	101.9
Cost of sales	56.3	53.5
Selling, general and administrative expenses	25.7	24.9
Depreciation and amortization	2.9	2.9
Rentals	0.3	0.3
Interest and debt expense, net	0.0	0.7
Other expense	0.3	0.1
Gain on disposal of assets	(0.1)	(0.4)
Income before income taxes	16.6	20.1
Income taxes	3.9	4.5
Net income	12.7 %	15.6 %

Net Sales

(in thousands of dollars)	Three Months Ended April 29, 2023	Three Months Ended April 30, 2022	$ Change
Net sales:			
Retail operations segment	$ 1,514,933	$ 1,580,799	$ (65,866)
Construction segment	69,015	30,869	38,146
Total net sales	$ 1,583,948	$ 1,611,668	$ (27,720)

The percent change by segment and product category in the Company’s sales for the three months ended April 29, 2023 compared to the three months ended April 30, 2022 as well as the sales percentage by segment and product category to total net sales for the three months ended April 29, 2023 are as follows:

	% Change 2023 - 2022	% of Net Sales
Retail operations segment		
Cosmetics	5.7 %	15 %
Ladies’ apparel	(2.6)	23
Ladies’ accessories and lingerie	(10.2)	12
Juniors’ and children’s apparel	(9.7)	10
Men’s apparel and accessories	(7.3)	18
Shoes	(1.8)	15
Home and furniture	(5.3)	3
		96
Construction segment	123.6	4
Total		100 %

Net sales from the retail operations segment decreased $65.9 million, or approximately 4%, and sales in comparable stores decreased approximately 4% during the three months ended April 29, 2023 compared to the three months ended

April 30, 2022. Sales in ladies' accessories and lingerie, juniors' and children's apparel, men's apparel and accessories and home and furniture decreased significantly, while sales in ladies' apparel and shoes decreased moderately. Sales in cosmetics increased significantly.

The number of sales transactions decreased by 9% for the three months ended April 29, 2023 compared to the three months ended April 30, 2022, while the average dollars per sales transaction increased by 5%.

We recorded a return asset of $13.9 million and $14.7 million and an allowance for sales returns of $27.8 million and $30.3 million as of April 29, 2023 and April 30, 2022, respectively.

During the three months ended April 29, 2023, net sales from the construction segment increased $38.1 million, or approximately 124%, compared to the three months ended April 30, 2022, due to an increase in construction activity. The remaining performance obligations related to executed construction contracts totaled $201.8 million as of April 29, 2023, increasing approximately 7% from January 28, 2023 and increasing approximately 110% from April 30, 2022, respectively. We expect these remaining performance obligations to be earned over the next nine to eighteen months.

Service Charges and Other Income

(in thousands of dollars)	Three Months Ended April 29, 2023	Three Months Ended April 30, 2022	Three Months $ Change 2023-2022
Service charges and other income:			
Retail operations segment			
Income from Wells Fargo Alliance	$ 16,859	$ 17,174	$ (315)
Shipping and handling income	9,971	10,222	(251)
Other	3,053	3,654	(601)
	29,883	31,050	(1,167)
Construction segment	76	64	12
Total service charges and other income	$ 29,959	$ 31,114	$ (1,155)

Gross Margin

(in thousands of dollars)	April 29, 2023	April 30, 2022	$ Change	% Change
Gross margin:				
Three months ended				
Retail operations segment	$ 690,389	$ 748,444	$ (58,055)	(7.8)%
Construction segment	2,298	1,787	511	28.6
Total gross margin	$ 692,687	$ 750,231	$ (57,544)	(7.7)%

	Three Months Ended April 29, 2023	Three Months Ended April 30, 2022
Gross margin as a percentage of segment net sales:		
Retail operations segment	45.6 %	47.3 %
Construction segment	3.3	5.8
Total gross margin as a percentage of net sales	43.7	46.5

Gross margin, as a percentage of sales, decreased to 43.7% from 46.5% during the three months ended April 29, 2023 compared to the three months ended April 30, 2022, respectively.

Gross margin from retail operations, as a percentage of sales, decreased to 45.6% from 47.3% during the three months ended April 29, 2023 compared to the three months ended April 30, 2022, respectively, as a result of increased markdowns and decreased markups. Gross margin decreased moderately in men's apparel and accessories, juniors' and children's apparel, home and furniture and ladies' accessories and lingerie, while decreasing slightly in shoes and ladies' apparel. Gross margin increased slightly in cosmetics.

