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 October 30, 2021

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 November 27, 2021	15,447,941
CLASS B COMMON STOCK as of November 27, 2021	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)

	October 30, 2021	January 30, 2021	October 31, 2020
Assets			
Current assets:			
Cash and cash equivalents	$ 619,721	$ 360,339	$ 61,124
Accounts receivable	28,472	36,693	28,406
Merchandise inventories	1,525,860	1,087,763	1,545,264
Federal and state income taxes	99,764	118,439	126,973
Other current assets	102,981	58,706	65,631
Total current assets	**2,376,798**	**1,661,940**	**1,827,398**
Property and equipment (net of accumulated depreciation and amortization of $2,586,059, $2,466,000 and $2,471,565, respectively)	1,218,840	1,289,302	1,348,799
Operating lease assets	41,189	47,612	40,471
Deferred income taxes	34,809	23,453	14,740
Other assets	68,560	70,208	74,581
Total assets	**$ 3,740,196**	**$ 3,092,515**	**$ 3,305,989**
Liabilities and stockholders' equity			
Current liabilities:			
Trade accounts payable and accrued expenses	$ 1,285,786	$ 758,363	$ 1,031,806
Current portion of finance lease liabilities	180	695	849
Current portion of operating lease liabilities	11,432	13,819	12,775
Other short-term borrowings	—	—	15,000
Total current liabilities	**1,297,398**	**772,877**	**1,060,430**
Long-term debt	365,982	365,849	365,814
Finance lease liabilities	—	—	180
Operating lease liabilities	29,293	33,392	27,412
Other liabilities	283,323	279,389	271,324
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	955,198	954,131	952,522
Accumulated other comprehensive loss	(33,350)	(34,935)	(29,768)
Retained earnings	5,002,074	4,471,269	4,407,532
Less treasury stock, at cost	(4,360,962)	(3,950,697)	(3,950,697)
Total stockholders' equity	**1,564,200**	**1,441,008**	**1,380,829**
Total liabilities and stockholders' equity	**$ 3,740,196**	**$ 3,092,515**	**$ 3,305,989**

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Net sales	$ 1,480,999	$ 1,024,899	$ 4,379,920	$ 2,730,598
Service charges and other income	30,913	27,213	90,959	88,273
	1,511,912	1,052,112	4,470,879	2,818,871
Cost of sales	796,276	658,684	2,497,575	1,987,000
Selling, general and administrative expenses	393,191	318,218	1,095,673	875,726
Depreciation and amortization	50,188	53,377	146,639	155,229
Rentals	4,947	5,115	15,157	16,304
Interest and debt expense, net	10,550	12,162	32,856	37,305
Other expense	2,134	2,105	9,232	6,313
(Gain) loss on disposal of assets	(4)	2,221	(24,686)	2,235
Income (loss) before income taxes	254,630	230	698,433	(261,241)
Income taxes (benefit)	57,300	(31,620)	157,200	(122,550)
Net income (loss)	**$ 197,330**	**$ 31,850**	**$ 541,233**	**$ (138,691)**
Earnings (loss) per share:				
Basic and diluted	$ 9.81	$ 1.43	$ 25.76	$ (6.05)

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Net income (loss)	$ 197,330	$ 31,850	$ 541,233	$ (138,691)
Other comprehensive income:				
Amortization of retirement plan and other retiree benefit adjustments (net of tax of $168, $138, $505 and $414, respectively)	528	430	1,585	1,291
Comprehensive income (loss)	**$ 197,858**	**$ 32,280**	**$ 542,818**	**$ (137,400)**

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 October 30, 2021					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, July 31, 2021	$ 1,240	$ 955,198	$ (33,878)	$ 4,808,737	$ (4,121,718)	$ 1,609,579
Net income	—	—	—	197,330	—	197,330
Other comprehensive income	—	—	528	—	—	528
Purchase of 1,230,705 shares of treasury stock	—	—	—	—	(239,244)	(239,244)
Cash dividends declared:						
Common stock, $0.20 per share	—	—	—	(3,993)	—	(3,993)
Balance, October 30, 2021	$ 1,240	$ 955,198	$ (33,350)	$ 5,002,074	$ (4,360,962)	$ 1,564,200

	Three Months Ended October 31, 2020					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, August 1, 2020	$ 1,240	$ 952,522	$ (30,198)	$ 4,378,988	$ (3,931,238)	$ 1,371,314
Net income	—	—	—	31,850	—	31,850
Other comprehensive income	—	—	430	—	—	430
Purchase of 645,284 shares of treasury stock	—	—	—	—	(19,459)	(19,459)
Cash dividends declared:						
Common stock, $0.15 per share	—	—	—	(3,306)	—	(3,306)
Balance, October 31, 2020	$ 1,240	$ 952,522	$ (29,768)	$ 4,407,532	$ (3,950,697)	$ 1,380,829

	Nine Months Ended October 30, 2021					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, January 30, 2021	$ 1,240	$ 954,131	$ (34,935)	$ 4,471,269	$ (3,950,697)	$ 1,441,008
Net income	—	—	—	541,233	—	541,233
Other comprehensive income	—	—	1,585	—	—	1,585
Issuance of 9,000 shares under equity plans	—	1,067	—	—	—	1,067
Purchase of 2,590,065 shares of treasury stock	—	—	—	—	(410,265)	(410,265)
Cash dividends declared:						
Common stock, $0.50 per share	—	—	—	(10,428)	—	(10,428)
Balance, October 30, 2021	$ 1,240	$ 955,198	$ (33,350)	$ 5,002,074	$ (4,360,962)	$ 1,564,200

	Nine Months Ended October 31, 2020					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
Balance, February 1, 2020	$ 1,239	$ 951,726	$ (31,059)	$ 4,556,494	$ (3,855,141)	$ 1,623,259
Net loss	—	—	—	(138,691)	—	(138,691)
Other comprehensive income	—	—	1,291	—	—	1,291
Issuance of 32,000 shares under equity plans	1	796	—	—	—	797
Purchase of 2,230,877 shares of treasury stock	—	—	—	—	(95,556)	(95,556)
Cash dividends declared:						
Common stock, $0.45 per share	—	—	—	(10,271)	—	(10,271)
Balance, October 31, 2020	$ 1,240	$ 952,522	$ (29,768)	$ 4,407,532	$ (3,950,697)	$ 1,380,829

See notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	October 30, 2021	October 31, 2020
Operating activities:		
Net income (loss)	$ 541,233	$ (138,691)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and other deferred cost	148,319	157,335
(Gain) loss on disposal of assets	(24,686)	2,235
Proceeds from insurance	2,902	8,659
Loss on early extinguishment of debt	2,830	—
Changes in operating assets and liabilities:		
Decrease in accounts receivable	8,221	17,754
Increase in merchandise inventories	(438,097)	(80,257)
Increase in other current assets	(49,214)	(13,680)
(Increase) decrease in other assets	(2,492)	456
Increase in trade accounts payable and accrued expenses and other liabilities	528,087	145,745
Increase (decrease) in income taxes	10,980	(162,494)
Net cash provided by (used in) operating activities	**728,083**	**(62,938)**
Investing activities:		
Purchase of property and equipment and capitalized software	(79,748)	(52,100)
Proceeds from disposal of assets	29,293	1,533
Proceeds from insurance	3,801	—
Distribution from joint venture	1,475	215
Net cash used in investing activities	**(45,179)**	**(50,352)**
Financing activities:		
Principal payments on long-term debt and finance lease liabilities	(515)	(885)
Issuance cost of line of credit	(3,008)	(3,230)
Increase in short-term borrowings	—	15,000
Cash dividends paid	(9,734)	(10,669)
Purchase of treasury stock	(410,265)	(102,879)
Net cash used in financing activities	**(423,522)**	**(102,663)**
Increase (decrease) in cash and cash equivalents	259,382	(215,953)
Cash and cash equivalents, beginning of period	360,339	277,077
Cash and cash equivalents, end of period	**$ 619,721**	**$ 61,124**
Non-cash transactions:		
Accrued capital expenditures	$ 7,168	$ 6,038
Stock awards	1,067	797
Lease assets obtained in exchange for new operating lease liabilities	4,536	4,084

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 and nine months ended October 30, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending January 29, 2022 due to, among other factors, the seasonal nature of the business and the ongoing effect of the COVID-19 pandemic.