Total inventory increased 3% as of April 29, 2023 compared to April 30, 2022. A 1% change in the dollar amount of markdowns would have impacted net income by approximately $1 million for the three months ended April 29, 2023.

We source a significant portion of our private label and exclusive brand merchandise from countries that have been impacted by the COVID-19 virus. Additionally, many of our branded merchandise vendors also source a significant portion of their merchandise from these same countries. This issue negatively impacted our supply chain during fiscal 2022 and prior, resulting in shipping delays as well as increased shipping costs. Additionally, disruptions in the global transportation network, including slowdowns in our U.S. ports, caused delays in processing imported merchandise, thereby resulting in untimely deliveries of merchandise. These issues have improved and the negative impact on the Company's operations and financial results has diminished. Management continues to monitor these issues closely.

Inflation and rising interest costs continue to be a concern for management. The extent to which our business will be affected by inflation and rising interest costs depends on our customers' continuing ability and willingness to accept price increases.

Gross margin from construction decreased 250 basis points of segment net sales.

Selling, General and Administrative Expenses ("SG&A")

(in thousands of dollars)	April 29, 2023	April 30, 2022	$ Change	% Change
SG&A:				
Three months ended				
Retail operations segment	$ 404,303	$ 398,869	$ 5,434	1.4 %
Construction segment	2,072	1,904	168	8.8
Total SG&A	$ 406,375	$ 400,773	$ 5,602	1.4 %

	Three Months Ended	
	April 29, 2023	April 30, 2022
SG&A as a percentage of segment net sales:		
Retail operations segment	26.7 %	25.2 %
Construction segment	3.0	6.2
Total SG&A as a percentage of net sales	25.7	24.9

SG&A increased to 25.7% of sales during the three months ended April 29, 2023 from 24.9% of sales during the three months ended April 30, 2022, an increase of $5.6 million. SG&A from retail operations increased to 26.7% of sales for the three months ended April 29, 2023 from 25.2% of sales for the three months ended April 30, 2022, an increase of $5.4 million attributable to several expense categories.

Interest and Debt Expense, Net

(in thousands of dollars)	April 29, 2023	April 30, 2022	$ Change	% Change
Interest and debt expense (income), net:				
Three months ended				
Retail operations segment	$ 228	$ 10,569	$ (10,341)	(97.8)%
Construction segment	(105)	(7)	(98)	1,400.0
Total interest and debt expense, net	$ 123	$ 10,562	$ (10,439)	(98.8)%

Net interest and debt expense decreased $10.4 million during the three months ended April 29, 2023 compared to the three months ended April 30, 2022, primarily due to an increase in interest income from increased rates on cash and cash equivalent balances and the purchases of short-term investments in the current year that did not occur in the prior period. Total weighted average debt outstanding decreased $44.8 million during the three months ended April 29, 2023 compared to the three months ended April 30, 2022 primarily due to a note maturity at the end of fiscal 2022.

Interest income was $10.0 million and $0.5 million for the three months ended April 29, 2023 and April 30, 2022, respectively.

Other Expense

(in thousands of dollars)	April 29, 2023	April 30, 2022	$ Change	% Change
Other expense:				
Three months ended				
Retail operations segment	$ 4,698	$ 1,936	$ 2,762	142.7 %
Construction segment	—	—	—	—
Total other expense	$ 4,698	$ 1,936	$ 2,762	142.7 %

Other expense increased $2.8 million during the three months ended April 29, 2023 compared to the three months ended April 30, 2022 due to an increase in pension expense.

Gain on Disposal of Assets

(in thousands of dollars)	April 29, 2023	April 30, 2022	$ Change
(Gain) loss on disposal of assets:			
Three months ended			
Retail operations segment	$ (1,793)	$ (7,240)	$ 5,447
Construction segment	—	3	(3)
Total gain on disposal of assets	$ (1,793)	$ (7,237)	$ 5,444

During the three months ended April 29, 2023, the Company recorded proceeds of $1.9 million primarily from the sale of one store property, resulting in a gain of $1.8 million that was recorded in gain on disposal of assets.

During the three months ended April 30, 2022, the Company recorded proceeds of $8.1 million primarily from the sale of one store property, resulting in a gain of $7.2 million that was recorded in gain on disposal of assets.

Income Taxes

The Company’s estimated federal and state effective income tax rate was approximately 23.4% and 22.5% for the three months ended April 29, 2023 and April 30, 2022, respectively. During the three months ended April 29, 2023 and April 30, 2022, income tax expense differed from what would be computed using the statutory federal income tax rate primarily due to the effects of state and local income taxes.

The Company expects the fiscal 2023 federal and state effective income tax rate to approximate 23%. This rate may change if results of operations for fiscal 2023 differ from management's current expectations. Changes in the Company's assumptions and judgments can materially affect amounts recognized in the condensed consolidated financial statements.

FINANCIAL CONDITION

A summary of net cash flows for the three months ended April 29, 2023 and April 30, 2022 follows:

	Three Months Ended		
(in thousands of dollars)	**April 29, 2023**	**April 30, 2022**	**$ Change**
Operating Activities	$ 280,948	$ 365,182	$ (84,234)
Investing Activities	21,958	(14,784)	36,742
Financing Activities	(106,503)	(204,984)	98,481
Total Increase in Cash and Cash Equivalents and Restricted Cash	$ 196,403	$ 145,414	$ 50,989

Net cash flows from operations decreased $84.2 million during the three months ended April 29, 2023 compared to the three months ended April 30, 2022. This reduction was primarily due a decrease in net income and changes in working capital items, notably changes in trade accounts payable and accrued expenses and other liabilities.

Wells Fargo owns and manages the Dillard's private label cards under the Wells Fargo Alliance. The Company recognized income of $16.9 million and $17.2 million from the Wells Fargo Alliance during the three months ended April 29, 2023 and April 30, 2022, respectively.

Capital expenditures were $32.3 million and $27.3 million for the three months ended April 29, 2023 and April 30, 2022, respectively. The capital expenditures were primarily related to equipment purchases, the continued construction of new stores and the remodeling of existing stores. During the three months ended April 29, 2023, the Company opened a 100,000 square foot expansion at Gateway Mall in Lincoln, Nebraska. During the three months ended April 30, 2022, the Company opened a new store at University Place in Orem, Utah (160,000 square feet).

During the three months ended April 29, 2023, the Company received cash proceeds of $1.9 million and recorded a related gain of $1.8 million, primarily from the sale of an 85,000 square foot location at Sunland Park Mall in El Paso, Texas. The Company also closed (1) an owned location at Santa Rosa Mall in Mary Esther, Florida (115,000 square feet), (2) a leased location at Conestoga Mall in Grand Island, Nebraska (80,000 square feet) and (3) an owned clearance center at Metrocenter in Phoenix, Arizona (90,000 square feet). There were no material costs associated or expected with any of these store closures. We remain committed to closing under-performing stores where appropriate and may incur future closing costs related to such stores when they close.

During the three months ended April 30, 2022, the Company received cash proceeds of $8.1 million and recorded a related gain of $7.2 million, primarily from the sale of one store property.

During the three months ended April 30, 2022, the Company received life insurance proceeds of $4.4 million related to one policy.

During the three months ended April 29, 2023, the Company purchased certain treasury bills for $97.5 million that are classified as short-term investments and received proceeds of $150.0 million related to short-term investment maturities.

The Company had cash and cash equivalents and restricted cash of $856.7 million as of April 29, 2023. The Company maintains a credit facility ("credit agreement") for general corporate purposes including, among other uses, working capital financing, the issuance of letters of credit, capital expenditures and, subject to certain restrictions, the repayment of existing indebtedness and share repurchases. The credit agreement is secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries and provides a borrowing capacity of $800 million, subject to certain limitations as outlined in the credit agreement, with a $200 million expansion option. See Note 7, *Revolving Credit Agreement*, in the "Notes to Condensed Consolidated Financial Statements," in Part I, Item 1 hereof for additional information. At April 29, 2023, no borrowings were outstanding, and letters of credit totaling $19.3 million were issued under the credit agreement leaving unutilized availability of $780.7 million.