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 30, 2021 filed with the SEC on March 29, 2021.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to impact the United States and global economies. The COVID-19 pandemic has had and may continue to have a significant impact on the Company's business, results of operations and financial position. The Company began closing stores on March 19, 2020 as mandated by state and local governments, and by April 9, 2020, all brick-and-mortar store locations were temporarily closed to the public. Our eCommerce capabilities allowed us to use our closed store locations (with limited staffing) to fill orders from our Internet store.

During the month ended May 30, 2020 (fiscal May), we re-opened most of our full-line stores, and by June 2, 2020 all Dillard's store locations had been re-opened. Following our re-opening, a very small number of our locations were temporarily closed to in-store shopping due to government mandate.

All stores are currently open and are operating at reduced hours from fiscal 2019 operating hours. While the availability of vaccinations has led to re-openings across the country and the easing of restrictions, the continuing financial impact of COVID-19 to fiscal 2021 cannot be reasonably estimated at this time.

Note 2. Accounting Standards

Recently Adopted Accounting Pronouncements

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, as part of its initiative to reduce complexity in accounting standards. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments within ASU No. 2019-12 are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, and early adoption is permitted. The adoption of this update did not have a material impact on the Company's consolidated financial statements.

Facilitation of the Effects of Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This guidance is optional for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. More specifically, the amendments in ASU 2020-04 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. This guidance is effective from March 12, 2020 through

December 31, 2022. Entities may elect to adopt the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The adoption of this update did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

Management believes there is no other accounting guidance issued but not yet effective that would be relevant to the Company's current 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, the Company determined its operating segments on a store by store basis. Each store’s operating performance has been aggregated into one reportable segment. The Company’s operating segments are aggregated for financial reporting purposes because they 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 operating segments would not provide meaningful additional information.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Retail operations segment				
Cosmetics	13 %	14 %	13 %	14 %
Ladies’ apparel	22	20	23	21
Ladies’ accessories and lingerie	14	15	15	15
Juniors’ and children’s apparel	11	10	10	10
Men’s apparel and accessories	20	18	19	18
Shoes	16	16	15	15
Home and furniture	3	4	3	4
	99	97	98	97
Construction segment	1	3	2	3
Total	100 %	100 %	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 October 30, 2021			
Net sales from external customers	$ 1,460,184	$ 20,815	$ 1,480,999
Gross profit	682,317	2,406	684,723
Depreciation and amortization	50,122	66	50,188
Interest and debt expense (income), net	10,557	(7)	10,550
Income before income taxes	254,152	478	254,630
Total assets	3,703,257	36,939	3,740,196
Three Months Ended October 31, 2020			
Net sales from external customers	$ 994,588	$ 30,311	$ 1,024,899
Gross profit	364,232	1,983	366,215
Depreciation and amortization	53,290	87	53,377
Interest and debt expense (income), net	12,167	(5)	12,162
(Loss) income before income taxes	(232)	462	230
Total assets	3,279,241	26,748	3,305,989
Nine Months Ended October 30, 2021			
Net sales from external customers	$ 4,296,316	$ 83,604	$ 4,379,920
Gross profit	1,876,558	5,787	1,882,345
Depreciation and amortization	146,441	198	146,639
Interest and debt expense (income), net	32,889	(33)	32,856
Income before income taxes	697,140	1,293	698,433
Total assets	3,703,257	36,939	3,740,196
Nine Months Ended October 31, 2020			
Net sales from external customers	$ 2,638,831	$ 91,767	$ 2,730,598
Gross profit	737,673	5,925	743,598
Depreciation and amortization	154,806	423	155,229
Interest and debt expense (income), net	37,343	(38)	37,305
(Loss) income before income taxes	(262,598)	1,357	(261,241)
Total assets	3,279,241	26,748	3,305,989

Intersegment construction revenues of $12.0 million and $4.1 million for the three months ended October 30, 2021 and October 31, 2020, respectively, and $28.6 million and $22.3 million for the nine months ended October 30, 2021 and October 31, 2020, 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 loyalty program liability and a portion of the gift card liability is 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)	October 30, 2021	January 30, 2021	October 31, 2020	February 1, 2020
Contract liabilities	$ 59,718	$ 68,021	$ 54,684	$ 75,229

During the nine months ended October 30, 2021 and October 31, 2020, the Company recorded $35.4 million and $39.7 million, respectively, in revenue that was previously included in the retail operations contract liability balances of $68.0 million and $75.2 million at January 30, 2021 and February 1, 2020, 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 in the condensed consolidated balance sheets, respectively. The amounts included in the condensed consolidated balance sheets are as follows:

Construction (in thousands of dollars)	October 30, 2021	January 30, 2021	October 31, 2020	February 1, 2020
Accounts receivable	$ 18,586	$ 25,094	$ 18,689	$ 28,522
Costs and estimated earnings in excess of billings on uncompleted contracts	2,333	450	781	2,179
Billings in excess of costs and estimated earnings on uncompleted contracts	6,521	4,685	5,808	5,737

During the nine months ended October 30, 2021 and October 31, 2020, the Company recorded $4.1 million and $4.9 million, respectively, in revenue that was previously included in billings in excess of costs and estimated earnings on uncompleted contracts of $4.7 million and $5.7 million at January 30, 2021 and February 1, 2020, respectively.

The remaining performance obligations related to executed construction contracts totaled $84.2 million, $76.2 million and $97.2 million at October 30, 2021, January 30, 2021 and October 31, 2020, respectively.

Note 4. Earnings (Loss) Per Share Data

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Net income (loss)	$ 197,330	$ 31,850	$ 541,233	$ (138,691)
Weighted average shares of common stock outstanding	20,109	22,264	21,009	22,930
Basic and diluted earnings (loss) per share	$ 9.81	$ 1.43	$ 25.76	$ (6.05)

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 and nine months ended October 30, 2021 and October 31, 2020.

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 have a material adverse effect on the Company’s financial position, cash flows or results of operations.

At October 30, 2021, letters of credit totaling $20.1 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. The Company determines pension expense 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 and $4.8 million to the Pension Plan during the three and nine months ended October 30, 2021, respectively, and expects to make additional contributions to the Pension Plan of approximately $1.6 million during the remainder of fiscal 2021.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Components of net periodic benefit costs:				
Service cost	$ 1,067	$ 1,090	$ 3,201	$ 3,270
Interest cost	1,438	1,536	4,312	4,608
Net actuarial loss	696	568	2,090	1,705
Net periodic benefit costs	$ 3,201	$ 3,194	$ 9,603	$ 9,583

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

Note 7. Revolving Credit Agreement

The Company maintained an unsecured credit facility that provided a borrowing capacity of $800 million with a $200 million expansion option ("credit agreement") until the credit agreement was amended in April 2020 (the "2020 amended credit agreement"). After giving effect to the amendment, the 2020 amended credit agreement became secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries.

In April 2021, the Company further amended its secured credit agreement (the "2021 amended credit agreement"). The borrowing capacity remained at $800 million, subject to certain limitations as outlined in the 2021 amended credit agreement, with a $200 million expansion option. The 2021 amended credit agreement is available to the Company 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 Company pays a variable rate of interest on borrowings under the 2021 amended credit agreement and a commitment fee to the participating banks. The rate of interest on borrowings under the 2021 amended credit agreement is LIBOR plus 1.75% if average quarterly availability is less than 50% of the total commitment, as defined in the 2021 amended credit agreement ("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 2021 amended credit agreement. The 2021 amended credit agreement matures on April 28, 2026.

At October 30, 2021, no borrowings were outstanding, and letters of credit totaling $20.1 million were issued under the 2021 amended credit agreement leaving unutilized availability under the credit facility of $779.9 million.

Note 8. Stock Repurchase Programs

In March 2018, the Company's Board of Directors authorized the repurchase of up to $500 million of the Company’s Class A Common Stock under an open-ended stock repurchase plan ("March 2018 Plan"). The March 2018 Plan permitted 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 or through privately negotiated transactions and had no expiration date. During the nine months ended October 30, 2021, the Company completed the authorized purchases under the March 2018 Plan.

In May 2021, the Company's Board of Directors authorized the repurchase of up to $500 million of the Company’s Class A Common Stock under a new open-ended stock repurchase plan ("May 2021 Plan"). The May 2021 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 or through privately negotiated transactions and has no expiration date. As of October 30, 2021, $262.9 million of authorization remained under the May 2021 Plan.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Cost of shares repurchased	$ 239,244	$ 19,459	$ 410,265	$ 95,556
Number of shares repurchased	1,231	645	2,590	2,231
Average price per share	$ 194.40	$ 30.16	$ 158.40	$ 42.83

All repurchases of the Company’s Class A Common Stock above were made at the market price at the trade date. All amounts paid to reacquire these shares were allocated to treasury stock.

Note 9. Income Taxes

During the three and nine months ended October 30, 2021, 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 was in a net operating loss position for the fiscal year ended January 30, 2021. The Coronavirus Aid, Relief and Economic Security (“CARES”) Act, signed into law on March 27, 2020, allows for net operating loss carryback to years in which the statutory federal income tax rate was 35% rather than the current 21%. During the three and nine months ended October 31, 2020, income tax benefit differed from what would be computed using the current statutory federal income tax rate of 21% primarily due to the recognition of a net tax benefit of $32.4 million and $64.6 million, respectively, related to the rate differential in the carryback year. Income tax benefit for the three and nine months also included the effects of state and local income taxes.

Note 10. Reclassifications from Accumulated Other Comprehensive Loss (“AOCL”)

Reclassifications from AOCL are summarized as follows (in thousands):

	Amount Reclassified from AOCL				
	Three Months Ended		Nine Months Ended		
Details about AOCL Components	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020	Affected Line Item in the Statement Where Net Income Is Presented
Defined benefit pension plan items					
Amortization of actuarial losses	$ 696	$ 568	$ 2,090	$ 1,705	Total before tax (1)
	168	138	505	414	Income tax expense
	$ 528	$ 430	$ 1,585	$ 1,291	Total net of tax

(1) This item is included in the computation of net periodic pension cost. See Note 6, *Benefit Plans*, for additional information.

Note 11. Changes in Accumulated Other Comprehensive Loss

Changes in AOCL by component (net of tax) are summarized as follows (in thousands):

	Defined Benefit Pension Plan Items			
	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Beginning balance	$ 33,878	$ 30,198	$ 34,935	$ 31,059
Amounts reclassified from AOCL	(528)	(430)	(1,585)	(1,291)
Ending balance	$ 33,350	$ 29,768	$ 33,350	$ 29,768

Note 12. Leases

The Company leases retail stores, office space and equipment under operating leases. As of October 30, 2021, January 30, 2021 and October 31, 2020, right-of-use operating lease assets, which are recorded in operating lease assets in the condensed consolidated balance sheets, totaled $41.2 million, $47.6 million and $40.5 million, respectively, and operating lease liabilities, which are recorded in current portion of operating lease liabilities and operating lease liabilities, totaled $40.7 million, $47.2 million and $40.2 million, respectively.

In determining our operating lease assets and operating lease liabilities, we apply an incremental borrowing rate to the minimum lease payments within each lease agreement. GAAP requires the use of the rate implicit in the lease whenever that rate is readily determinable; furthermore, if the implicit rate is not readily determinable, a lessee may use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. To estimate our specific incremental borrowing rates that align with applicable lease terms, we utilize a model consistent with the credit quality of our outstanding debt instruments.

Renewal options of five or 10 years exist on the majority of leased properties. The Company has sole discretion in exercising the lease renewal options. We do not recognize operating lease assets or operating lease liabilities at lease inception for renewal periods unless we are reasonably certain of exercising the renewal options. The depreciable life of operating lease assets and related leasehold improvements is limited by the expected lease term.

Contingent rentals on certain leases are based on a percentage of annual sales in excess of specified amounts. Other contingent rentals are based entirely on a percentage of sales. The Company's operating lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table summarizes the Company's operating and finance leases:

(in thousands of dollars)	Classification - Condensed Consolidated Balance Sheets	October 30, 2021	January 30, 2021	October 31, 2020
Assets				
Finance lease assets	Property and equipment, net [a]	$ 62	$ 247	$ 353
Operating lease assets	Operating lease assets	41,189	47,612	40,471
Total leased assets		$ 41,251	$ 47,859	$ 40,824
Liabilities				
Current				
Finance	Current portion of finance lease liabilities	$ 180	$ 695	$ 849
Operating	Current portion of operating lease liabilities	11,432	13,819	12,775
Noncurrent				
Finance	Finance lease liabilities	—	—	180
Operating	Operating lease liabilities	29,293	33,392	27,412
Total lease liabilities		$ 40,905	$ 47,906	$ 41,216

[a] Finance lease assets are recorded net of accumulated amortization of $14.5 million, $14.3 million and $14.2 million as of October 30, 2021, January 30, 2021 and October 31, 2020, respectively.

Lease Cost		Three Months Ended		Nine Months Ended	
(in thousands of dollars)	Classification - Condensed Consolidated Statements of Operations	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Operating lease cost [a]	Rentals	$ 4,947	$ 5,115	$ 15,157	$ 16,304
Finance lease cost					
Amortization of leased assets	Depreciation and amortization	61	106	185	317
Interest on lease liabilities	Interest and debt expense, net	5	44	29	186
Net lease cost		$ 5,013	$ 5,265	$ 15,371	$ 16,807

[a] Includes short term lease costs of $0.5 million and $0.5 million for the three months and $1.4 million and $1.5 million for the nine months ended October 30, 2021 and October 31, 2020, respectively, and variable lease costs, including contingent rent, of $0.3 million and $0.4 million for the three months and $1.0 million and $1.1 million for the nine months ended October 30, 2021 and October 31, 2020, respectively.

Maturities of Lease Liabilities

(in thousands of dollars) Fiscal Year	Operating Leases	Finance Leases	Total
2021 (excluding the nine months ended October 30, 2021)	$ 3,153	$ 181	$ 3,334
2022	13,174	—	13,174
2023	9,500	—	9,500
2024	4,830	—	4,830
2025	4,170	—	4,170
After 2025	14,296	—	14,296
Total minimum lease payments	49,123	181	49,304
Less amount representing interest	(8,398)	(1)	(8,399)
Present value of lease liabilities	$ 40,725	$ 180	$ 40,905

Lease Term and Discount Rate

	October 30, 2021
Weighted-average remaining lease term	
Operating leases	6.0 years
Finance leases	0.3 years
Weighted-average discount rate	
Operating leases	6.2 %
Finance leases	9.5 %

Other Information

	Nine Months Ended	
(in thousands of dollars)	October 30, 2021	October 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 12,962	$ 14,490
Operating cash flows from finance leases	29	186
Financing cash flows from finance leases	515	885

Note 13. (Gain) Loss on Disposal of Assets

During the nine months ended October 30, 2021, the Company recorded proceeds of $29.3 million primarily from the sale of three store properties, resulting in a gain of $24.7 million that was recorded in (gain) loss on disposal of assets.

During the three and nine months ended October 31, 2020, the Company recorded proceeds of $1.5 million primarily from the sale of one store property, resulting in a loss of $2.2 million that was recorded in (gain) loss on disposal of assets.

Note 14. 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 is based on market prices and is categorized as Level 1 in the fair value hierarchy.

The fair value of the Company's cash and cash equivalents and accounts receivable approximates their carrying values at October 30, 2021 due to the short-term maturities of these instruments. The fair value of the Company's long-term debt at October 30, 2021 was approximately $429 million. The carrying value of the Company's long-term debt at October 30, 2021 was $366 million. The fair value of the Company's subordinated debentures at October 30, 2021 was approximately $217 million. The carrying value of the Company's subordinated debentures at October 30, 2021 was $200 million.

Note 15. Subsequent Event

On November 18, 2021, the Company announced that its Board of Directors declared a special dividend of $15.00 per share. The dividend is payable on the Class A and Class B Common Stock of the Company on December 15, 2021 to shareholders of record as of November 29, 2021.

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 30, 2021. Due to the significant impact of COVID-19 on prior year figures, the information that follows will include certain comparisons to 2019 to provide additional context.

EXECUTIVE OVERVIEW

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to impact the United States and global economies. The COVID-19 pandemic has had and may continue to have a significant impact on the Company's business, results of operations and financial position. The Company began closing stores on March 19, 2020 as mandated by state and local governments, and by April 9, 2020, all of the Company's brick-and-mortar store locations were temporarily closed to the public. Our eCommerce capabilities allowed us to use our closed store locations (with limited staffing) to fill orders from our Internet store.

During the month ended May 30, 2020 (fiscal May), we re-opened most of our full-line stores, and by June 2, 2020 all Dillard's store locations had been re-opened. Following our re-opening, a very small number of our locations were temporarily closed to in-store shopping due to government mandate. All stores are currently open and are operating at reduced hours from fiscal 2019 operating hours. While the availability of vaccinations has led to re-openings across the country and the easing of restrictions, the continuing financial impact of COVID-19 to fiscal 2021 cannot be reasonably estimated at this time.

The Company's results for the three months ended October 30, 2021 improved significantly compared to the three months ended October 31, 2020, marking a third sequential record quarterly performance. The strong consumer demand that began in the first quarter continued through the second and third quarters, leading to a 48% increase in comparable retail sales for the third quarter of 2021 compared to the third quarter of 2020 and a 12% increase compared to the third quarter of 2019.

Retail gross margin increased significantly to 46.7% during the three months ended October 30, 2021 compared to 36.6% during the three months ended October 31, 2020. The Company attributes this improvement to continued strong consumer demand combined with better inventory management which led to decreased markdowns compared to the prior year third quarter. Accordingly, the Company reduced inventory by approximately 1% compared to the prior year third quarter. Selling, general and administrative expenses ("SG&A") increased to $393.2 million (26.5% of sales) compared to $318.2 million (31.0% of sales) for the prior year third quarter primarily due to decreases in payroll expense in the prior year third quarter as store traffic, while recovering, was not to pre-pandemic levels. Increased retail sales during the third quarter of 2021 compared to the third quarter of 2020 provided support for these increased expenses as SG&A declined 450 basis points of sales. The Company reported net income of $197.3 million ($9.81 per share) compared to net income of $31.9 million ($1.43 per share) for the prior year third quarter.

Included in net income for the quarter ended October 31, 2020 is a net tax benefit of $32.4 million ($1.46 per share) related to The Coronavirus Aid, Relief and Economic Security ("CARES") Act, signed into law on March 27, 2020, which allowed for net operating loss carryback to years in which the federal income tax rate was 35%. Also included in net income for the quarter is a pretax loss of $2.2 million ($1.4 million after tax or $0.06 per share) primarily related to the sale of a store property.

During the three months ended October 30, 2021, the Company repurchased 1.2 million shares of its outstanding Class A Common Stock for $239.2 million under its stock repurchase plans authorized by the Company's Board of Directors in March 2018 (the "March 2018 Plan") and May 2021 (the "May 2021 Plan"). As of October 30, 2021, the Company had completed the authorized purchases under the March 2018 Plan, and $262.9 million of authorization remained under the May 2021 Plan.

As of October 30, 2021, the Company had working capital of $1,079.4 million (including cash and cash equivalents of $619.7 million) and $566.0 million of total debt outstanding, excluding finance lease liabilities and operating lease liabilities, with no scheduled maturities until the end of fiscal 2022. Cash flows provided by operating activities were $728.1 million for the nine months ended October 30, 2021.

On November 18, 2021, the Company announced that its Board of Directors declared a special dividend of $15.00 per share. The dividend is payable on the Class A and Class B Common Stock of the Company on December 15, 2021 to shareholders of record as of November 29, 2021.

The Company maintained 280 Dillard's stores, including 30 clearance centers, and an internet store at October 30, 2021.

We source a significant portion of our private label and exclusive brand merchandise from countries that have experienced widespread transmission of the COVID-19 virus. Additionally, many of our branded merchandise vendors may also source a significant portion of their merchandise from these same countries. Manufacturing capacity in those countries has been significantly impacted by the pandemic and in some countries the pandemic continues to negatively impact our supply chain with shipping delays as well as increased shipping costs.

Additionally, disruptions in the global transportation network, which began in fiscal 2020, have continued throughout fiscal 2021, and it is unclear when these issues will be resolved. The California ports of Los Angeles and Long Beach, which together handle a significant portion of United States merchandise imports including our own imports, have experienced and are continuing to experience delays in processing imported merchandise, thereby resulting in untimely deliveries of merchandise. At present, while monitoring the situation closely, management is unable to quantify the effects of these factors on the Company's results of operations and inventory position for fiscal 2021.

With regard to operational staffing, management is particularly focused on the existing tight labor market, seeking to hire permanent and seasonal talent across multiple functions. In addition to existing labor market pressures, the Occupational Safety and Health Administration ("OSHA") issued an Emergency Temporary Standard ("ETS") on November 5, 2021 requiring all employers with 100 or more employees to mandate COVID-19 vaccination or testing effective January 4, 2022. Implementation of the ETS has been suspended pending further developments in litigation filed against OSHA. The Company continues to monitor the status of the litigation and the potential impact of the ETS on retaining and hiring employees and additional costs that may be incurred if this standard goes into effect.

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	
	October 30, 2021	October 31, 2020
Net sales (in millions)	$ 1,481.0	$ 1,024.9
Retail stores sales trend	47 %	(25)%
Comparable retail stores sales trend	48 %	(24)%
Gross profit (in millions)	$ 684.7	$ 366.2
Gross profit as a percentage of net sales	46.2 %	35.7 %
Retail gross profit as a percentage of net sales	46.7 %	36.6 %
Selling, general and administrative expenses as a percentage of net sales	26.5 %	31.0 %
Cash flow provided by (used in) operations (in millions)*	$ 728.1	$ (62.9)
Total retail store count at end of period	280	282
Retail sales per square foot	$ 31	$ 21
Retail store inventory trend	(1)%	(22)%
Annualized retail merchandise inventory turnover	2.5	1.8

*Cash flow from operations data is for the nine months ended October 30, 2021 and October 31, 2020.

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, gift card breakage and lease income on leased departments.

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 and capitalized interest, relating to the Company's unsecured notes, subordinated debentures and borrowings 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 deferred financing fees, if any.

(Gain) loss on disposal of assets. (Gain) loss 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. Going forward, we intend to work with our lenders to use a suitable alternative reference rate for the 2021 amended credit agreement, the Wells Fargo Alliance and any other applicable agreements. We will continue to monitor, assess and plan for the phase out of LIBOR.

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		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Service charges and other income	2.1	2.7	2.1	3.2
	102.1	102.7	102.1	103.2
Cost of sales	53.8	64.3	57.0	72.8
Selling, general and administrative expenses	26.5	31.0	25.0	32.1
Depreciation and amortization	3.4	5.2	3.3	5.7
Rentals	0.3	0.5	0.3	0.6
Interest and debt expense, net	0.7	1.2	0.8	1.4
Other expense	0.1	0.2	0.2	0.2
(Gain) loss on disposal of assets	—	0.2	(0.6)	0.1
Income (loss) before income taxes	17.2	—	15.9	(9.6)
Income taxes (benefit)	3.9	(3.1)	3.6	(4.5)
Net income (loss)	13.3 %	3.1 %	12.4 %	(5.1)%

Net Sales

(in thousands of dollars)	Three Months Ended October 30, 2021	Three Months Ended October 31, 2020	$ Change
Net sales:			
Retail operations segment	$ 1,460,184	$ 994,588	$ 465,596
Construction segment	20,815	30,311	(9,496)
Total net sales	$ 1,480,999	$ 1,024,899	$ 456,100

The percent change in the Company's sales by segment and product category for the three months ended October 30, 2021 compared to the three months ended October 31, 2020 as well as the sales percentage by segment and product category to total net sales for the three months ended October 30, 2021 are as follows:

	% Change 2021 - 2020	% of Net Sales
Retail operations segment		
Cosmetics	31.6 %	13 %
Ladies' apparel	61.2	22
Ladies' accessories and lingerie	29.1	14
Juniors' and children's apparel	65.0	11
Men's apparel and accessories	60.5	20
Shoes	44.4	16
Home and furniture	8.1	3
		99
Construction segment	(31.3)	1
Total		100 %

Net sales from the retail operations segment increased $466 million, or approximately 47%, and sales in comparable stores increased approximately 48%, during the three months ended October 30, 2021 compared to the three months ended October 31, 2020, primarily due to the impact of the COVID-19 pandemic. Sales in all product categories increased significantly over the third quarter last year.

Compared to the third quarter of fiscal 2019, net sales from the retail operations segment for the three months ended October 30, 2021 and November 2, 2019 were $1,460.2 million and $1,334.2 million, respectively, increasing $126.0 million or approximately 9% while sales in comparable stores increased approximately 12%.

We recorded a return asset of $11.0 million and $7.5 million and an allowance for sales returns of $22.3 million and $12.5 million as of October 30, 2021 and October 31, 2020, respectively.

During the three months ended October 30, 2021, net sales from the construction segment decreased $9.5 million, or approximately 31%, compared to the three months ended October 31, 2020 due to a decrease in construction activity. The remaining performance obligations related to executed construction contracts totaled $84.2 million as of October 30, 2021, increasing approximately 10% from January 30, 2021 and decreasing approximately 13% from October 31, 2020, respectively. We expect these remaining performance obligations to be earned over the next nine to eighteen months.

(in thousands of dollars)	Nine Months Ended October 30, 2021	Nine Months Ended October 31, 2020	$ Change
Net sales:			
Retail operations segment	$ 4,296,316	$ 2,638,831	$ 1,657,485
Construction segment	83,604	91,767	(8,163)
Total net sales	$ 4,379,920	$ 2,730,598	$ 1,649,322

The percent change in the Company's sales by segment and product category for the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020 as well as the sales percentage by segment and product category to total net sales for the nine months ended October 30, 2021 are as follows:

	% Change 2021 - 2020	% of Net Sales
Retail operations segment		
Cosmetics	48.9 %	13 %
Ladies’ apparel	79.3	23
Ladies’ accessories and lingerie	53.6	15
Juniors’ and children’s apparel	69.6	10
Men’s apparel and accessories	69.9	19
Shoes	61.5	15
Home and furniture	22.3	3
		98
Construction segment	(8.9)	2
Total		100 %

Net sales from the retail operations segment increased $1,657.5 million, or approximately 63%, during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020 primarily due to the impact of the COVID-19 pandemic. The Company reported no comparable store sales data for the period due to the temporary closure of its brick-and-mortar stores during a portion of the first nine months of 2020 as well as the interdependence between in-store and online sales. Sales in all product categories increased significantly over the first nine months of fiscal 2020.

Compared to the first nine months of fiscal 2019, net sales from the retail operations segment for the nine months ended October 30, 2021 and November 2, 2019 were $4,296.3 million and $4,132.9 million, respectively, increasing $163.4 million or approximately 4% while sales in comparable stores increased approximately 7%.

During the nine months ended October 30, 2021, net sales from the construction segment decreased $8.2 million, or approximately 9%, compared to the nine months ended October 31, 2020 due to a decrease in construction activity.

Service Charges and Other Income

(in thousands of dollars)	Three Months Ended October 30, 2021	Three Months Ended October 31, 2020	Nine Months Ended October 30, 2021	Nine Months Ended October 31, 2020	Three Months $ Change 2021 - 2020	Nine Months $ Change 2021- 2020
Service charges and other income:						
Retail operations segment						
Income from Wells Fargo Alliance	$ 18,701	$ 16,472	$ 54,143	$ 51,958	$ 2,229	$ 2,185
Shipping and handling income	9,672	7,917	28,376	28,140	1,755	236
Leased department income	1	212	4	1,075	(211)	(1,071)
Other	2,664	2,562	7,865	6,600	102	1,265
	31,038	27,163	90,388	87,773	3,875	2,615
Construction segment	(125)	50	571	500	(175)	71
Total service charges and other income	$ 30,913	$ 27,213	$ 90,959	$ 88,273	$ 3,700	$ 2,686

Service charges and other income is composed primarily of income from the Wells Fargo Alliance. Income from the alliance increased $2.2 million during the three months ended October 30, 2021 compared to the three months ended October 31, 2020 primarily due to decreases in credit losses. Income from the alliance increased $2.2 million during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020 primarily due to decreases in credit losses.

Shipping and handling income increased during the three and nine months ended October 30, 2021 compared to the three and nine months ended October 31, 2020, respectively, due to an increase in online shopping. The smaller increase for the nine-month period compared to the three-month period was primarily due to an increase in online orders in the first quarter of 2020 as customer shopping patterns shifted to dillards.com as COVID-19 infection levels increased and brick-and-mortar stores were temporarily closed.

Compared to the third quarter of fiscal 2019, shipping and handling income for the three months ended October 30, 2021 and November 2, 2019 was $9.7 million and $6.7 million, respectively, increasing $3.0 million or 45.0%. Shipping and handling income for the nine months ended October 30, 2021 and November 2, 2019 was $28.4 million and $18.9 million, respectively, increasing $9.5 million or 50.1%.

Leased department income consisted primarily of commissions from a principal licensed department of an upscale women's apparel vendor located in certain stores. By the end of July 2020, our agreement with this principal licensed department had been terminated. We expect future leased department income to be minimal.

Gross Profit

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change	% Change
Gross profit:				
Three months ended				
Retail operations segment	$ 682,317	$ 364,232	$ 318,085	87.3 %
Construction segment	2,406	1,983	423	21.3
Total gross profit	$ 684,723	$ 366,215	$ 318,508	87.0 %
Nine months ended				
Retail operations segment	$ 1,876,558	$ 737,673	$ 1,138,885	154.4 %
Construction segment	5,787	5,925	(138)	(2.3)
Total gross profit	$ 1,882,345	$ 743,598	$ 1,138,747	153.1 %

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Gross profit as a percentage of segment net sales:				
Retail operations segment	46.7 %	36.6 %	43.7 %	28.0 %
Construction segment	11.6	6.5	6.9	6.5
Total gross profit as a percentage of net sales	46.2	35.7	43.0	27.2

Gross profit, as a percentage of sales, increased to 46.2% from 35.7% during the three months ended October 30, 2021 compared to the three months ended October 31, 2020, respectively.

Gross profit from retail operations, as a percentage of sales, increased to 46.7% from 36.6% during the three months ended October 30, 2021 compared to the three months ended October 31, 2020, respectively, primarily due to increased markdowns taken during the third quarter of fiscal 2020 as a result of the impact of the COVID-19 pandemic as well as better inventory management and stronger customer demand leading to decreased markdowns in the third quarter of fiscal 2021. Gross margin increased significantly in all product categories except cosmetics which increased moderately.

Compared to the third quarter of fiscal 2019, gross profit from retail operations, as a percentage of sales, increased 1,221 basis points of sales to 46.7% during the three months ended October 30, 2021 compared to 34.5% during the three months ended November 2, 2019 primarily due to better inventory management and customer demand leading to decreased markdowns in the third quarter of fiscal 2021.

Gross profit, as a percentage of sales, increased to 43.0% from 27.2% during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020, respectively.

Gross profit from retail operations, as a percentage of sales, increased to 43.7% from 28.0% during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020, respectively, primarily due to increased markdowns taken during the first nine months of fiscal 2020 as a result of the impact of the COVID-19 pandemic as well as better inventory management and customer demand leading to decreased markdowns in the first nine months of fiscal 2021. Gross margin increased significantly in all product categories except cosmetics which increased moderately.

Compared to the first nine months of fiscal 2019, gross profit from retail operations, as a percentage of sales, increased 1000 basis points of sales to 43.7% during the nine months ended October 30, 2021 compared to 33.7% during the nine months ended November 2, 2019 primarily due to better inventory management and customer demand leading to decreased markdowns in the first nine months of fiscal 2021.

Inventory decreased 1% in total as of October 30, 2021 compared to October 31, 2020. A 1% change in the dollar amount of markdowns would have impacted net income by approximately $1 million and $5 million for the three and nine months ended October 30, 2021, respectively.

Management is monitoring the continuing supply chain issues, particularly with regard to shipping delays and disruptions in the global transportation network.

Selling, General and Administrative Expenses (“SG&A”)

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change	% Change
SG&A:				
Three months ended				
Retail operations segment	$ 391,463	$ 316,738	$ 74,725	23.6 %
Construction segment	1,728	1,480	248	16.8
Total SG&A	$ 393,191	$ 318,218	$ 74,973	23.6 %
Nine months ended				
Retail operations segment	$ 1,090,818	$ 871,096	$ 219,722	25.2 %
Construction segment	4,855	4,630	225	4.9
Total SG&A	$ 1,095,673	$ 875,726	$ 219,947	25.1 %

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
SG&A as a percentage of segment net sales:				
Retail operations segment	26.8 %	31.8 %	25.4 %	33.0 %
Construction segment	8.3	4.9	5.8	5.0
Total SG&A as a percentage of net sales	26.5	31.0	25.0	32.1

SG&A decreased to 26.5% of sales during the three months ended October 30, 2021 compared to 31.0% of sales during the three months ended October 31, 2020, while increasing $75.0 million. SG&A from retail operations decreased to 26.8% of sales for the three months ended October 30, 2021 compared to 31.8% of sales for the three months ended October 31, 2020, while increasing $74.7 million. The increase in SG&A dollars was primarily due to increases in payroll expense and related payroll taxes.

SG&A decreased to 25.0% of sales during the nine months ended October 30, 2021 compared to 32.1% of sales during the nine months ended October 31, 2020, while increasing $219.9 million. SG&A from retail operations decreased to 25.4% of sales for the nine months ended October 30, 2021 compared to 33.0% of sales for the nine months ended October 31, 2020, while increasing $219.7 million. The increase in SG&A dollars was primarily due to increases in payroll expense and related payroll taxes.

Payroll expense and related payroll taxes for the three months ended October 30, 2021 was $261.5 million compared to $207.5 million for the three months ended October 31, 2020, increasing $53.9 million. Payroll expense and related payroll taxes for the nine months ended October 30, 2021 was $733.5 million compared to $560.1 million for the nine months ended October 31, 2020, increasing $173.4 million. During the first nine months of fiscal 2020, the Company (a) furloughed store associates as stores temporarily closed due to the COVID-19 pandemic and furloughed associates in certain corporate and support facility functions and (b) reduced payroll expense and related payroll taxes and benefits by $6.1 million through the employee retention credit available under the CARES Act.

Compared to the third quarter of fiscal 2019, SG&A from retail operations for the three months ended October 30, 2021 and November 2, 2019 were $391.5 million (26.8% of sales) and $416.7 million (31.2% of sales), respectively, decreasing $25.2 million. SG&A from retail operations for the nine months ended October 30, 2021 was $1,090.8 million (25.4% of sales) compared to $1,227.6 million (29.7% of sales) for the nine months ended November 2, 2019, decreasing $136.8 million primarily due to decreases in payroll expense and related payroll taxes. The Company continues to operate with reduced operating hours and fewer associates. With regard to operational staffing, management is particularly focused on the existing tight labor market, seeking to hire permanent and seasonal talent across multiple functions.

Depreciation and Amortization

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change	% Change
Depreciation and amortization:				
Three months ended				
Retail operations segment	$ 50,122	$ 53,290	$ (3,168)	(5.9)%
Construction segment	66	87	(21)	(24.1)
Total depreciation and amortization	$ 50,188	$ 53,377	$ (3,189)	(6.0)%
Nine months ended				
Retail operations segment	$ 146,441	$ 154,806	$ (8,365)	(5.4)%
Construction segment	198	423	(225)	(53.2)
Total depreciation and amortization	$ 146,639	$ 155,229	$ (8,590)	(5.5)%

Depreciation and amortization expense decreased $3.2 million and $8.6 million during the three and nine months ended October 30, 2021 compared to the three and nine months ended October 31, 2020 primarily due to the timing and composition of capital expenditures.

Interest and Debt Expense, Net

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change	% Change
Interest and debt expense (income), net:				
Three months ended				
Retail operations segment	$ 10,557	$ 12,167	$ (1,610)	(13.2)%
Construction segment	(7)	(5)	(2)	(40.0)
Total interest and debt expense, net	$ 10,550	$ 12,162	$ (1,612)	(13.3)%
Nine months ended				
Retail operations segment	$ 32,889	$ 37,343	$ (4,454)	(11.9)%
Construction segment	(33)	(38)	5	13.2
Total interest and debt expense, net	$ 32,856	$ 37,305	$ (4,449)	(11.9)%

Net interest and debt expense decreased $1.6 million and $4.4 million during the three and nine months ended October 30, 2021 compared to the three and nine months ended October 31, 2020, respectively, primarily due to a decrease of short-term borrowings under the credit facility. Total weighted average debt decreased by $75.7 million and $186.1 million during the three and nine months ended October 30, 2021 compared to the three and nine months ended October 31, 2020, respectively, primarily due to a decrease of short-term borrowings under the credit facility.

Other Expense

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change	% Change
Other expense:				
Three months ended				
Retail operations segment	$ 2,134	$ 2,105	$ 29	1.4 %
Construction segment	—	—	—	—
Total other expense	$ 2,134	$ 2,105	$ 29	1.4 %
Nine months ended				
Retail operations segment	$ 9,232	$ 6,313	$ 2,919	46.2 %
Construction segment	—	—	—	—
Total other expense	$ 9,232	$ 6,313	$ 2,919	46.2 %

Other expense increased $2.9 million during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020 primarily due to the write-off of certain deferred financing fees in connection with the amendment and extension of the Company's secured revolving credit facility.

(Gain) Loss on Disposal of Assets

(in thousands of dollars)	October 30, 2021	October 31, 2020	$ Change
(Gain) loss on disposal of assets:			
Three months ended			
Retail operations segment	$ (4)	$ 2,234	$ (2,238)
Construction segment	—	(13)	13
Total (gain) loss on disposal of assets	$ (4)	$ 2,221	$ (2,225)
Nine months ended			
Retail operations segment	$ (24,683)	$ 2,261	$ (26,944)
Construction segment	(3)	(26)	23
Total (gain) loss on disposal of assets	$ (24,686)	$ 2,235	$ (26,921)

During the nine months ended October 30, 2021, the Company recorded proceeds of $29.3 million primarily from the sale of three store properties, resulting in a gain of $24.7 million that was recorded in (gain) loss on disposal of assets.

During the three and nine months ended October 31, 2020, the Company recorded proceeds of $1.5 million primarily from the sale of one store property, resulting in a loss of $2.2 million that was recorded in (gain) loss on disposal of assets.

Income Taxes

The Company’s estimated federal and state effective income tax rate was approximately 22.5% for the three and nine months ended October 30, 2021. During the three and nine months ended October 30, 2021, 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 was in a net operating loss position for the fiscal year ended January 30, 2021. The CARES Act, signed into law on March 27, 2020, allows for net operating loss carryback to years in which the statutory federal income tax rate was 35% rather than the current 21%. The Company's estimated federal and state effective income tax rate was approximately 46.9% for the nine months ended October 31, 2020. During the three and nine months ended October 31, 2020, income tax benefit differed from what would be computed using the current statutory federal income tax rate of 21% primarily due to the recognition of a net tax benefit of $32.4 million and $64.6 million, respectively, related to the rate differential in the carryback year. Income tax benefit for the three and nine months also included the effects of state and local income taxes.

The Company expects the fiscal 2021 federal and state effective income tax rate to approximate 20% to 21%. This rate includes an expected federal income tax benefit due to a one-time deduction related to that portion of the special dividend of $15 per share to be paid to the Dillard's, Inc. Investment and Employee Stock Ownership Plan. This rate may change if results of operations for fiscal 2021 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 nine months ended October 30, 2021 and October 31, 2020 follows:

	Nine Months Ended		
(in thousands of dollars)	**October 30, 2021**	**October 31, 2020**	**$ Change**
Operating Activities	$ 728,083	$ (62,938)	$ 791,021
Investing Activities	(45,179)	(50,352)	5,173
Financing Activities	(423,522)	(102,663)	(320,859)
Total Increase (Decrease) in Cash and Cash Equivalents	$ 259,382	$ (215,953)	$ 475,335

Net cash flows from operations increased $791.0 million during the nine months ended October 30, 2021 compared to the nine months ended October 31, 2020 due to significant increases in net income, primarily due to increases in gross profit, and changes in working capital. Compared to the first nine months of fiscal 2019, net cash flows provided by operations were $728.1 million for the nine months ended October 30, 2021 and $23.0 million for the nine months ended November 2, 2019, an increase of $705.1 million.

Wells Fargo owns and manages the Dillard's private label cards under the Wells Fargo Alliance. Under the Wells Fargo Alliance, Wells Fargo establishes and owns private label card accounts for our customers, retains the benefits and risks associated with the ownership of the accounts, provides key customer service functions, including new account openings, transaction authorization, billing adjustments and customer inquiries, receives the finance charge income and incurs the bad debts associated with those accounts.

Pursuant to the Wells Fargo Alliance, we receive ongoing cash compensation from Wells Fargo based upon the portfolio's earnings. The compensation received from the portfolio is determined monthly and has no recourse provisions. The amount the Company receives is dependent on the level of sales on Wells Fargo accounts, the level of balances carried on Wells Fargo accounts by Wells Fargo customers, payment rates on Wells Fargo accounts, finance charge rates and other fees on Wells Fargo accounts, the level of credit losses for the Wells Fargo accounts as well as Wells Fargo's ability to extend credit to our customers. We participate in the marketing of the private label cards, which includes the cost of customer reward programs. The Wells Fargo Alliance expires in fiscal 2024.

The Company received income of $54.1 million and $52.0 million from the Wells Fargo Alliance during the nine months ended October 30, 2021 and October 31, 2020, respectively. The Company cannot reasonably predict whether there will be any ongoing impact or the magnitude of any such impact of the COVID-19 pandemic on the portfolio's future earnings and the ongoing cash compensation from the Wells Fargo Alliance.

During the nine months ended October 30, 2021 and October 31, 2020, the Company received proceeds from insurance of $2.9 million and $8.7 million, respectively, for claims filed for merchandise losses related to storm damage incurred at two stores.

Capital expenditures were $79.7 million and $52.1 million for the nine months ended October 30, 2021 and October 31, 2020, respectively. The capital expenditures were primarily related to equipment purchases and the continued construction of two new stores during the current year. During the nine months ended October 30, 2021, the Company opened a new store at Mesa Mall in Grand Junction, Colorado (100,000 square feet). The Company has also announced plans to open a new store at University Place in Orem, Utah in the Spring of 2022 (160,000 square feet). Both opportunities arose from peer closures at those centers.

During the nine months ended October 30, 2021, the Company received cash proceeds of $29.3 million and recorded a related gain of $24.7 million, primarily from the sale of three store properties: (1) a 120,000 square foot location at Cortana Mall in Baton Rouge, Louisiana, which was permanently closed and sold; (2) a 200,000 square foot location at Paradise Valley Mall in Phoenix, Arizona, which was sold during our first fiscal quarter and closed during our second fiscal quarter and (3) a non-operating store property in Knoxville, Tennessee. The Company also closed its leased clearance center at Valle Vista Mall in Harlingen, Texas (100,000 square feet) during the third quarter. 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 nine months ended October 31, 2020, the Company received cash proceeds of $1.5 million and recorded a loss of $2.2 million, primarily for the sale of one store property in Slidell, Louisiana.

During the nine months ended October 30, 2021, the Company received proceeds from insurance of $3.8 million for claims filed for building losses related to storm damage incurred at two stores.

The Company had cash on hand of $619.7 million as of October 30, 2021. During the first quarter of fiscal 2020 and as part of our overall liquidity management strategy and for peak working capital requirements, the Company maintained an unsecured credit facility that provided a borrowing capacity of $800 million with a $200 million expansion option ("credit agreement"). As part of the Company's liquidity strategy during the COVID-19 pandemic, in March 2020, the Company borrowed $779 million under the credit agreement.

The credit agreement was amended in April 2020 and became secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries (the "2020 amended credit agreement"). The borrowings of $779 million were repaid concurrent with the execution of the 2020 amended credit agreement. During the nine months ended October 31, 2020, the Company paid $3.2 million in issuance costs related to the 2020 amended credit agreement, which were recorded in other assets on the condensed consolidated balance sheet.

In April 2021, the Company further amended its secured credit agreement (the “2021 amended credit agreement”). See Note 7, *Revolving Credit Agreement*, in the "Notes to Condensed Consolidated Financial Statements," in Part I, Item I hereof for additional information. During the nine months ended October 30, 2021, the Company paid $3.0 million in issuance costs related to the 2021 amended credit agreement, which were recorded in other assets on the condensed consolidated balance sheet, and the Company recognized a loss on the early extinguishment of debt of $2.8 million for the write-off of certain remaining deferred financing fees related to the 2020 amended credit agreement. This charge was recorded in other expense on the condensed consolidated statement of operations.

At October 30, 2021, no borrowings were outstanding, and letters of credit totaling $20.1 million were issued under the 2021 amended credit agreement leaving unutilized availability under the credit facility of $779.9 million.

During the nine months ended October 30, 2021, the Company repurchased 2.6 million shares of Class A Common Stock at an average price of $158.40 per share for $410.3 million under its stock repurchase plans. During the nine months ended October 31, 2020, the Company (a) repurchased 2.2 million shares of Class A Common Stock at an average price of $42.83 per share for $95.6 million under its stock repurchase plan and (b) paid $7.3 million for share repurchases that had not yet settled but were accrued at February 1, 2020. As of October 30, 2021, the Company had completed the authorized purchases under the March 2018 Plan, and $262.9 million of authorization remained under the May 2021 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 I hereof for additional information.

The COVID-19 pandemic has had and may continue to have a significant impact on the Company's business, results of operations and financial position. Because there is still significant uncertainty around the effects of the COVID-19 pandemic on the Company's business operations, our profitability and liquidity may be further impacted if we are unable to appropriately manage our inventory levels and expenses relative to any change in consumer demand.

The Company expects to finance its operations during fiscal 2021 from cash on hand, cash flows generated from operations and, if necessary, through the 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.

On November 18, 2021, the Company announced that its Board of Directors declared a special dividend of $15.00 per share. The dividend is payable on the Class A and Class B Common Stock of the Company on December 15, 2021 to shareholders of record as of November 29, 2021. The Company expects to fund the dividend from cash flows from operations.

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 30, 2021.

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.

NEW ACCOUNTING STANDARDS

For information with respect to new accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2, *Accounting Standards*, in the "Notes to Condensed Consolidated Financial Statements," in Part I, Item I 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 2021 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, including the CARES Act and other subsequently-enacted COVID-19 stimulus packages, statements concerning share repurchases, statements concerning pension contributions, statements regarding the expected phase out of LIBOR 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) the COVID-19 pandemic and its effects on public health, our supply chain, the health and well-being of our employees and customers, and the retail industry in general; other general retail industry conditions and macro-economic conditions including inflation 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 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; changes in tax legislation; changes in legislation, affecting such matters as the cost of employee benefits or credit card income; 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; other epidemic, pandemic or public health issues; potential disruption of international trade and supply chain efficiencies; any government-ordered restrictions on the movement of the general public or the mandated or voluntary closing of retail stores in response to the COVID-19 pandemic; world conflict and the possible impact on consumer spending patterns and other economic and demographic changes of similar or dissimilar nature. The Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended January 30, 2021, contain other information on factors that may affect financial results or cause actual results to differ materially from forward-looking statements.

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 30, 2021.

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 October 30, 2021 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 December 3, 2021, 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 30, 2021.

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

(a) Unregistered Sales of Equity Securities

On February 11, 2021, the Company issued 12,000 shares of Class A Common Stock in exchange for 12,000 shares of Class B Common Stock tendered for conversion pursuant to the Certificate of Incorporation. Additionally, on August 10, 2021, the Company issued 12,000 shares of Class A Common Stock in exchange for 12,000 shares of Class B Common Stock tendered for conversion pursuant to the Certificate of Incorporation. These transactions were exempt from registration under Section 3(a)(9) of the Securities Act of 1933.

(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
August 1, 2021 through August 28, 2021	51,631	$ 195.50	51,631	$ 492,010,087
August 29, 2021 through October 2, 2021	801,715	194.27	801,715	336,264,571
October 3, 2021 through October 30, 2021	377,359	194.52	377,359	262,859,316
Total	1,230,705	$ 194.40	1,230,705	$ 262,859,316

In March 2018, the Company's Board of Directors authorized the repurchase of up to $500 million of the Company's Class A Common Stock under an open-ended stock repurchase plan ("March 2018 Plan"). In May 2021, the Company announced that its Board of Directors approved a new open-ended stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("May 2021 Plan"). During the three months ended October 30, 2021, the Company repurchased 1.2 million shares totaling $239.2 million under its stock repurchase plans. As of October 30, 2021, the Company had completed the authorized purchases under the March 2018 Plan, and $262.9 million of authorization remained under the May 2021 Plan.

Reference is made to the discussion in Note 8, *Stock Repurchase Programs*, in the “Notes to Condensed Consolidated Financial Statements” in Part I 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:	December 3, 2021	/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: December 3, 2021

/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: December 3, 2021

/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: December 3, 2021

/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 October 30, 2021 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: December 3, 2021

/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 October 30, 2021 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: December 3, 2021

/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 October 30, 2021 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: December 3, 2021

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