During the three months ended April 29, 2023, the Company repurchased 0.4 million shares of Class A Common Stock at an average price of $318.66 per share for $113.8 million (including the accrual of $10.7 million of share repurchases that had not settled as of April 29, 2023) under its stock repurchase plans. During the three months ended April 30, 2022, the Company repurchased 0.7 million shares of Class A Common Stock at an average price of $253.72 per share for $186.5 million (including the accrual of $1.6 million of share repurchases that had not settled as of April 30, 2022) under its stock repurchase plans, and the Company paid $16.2 million for share repurchases that had not yet settled but were accrued at January 29, 2022. As of April 29, 2023, $61.6 million of authorization remained under the Company's open stock repurchase plan. The ultimate disposition of the repurchased stock has not been determined. See Note 8, *Stock Repurchase Programs*, in the "Notes to Condensed Consolidated Financial Statements," in Part I, Item 1 hereof for additional information.

Subsequent to the end of the quarter ended April 29, 2023, the Company completed the remaining authorized purchases under its previous stock repurchase program, and in May 2023, the Company's Board of Directors approved a new stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan.

On August 16, 2022, the Inflation Reduction Act of 2022 ("the Act") was signed into law. Under the Act, the Company's share repurchases after December 31, 2022 are subject to a 1% excise tax. At April 29, 2023, the Company had accrued $1.1 million of excise tax related to its share repurchase program as an additional cost of treasury shares.

The Company expects to finance its operations during fiscal 2023 from cash on hand, cash flows generated from operations and, if necessary, utilization of the credit facility. Depending upon our actual and anticipated sources and uses of liquidity, the Company will from time to time consider other possible financing transactions, the proceeds of which could be used to fund working capital or for other corporate purposes.

There have been no material changes in the information set forth under caption "Commercial Commitments" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company has not created, and is not party to, any special-purpose entities or off-balance-sheet arrangements for the purpose of raising capital, incurring debt or operating the Company's business. The Company does not have any off-balance-sheet arrangements or relationships that are reasonably likely to materially affect the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or the availability of capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company evaluates its estimates and judgments on an ongoing basis and predicates those estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Since future events and their effects cannot be determined with absolute certainty, actual results could differ from those estimates. For further information on our critical accounting policies and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our audited financial statements included in our Annual Report on Form 10-K for the year ended January 28, 2023. As of April 29, 2023, there have been no material changes to these critical accounting policies and estimates.

NEW ACCOUNTING STANDARDS

For information with respect to new accounting pronouncements and the impact of these pronouncements on our condensed consolidated financial statements, see Note 2, *Accounting Standards*, in the “Notes to Condensed Consolidated Financial Statements,” in Part I, Item 1 hereof.

FORWARD-LOOKING INFORMATION

This report contains certain forward-looking statements. The following are or may constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (a) statements including words such as “may,” “will,” “could,” “should,” “believe,” “expect,” “future,” “potential,” “anticipate,” “intend,” “plan,” “estimate,” “continue,” or the negative or other variations thereof; (b) statements regarding matters that are not historical facts; and (c) statements about the Company’s future occurrences, plans and objectives, including statements regarding management’s expectations and forecasts for the remainder of fiscal 2023 and beyond, statements concerning the opening of new stores or the closing of existing stores, statements concerning capital expenditures and sources of liquidity, statements regarding the expected impact of the COVID-19 pandemic and related government responses, statements concerning share repurchases, statements concerning pension contributions, statements regarding the expected phase out of LIBOR, statements regarding the impacts of inflation and rising interest rates in fiscal 2023 and statements concerning estimated taxes. The Company cautions that forward-looking statements contained in this report are based on estimates, projections, beliefs and assumptions of management and information available to management at the time of such statements and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise. Forward-looking statements of the Company involve risks and uncertainties and are subject to change based on various important factors. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of those factors include (without limitation) general retail industry conditions and macro-economic conditions including inflation, rising interest rates, bank failures, failure of the U.S. government to timely raise the debt ceiling, economic recession and changes in traffic at malls and shopping centers; economic and weather conditions for regions in which the Company’s stores are located and the effect of these factors on the buying patterns of the Company’s customers, including the effect of changes in prices and availability of oil and natural gas; the availability of and interest rates on consumer credit; the impact of competitive pressures in the department store industry and other retail channels including specialty, off-price, discount and Internet retailers; changes in the Company’s ability to meet labor needs amid nationwide labor shortages and an intense competition for talent; changes in consumer spending patterns, debt levels and their ability to meet credit obligations; high levels of unemployment; changes in tax legislation (including the Inflation Reduction Act of 2022); changes in legislation and governmental regulations affecting such matters as the cost of employee benefits or credit card income, such as the Consumer Financial Protection Bureau’s recent proposal to amend Regulation Z to limit the dollar amounts credit card companies can charge for late fees, adequate and stable availability and pricing of materials, production facilities and labor from which the Company sources its merchandise; changes in operating expenses, including employee wages, commission structures and related benefits; system failures or data security breaches; possible future acquisitions of store properties from other department store operators; the continued availability of financing in amounts and at the terms necessary to support the Company’s future business; fluctuations in LIBOR and other base borrowing rates; the elimination of LIBOR; potential disruption from terrorist activity and the effect on ongoing consumer confidence; COVID-19 and other epidemic, pandemic or public health issues and their effects on public health, our supply chain, the health and well-being of our employees and customers and the retail industry in general; potential disruption of international trade and supply chain efficiencies; global conflicts (including the recent conflict in Ukraine) and the possible impact on consumer spending patterns and other economic and demographic changes of similar or dissimilar nature, and other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the SEC, particularly those set forth under the caption “Item 1A, Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the information set forth under caption “Item 7A-Quantitative and Qualitative Disclosures about Market Risk” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Item 4. Controls and Procedures.

The Company has established and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). The Company’s management, with the participation of our Principal Executive Officer and Co-Principal Financial Officers, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the fiscal quarter covered by this quarterly report, and based on that evaluation, the Company’s Principal Executive Officer and Co-Principal Financial Officers have concluded that these disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended April 29, 2023 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.

From time to time, the Company is involved in litigation relating to claims arising out of the Company's operations in the normal course of business. This may include litigation with customers, employment related lawsuits, class action lawsuits, purported class action lawsuits and actions brought by governmental authorities. As of June 2, 2023, the Company is not a party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

Item 1A. Risk Factors.

There have been no material changes in the information set forth under caption "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.

(c) Purchases of Equity Securities

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 29, 2023 through February 25, 2023	75,001	$ 346.77	75,001	$ 149,394,213
February 26, 2023 through April 1, 2023	106,486	331.82	106,486	114,059,786
April 2, 2023 through April 29, 2023	175,667	298.68	175,667	61,592,000
Total	357,154	$ 318.66	357,154	$ 61,592,000

In February 2022, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("February 2022 Stock Plan"). During the three months ended April 29, 2023, the Company repurchased 0.4 million shares totaling $113.8 million under its stock repurchase plan. As of April 29, 2023, $61.6 million of authorization remained under the February 2022 Stock Plan.

Subsequent to the end of the quarter ended April 29, 2023, the Company completed the remaining authorized purchases under the February 2022 Stock Plan, and in May 2023, the Company's Board of Directors approved a new stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("May 2023 Stock Plan"). The May 2023 Stock Plan permits the Company to repurchase its Class A Common Stock in the open market, pursuant to preset trading plans meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or through privately negotiated transactions.

Reference is made to the discussion in Note 8, *Stock Repurchase Programs*, in the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated by reference herein.

Item 6. Exhibits.

Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Co-Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Co-Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certification of Co-Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.3	Certification of Co-Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (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.

DILLARD'S, INC.
(Registrant)

Date: June 2, 2023

/s/ Phillip R. Watts
Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, William Dillard, II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dillard’s, Inc.;

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

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

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

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

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

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

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: June 2, 2023

/s/ William Dillard, II
William Dillard, II
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Phillip R. Watts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dillard's, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 2, 2023

/s/ Phillip R. Watts

Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

Exhibit 31.3

CERTIFICATIONS

I, Chris B. Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dillard's, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 2, 2023

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial 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 Dillard’s, Inc. (the “Company”) on Form 10-Q for the period ended April 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William Dillard, II, Chairman of the Board and 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) and 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.

Date: June 2, 2023

/s/ William Dillard, II
William Dillard, II
Chairman of the Board and
Chief Executive Officer

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 Dillard's, Inc. (the "Company") on Form 10-Q for the period ended April 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip R. Watts, Senior Vice President, Co-Principal Financial Officer and Principal Accounting 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) and 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.

Date: June 2, 2023

/s/ Phillip R. Watts
Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

Exhibit 32.3

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 Dillard's, Inc. (the "Company") on Form 10-Q for the period ended April 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chris B. Johnson, Senior Vice President and Co-Principal 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) and 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.

Date: June 2, 2023

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer