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

FORM 10-Q

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

For the quarterly period ended November 2, 2024

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 1-31340

THE CATO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)
56-0484485 (I.R.S. Employer Identification No.)

8100 Denmark Road, Charlotte, North Carolina 28273-5975
(Address of principal executive offices)
(Zip Code)

(704) 554-8510
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A - Common Stock, par value $.033 per share	CATO	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 X 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 X 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 ☒

As of November 2, 2024, there were 18,774,124 shares of Class A common stock and 1,763,652 shares of Class B common stock outstanding.

THE CATO CORPORATION

FORM 10-Q

Quarter Ended November 2, 2024

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	**November 2, 2024**	October 28, 2023
	(Dollars in thousands, except per share data)			
REVENUES				
Retail sales	$ **144,642**	$ 156,682	$ **486,848**	$ 528,174
Other revenue (principally finance charges, late fees and layaway charges)	**1,528**	1,574	**5,049**	5,003
Total revenues	**146,170**	158,256	**491,897**	533,177
COSTS AND EXPENSES, NET				
Cost of goods sold (exclusive of depreciation shown below)	**102,955**	105,832	**324,582**	345,536
Selling, general and administrative (exclusive of depreciation shown below)	**57,876**	61,792	**172,809**	185,344
Depreciation	**2,737**	2,504	**7,106**	7,371
Interest and other income	**(2,646)**	(1,523)	**(10,209)**	(3,754)
Costs and expenses, net	**160,922**	168,605	**494,288**	534,497
Loss before income taxes	**(14,752)**	(10,349)	**(2,391)**	(1,320)
Income tax (benefit) expense	**322**	(4,272)	**1,614**	(797)
Net loss	$ **(15,074)**	$ (6,077)	$ **(4,005)**	$ (523)
Basic loss per share	$ **(0.79)**	$ (0.30)	$ **(0.24)**	$ (0.02)
Diluted loss per share	$ **(0.79)**	$ (0.30)	$ **(0.24)**	$ (0.02)
Comprehensive income:				
Net loss	$ **(15,074)**	$ (6,077)	$ **(4,005)**	$ (523)
Unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of $60 and $217 for the three and nine months ended October 28, 2023, respectively	**(151)**	201	**(223)**	723
Comprehensive income (loss)	$ **(15,225)**	$ (5,876)	$ **(4,228)**	$ 200

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	November 2, 2024	February 3, 2024
ASSETS	**(Dollars in thousands)**	
Current Assets:		
Cash and cash equivalents	**$ 20,216**	$ 23,940
Short-term investments	**65,994**	79,012
Restricted cash	**3,355**	3,973
Accounts receivable, net of allowance for customer credit losses of $670 and $705 at November 2, 2024 and February 3, 2024, respectively	**24,776**	29,751
Merchandise inventories	**107,159**	98,603
Prepaid expenses and other current assets	**8,705**	7,783
Total Current Assets	**230,205**	243,062
Property and equipment – net	**62,648**	64,022
Other assets	**19,783**	25,047
Right-of-Use assets – net	**111,769**	154,686
Total Assets	**$ 424,405**	$ 486,817
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 84,169**	$ 87,821
Accrued expenses	**38,158**	37,404
Accrued employee benefits and bonus	**1,370**	1,675
Current lease liability	**45,836**	61,108
Total Current Liabilities	**169,533**	188,008
Other noncurrent liabilities	**14,555**	14,475
Lease liability	**63,218**	92,013
Stockholders' Equity:		
Preferred stock, $100 par value per share, 100,000 shares authorized, none issued	**-**	-
Class A common stock, $0.033 par value per share, 50,000,000 shares authorized; 18,774,124 shares and 18,802,742 shares issued at November 2, 2024 and February 3, 2024, respectively	**634**	635
Convertible Class B common stock, $0.033 par value per share, 15,000,000 shares authorized; 1,763,652 shares issued at November 2, 2024 and February 3, 2024	**59**	59
Additional paid-in capital	**128,827**	126,953
Retained earnings	**47,407**	64,279
Accumulated other comprehensive income	**172**	395
Total Stockholders' Equity	**177,099**	192,321
Total Liabilities and Stockholders' Equity	**$ 424,405**	$ 486,817

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	November 2, 2024	October 28, 2023
	(Dollars in thousands)	
Operating Activities:		
Net loss	**$ (4,005)**	$ (523)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	**7,106**	7,371
Provision for customer credit losses	**492**	397
Purchase premium and discount accretion of investments	**(848)**	(226)
Gain on sale of assets held for investment	**(5,350)**	-
Share-based compensation	**1,581**	3,189
Deferred income taxes	**-**	(1,981)
Loss on disposal of property and equipment	**116**	13
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	**1,283**	(1,815)
Merchandise inventories	**(8,556)**	13,184
Prepaid and other assets	**(1,315)**	(1,716)
Operating lease right-of-use assets and liabilities	**(1,151)**	(1,499)
Accrued income taxes	**-**	1,375
Accounts payable, accrued expenses and other liabilities	**(2,619)**	(6,099)
Net cash (used in) provided by operating activities	**(13,266)**	11,670
Investing Activities:		
Expenditures for property and equipment	**(6,509)**	(10,271)
Purchase of short-term investments	**(38,659)**	(44,595)
Sales of short-term investments	**52,994**	60,999
Sales of other assets	**13,674**	-
Net cash provided by investing activities	**21,500**	6,133
Financing Activities:		
Dividends paid	**(10,516)**	(10,457)
Repurchase of common stock	**(2,398)**	(2,563)
Proceeds from employee stock purchase plan	**338**	357
Net cash used in financing activities	**(12,576)**	(12,663)
Net (decrease) increase in cash, cash equivalents, and restricted cash	**(4,342)**	5,140
Cash, cash equivalents, and restricted cash at beginning of period	**27,913**	23,792
Cash, cash equivalents, and restricted cash at end of period	**$ 23,571**	$ 28,932
Non-cash activity:		
Accrued other assets and property and equipment expenditures	**$ 440**	$ 1,100

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	(Dollars in thousands, except per share data)				
Balance — February 3, 2024	$ 694	$ 126,953	$ 64,279	$ 395	$ 192,321
Comprehensive income:					
Net income	-	-	10,974	-	10,974
Unrealized net losses on available-for-sale securities, net of deferred income tax expense of $0	-	-	-	(748)	(748)
Dividends paid ($0.17 per share)	-	-	(3,523)	-	(3,523)
Class A common stock sold through employee stock purchase plan	1	189	-	-	190
Share-based compensation issuances and exercises	13	-	5	-	18
Share-based compensation expense	-	(84)	-	-	(84)
Repurchase and retirement of treasury shares	(14)	-	(2,223)	-	(2,237)
Balance — May 4, 2024	$ 694	$ 127,058	$ 69,512	$ (353)	$ 196,911
Comprehensive income:					
Net income	-	-	95	-	95
Unrealized net gains on available-for-sale securities, net of deferred income tax expense of $0	-	-	-	676	676
Dividends paid ($0.17 per share)	-	-	(3,527)	-	(3,527)
Class A common stock sold through employee stock purchase plan	-	35	-	-	35
Share-based compensation expense	-	858	14	-	872
Balance — August 3, 2024	$ 694	$ 127,951	$ 66,094	$ 323	$ 195,062
Comprehensive income:					
Net loss	-	-	(15,074)	-	(15,074)
Unrealized net losses on available-for-sale securities, net of deferred income tax expense of $0	-	-	-	(151)	(151)
Dividends paid ($0.17 per share)	-	-	(3,466)	-	(3,466)
Class A common stock sold through employee stock purchase plan	1	172	-	-	173
Share-based compensation expense	(1)	704	11	-	714
Repurchase and retirement of treasury shares	(1)	-	(158)	-	(159)
Balance — November 2, 2024	$ 693	$ 128,827	$ 47,407	$ 172	$ 177,099

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	(Dollars in thousands, except per share data)				
Balance — January 28, 2023	$ 691	$ 122,431	$ 104,709	$ (1,238)	$ 226,593
Comprehensive income:					
Net income	-	-	4,428	-	4,428
Unrealized net gains on available-for-sale securities, net of deferred income tax expense of $107	-	-	-	355	355
Dividends paid ($0.17 per share)	-	-	(3,455)	-	(3,455)
Class A common stock sold through employee stock purchase plan	-	195	-	-	195
Share-based compensation issuances and exercises	-	-	3	-	3
Share-based compensation expense	-	929	-	-	929
Repurchase and retirement of treasury shares	(8)	-	(2,259)	-	(2,267)
Balance — April 29, 2023	$ 683	$ 123,555	$ 103,426	$ (883)	$ 226,781
Comprehensive income:					
Net income	-	-	1,127	-	1,127
Unrealized net gains on available-for-sale securities, net of deferred income tax expense of $50	-	-	-	167	167
Dividends paid ($0.17 per share)	-	-	(3,507)	-	(3,507)
Class A common stock sold through employee stock purchase plan	1	31	-	-	32
Share-based compensation expense	12	1,212	3	-	1,227
Repurchase and retirement of treasury shares	(1)	-	(293)	-	(294)
Balance — July 29, 2023	$ 695	$ 124,798	$ 100,756	$ (716)	$ 225,533
Comprehensive income:					
Net loss	-	-	(6,077)	-	(6,077)
Unrealized net gains on available-for-sale securities, net of deferred income tax expense of $60	-	-	-	201	201
Dividends paid ($0.17 per share)	-	-	(3,495)	-	(3,495)
Class A common stock sold through employee stock purchase plan	1	188	-	-	189
Share-based compensation expense	(1)	963	5	-	967
Balance — October 28, 2023	$ 695	$ 125,949	$ 91,189	$ (515)	$ 217,318

See notes to condensed consolidated financial statements (unaudited).

NOTE 1 - GENERAL:

The condensed consolidated financial statements as of November 2, 2024 and for the three and nine months ended November 2, 2024 and October 28, 2023 have been prepared from the accounting records of The Cato Corporation and its wholly-owned subsidiaries (the "Company"), and all amounts shown are unaudited. In the opinion of management, all adjustments considered necessary for a fair statement of the financial statements have been included. All such adjustments are of a normal, recurring nature unless otherwise noted. The results of the interim period may not be indicative of the results expected for the entire year.

The interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2024. Amounts as of February 3, 2024 have been derived from the audited balance sheet, but do not include all disclosures required by accounting principles generally accepted in the United States of America.

On February 16, 2024, the Company closed on the sale of land held for investment. The sale resulted in a net gain of $3.2 million and was included in Interest and other income in the accompanying Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the nine months ended November 2, 2024.

During the current quarter of the fiscal year, the Company received $8.6 million from the insurance claim settlement and sale of its corporate jet.

NOTE 2 - EARNINGS PER SHARE:

Accounting Standard Codification ("ASC") 260 – *Earnings Per Share* requires dual presentation of basic and diluted Earnings Per Share ("EPS") on the face of all income statements for all entities with complex capital structures. The Company has presented one basic EPS and one diluted EPS amount for all common shares in the accompanying Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). While the Company's certificate of incorporation provides the right for the Board of Directors to declare dividends on Class A shares without declaration of commensurate dividends on Class B shares, the Company has historically paid the same dividends to both Class A and Class B shareholders and the Board of Directors has resolved to continue this practice. Accordingly, the Company's allocation of income for purposes of the EPS computation is the same for Class A and Class B shares and the EPS amounts reported herein are applicable to both Class A and Class B shares.

Basic EPS is computed as net income (loss) less earnings allocated to non-vested equity awards divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options and the Employee Stock Purchase Plan.

	Three Months Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	**November 2, 2024**	October 28, 2023
	(Dollars in thousands, except per share data)			
Numerator				
Net loss	**$ (15,074)**	$ (6,077)	**$ (4,005)**	$ (523)
Earnings (loss) allocated to non-vested equity awards	**(200)**	346	**(548)**	49
Net loss available to common stockholders	**$ (15,274)**	$ (5,731)	**$ (4,553)**	$ (474)
Denominator				
Basic weighted average common shares outstanding	**19,302,107**	19,421,701	**19,318,794**	19,373,411
Diluted weighted average common shares outstanding	**19,302,107**	19,421,701	**19,318,794**	19,373,411
Net loss per common share				
Basic loss per share	**$ (0.79)**	$ (0.30)	**$ (0.24)**	$ (0.02)
Diluted loss per share	**$ (0.79)**	$ (0.30)	**$ (0.24)**	$ (0.02)

NOTE 3 – ACCUMULATED OTHER COMPREHENSIVE INCOME:

The following table sets forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended November 2, 2024:

	Changes in Accumulated Other Comprehensive Income (a) Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at August 3, 2024	$ 323
Other comprehensive income (loss) before reclassification	(151)
Amounts reclassified from accumulated other comprehensive income to net income	-
Net current-period other comprehensive income (loss)	(151)
Ending Balance at November 2, 2024	$ 172

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to accumulated other comprehensive income.

The following table sets forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the nine months ended November 2, 2024:

	Changes in Accumulated Other Comprehensive Income (a) Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at February 3, 2024	$ 395
Other comprehensive income (loss) before reclassification	563
Amounts reclassified from accumulated other comprehensive income to net income (b)	(786)
Net current-period other comprehensive income (loss)	(223)
Ending Balance at November 2, 2024	$ 172

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to accumulated other comprehensive income.
(b) Includes $1,022 impact of Accumulated other comprehensive income reclassifications into Interest and other income for net realized gains on available-for-sale securities. The tax impact of this reclassification was $236.

NOTE 3 – ACCUMULATED OTHER COMPREHENSIVE INCOME (CONTINUED):

The following table sets forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended October 28, 2023:

	Changes in Accumulated Other Comprehensive Income (a)	
	Unrealized Gains and (Losses) on Available-for-Sale Securities	
Beginning Balance at July 29, 2023	$	(716)
Other comprehensive income (loss) before reclassification		185
Amounts reclassified from accumulated other comprehensive income to net income (b)		16
Net current-period other comprehensive income (loss)		201
Ending Balance at October 28, 2023	$	(515)

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to accumulated other comprehensive income.
(b) Includes $20 impact of Accumulated other comprehensive income reclassifications into Interest and other income for net realized gains on available-for-sale securities. The tax impact of this reclassification was $4.

The following table sets forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the nine months ended October 28, 2023:

	Changes in Accumulated Other Comprehensive Income (a)	
	Unrealized Gains and (Losses) on Available-for-Sale Securities	
Beginning Balance at January 28, 2023	$	(1,238)
Other comprehensive income (loss) before reclassification		704
Amounts reclassified from accumulated other comprehensive income to net income (b)		19
Net current-period other comprehensive income (loss)		723
Ending Balance at October 28, 2023	$	(515)

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to accumulated other comprehensive income.
(b) Includes $24 impact of Accumulated other comprehensive income reclassifications into Interest and other income for net realized gains on available-for-sale securities. The tax impact of this reclassification was $5.

NOTE 4 – FINANCING ARRANGEMENTS:

At November 2, 2024, the Company had a revolving credit agreement, which provides for borrowings of up to $35.0 million, less the balance of any revocable letters of credit related to purchase commitments, and is committed through May 2027. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios. On April 25, 2024, the Company amended the revolving credit agreement to modify a definition used in calculating the Company's minimum EBITDAR coverage ratio to add back certain income tax receivables included in the calculation of the ratio. On November 1, 2024, the Company amended the revolving credit agreement to lower the minimum EBITDAR coverage ratio and the corresponding minimum cash and investments used to determine the EBITDAR coverage ratio in exchange for a secured position in any future borrowings. For the quarter ended November 2, 2024, after giving effect to the amendments, the Company was in compliance with the credit agreement. There were no borrowings outstanding, nor any outstanding letters of credit that reduced borrowing availability, as of November 2, 2024. The weighted average interest rate under the credit facility was zero at November 2, 2024 due to no outstanding borrowings.

NOTE 5 – REPORTABLE SEGMENT INFORMATION:

The Company has determined that it has four operating segments, as defined under ASC 280 – *Segment Reporting*, including Cato, It's Fashion, Versona and Credit. As outlined in ASC 280-10, the Company has two reportable segments: Retail and Credit. The Company has aggregated its three retail operating segments, including e-commerce, based on the aggregation criteria outlined in ASC 280-10, which states that two or more operating segments may be aggregated into a single reportable segment if aggregation is consistent with the objective and basic principles of ASC 280-10, which require the segments to have similar economic characteristics, products, production processes, clients and methods of distribution.

The Company's retail operating segments have similar economic characteristics and similar operating, financial and competitive risks. The products sold in each retail operating segment are similar in nature, as they all offer women's apparel, shoes and accessories. Merchandise inventory of the Company's retail operating segments is sourced from the same countries and some of the same vendors, using similar production processes. Merchandise for the Company's retail operating segments is distributed to retail stores in a similar manner through the Company's single distribution center and is subsequently sold to customers in a similar manner.

The Company operates its women's fashion specialty retail stores in 31 states as of November 2, 2024, principally in the southeastern United States. The Company offers its own credit card to its customers and all credit authorizations, payment processing and collection efforts are performed by separate wholly-owned subsidiaries of the Company.

NOTE 5 – REPORTABLE SEGMENT INFORMATION (CONTINUED):

The following schedule summarizes certain segment information (in thousands):

Three Months Ended November 2, 2024	**Retail**	**Credit**	**Total**
Revenues	$145,508	$662	$146,170
Depreciation	2,737	-	2,737
Interest and other income	(2,646)	-	(2,646)
Income (loss) before income taxes	(14,992)	240	(14,752)
Capital expenditures	1,710	-	1,710

Nine Months Ended November 2, 2024	**Retail**	**Credit**	**Total**
Revenues	$489,893	$2,004	$491,897
Depreciation	7,105	1	7,106
Interest and other income	(10,209)	-	(10,209)
Income (loss) before income taxes	(3,132)	741	(2,391)
Capital expenditures	6,509	-	6,509

Three Months Ended October 28, 2023	**Retail**	**Credit**	**Total**
Revenues	$157,595	$661	$158,256
Depreciation	2,504	-	2,504
Interest and other income	(1,523)	-	(1,523)
Income (loss) before income taxes	(10,604)	255	(10,349)
Capital expenditures	1,801	-	1,801

Nine Months Ended October 28, 2023	**Retail**	**Credit**	**Total**
Revenues	$531,243	$1,934	$533,177
Depreciation	7,370	1	7,371
Interest and other income	(3,754)	-	(3,754)
Income (loss) before income taxes	(2,014)	694	(1,320)
Capital expenditures	10,271	-	10,271

	Retail	**Credit**	**Total**
Total assets as of November 2, 2024	$386,664	$37,741	$424,405
Total assets as of February 3, 2024	448,488	38,329	486,817

The Company evaluates segment performance based on income before income taxes. The Company does not allocate certain corporate expenses or income taxes to the credit segment.

The following schedule summarizes the direct expenses of the credit segment, which are reflected in Selling, general and administrative expenses (in thousands):

	Three Months Ended		**Nine Months Ended**	
	November 2, 2024	October 28, 2023	**November 2, 2024**	October 28, 2023
Payroll	**$ 152**	$ 135	**$ 466**	$ 411
Postage	**113**	111	**330**	321
Other expenses	**157**	160	**466**	507
Total expenses	**$ 422**	$ 406	**$ 1,262**	$ 1,239

NOTE 6 – STOCK-BASED COMPENSATION:

As of November 2, 2024, the Company's 2018 Incentive Compensation Plan allows for the granting of various forms of equity-based awards, including restricted stock and stock options for grant to officers, directors and key employees.

The following table presents the number of options and shares of restricted stock initially authorized and available for grant under this plan as of November 2, 2024:

	2018 Plan
Options and/or restricted stock initially authorized	4,725,000
Options and/or restricted stock available for grant	2,782,782

In accordance with ASC 718 – *Compensation–Stock Compensation*, the fair value of current restricted stock awards is estimated on the date of grant based on the market price of the Company's stock and is amortized to compensation expense on a straight-line basis over the related vesting periods. As of November 2, 2024 and February 3, 2024, there was $8,212,000 and $9,334,000, respectively, of total unrecognized compensation expense related to nonvested restricted stock awards, which had a remaining weighted-average vesting period of 2.2 years and 2.1 years, respectively. The total compensation expense during the three and nine months ended November 2, 2024 was $714,000 and $1,520,000, respectively, compared to a total compensation expense of $967,000 and $3,126,000 for the three and nine months ended October 28, 2023, respectively. These compensation expenses are classified as a component of Selling, general and administrative expenses in the Condensed Consolidated Statements of Income (Loss).

The following summary shows the changes in the number of shares of unvested restricted stock outstanding during the nine months ended November 2, 2024:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards at February 3, 2024	1,123,873	$ 11.32
Granted	386,900	4.80
Vested	(232,696)	13.22
Forfeited or expired	(48,077)	9.51
Restricted stock awards at November 2, 2024	1,230,000	$ 8.97

NOTE 6 – STOCK BASED-COMPENSATION (CONTINUED):

The Company's Employee Stock Purchase Plan allows eligible full-time employees to purchase a limited number of shares of the Company's Class A Common Stock during each semi-annual offering period at a 15% discount through payroll deductions. During the nine months ended November 2, 2024 and October 28, 2023, the Company sold 73,593 and 50,540 shares to employees at an average discount of $0.81 and $1.23 per share, respectively, under the Employee Stock Purchase Plan. The compensation expense recognized for the 15% discount given under the Employee Stock Purchase Plan was $60,000 and $62,000 for the nine months ended November 2, 2024 and October 28, 2023, respectively. These expenses are classified as a component of Selling, general and administrative expenses.

NOTE 7 – FAIR VALUE MEASUREMENTS:

The following tables set forth information regarding the Company's financial assets and liabilities that are measured at fair value (in thousands) as of November 2, 2024 and February 3, 2024:

Description	November 2, 2024	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	$ 2,253	$ -	$ 2,253	$ -
Corporate Bonds	52,649	-	52,649	-
U.S. Treasury/Agencies Notes and Bonds	10,578	-	10,578	-
Cash Surrender Value of Life Insurance	9,109	-	-	9,109
Asset-backed Securities (ABS)	514	-	514	-
Total Assets	$ 75,103	$ -	$ 65,994	$ 9,109
Liabilities:				
Deferred Compensation	$ (8,886)	$ -	$ -	$ (8,886)
Total Liabilities	$ (8,886)	$ -	$ -	$ (8,886)

Description	February 3, 2024	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	$ 12,540	$ -	$ 12,540	$ -
Corporate Bonds	45,400	-	45,400	-
U.S. Treasury/Agencies Notes and Bonds	18,114	-	18,114	-
Cash Surrender Value of Life Insurance	8,586	-	-	8,586
Asset-backed Securities (ABS)	2,958	-	2,958	-
Corporate Equities	1,084	1,084	-	-
Total Assets	$ 88,682	$ 1,084	$ 79,012	$ 8,586
Liabilities:				
Deferred Compensation	$ (8,654)	$ -	$ -	$ (8,654)
Total Liabilities	$ (8,654)	$ -	$ -	$ (8,654)

The Company's investment portfolio was primarily invested in corporate bonds and U.S. Treasury/Agencies notes and bonds held in managed accounts with underlying ratings of A or better at November 2, 2024 and February 3, 2024. The state, municipal and corporate bonds have contractual maturities which range from 13 days to 2.9 years. The U.S. Treasury/Agencies notes and bonds have contractual maturities which range from 3 days to 2.7 years. These securities are classified as available-for-sale and are recorded as Short-term investments and Other assets on the respective Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income.

At February 3, 2024, the Company had $ 1.1 million of corporate equities and deferred compensation plan assets of $8.6 million. At November 2, 2024, the Company had deferred compensation plan assets of $ 9.1 million. During the nine months ended November 2, 2024, the Company sold its corporate equities. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets.

Level 1 category securities are measured at fair value using quoted active market prices. Level 2 investment securities include corporate, state and municipal bonds for which quoted prices may not be available on active exchanges for identical instruments. Their fair value is principally based on market values determined by management with the assistance of a third-party pricing service. Since quoted prices in active markets for identical assets are not available, these prices are determined by the pricing service using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics, among other factors.

Deferred compensation plan assets consist of life insurance policies. These life insurance policies are valued based on the cash surrender value of the insurance contract, which is determined based on such factors as the fair value of the underlying assets and discounted cash flow and are therefore classified within Level 3 of the valuation hierarchy. The Level 3 liability associated with the life insurance policies represents a deferred compensation obligation, the value of which is tracked via underlying insurance funds' net asset values, as recorded in Other noncurrent liabilities in the Condensed Consolidated Balance Sheet. These funds are designed to mirror mutual funds and money market funds that are observable and actively traded.

The following tables summarize the change in fair value of the Company's financial assets and liabilities measured using Level 3 inputs for the nine months ended November 2, 2024 and the year ended February 3, 2024 (in thousands):

		Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3)
		Cash Surrender Value
Beginning Balance at February 3, 2024	$	8,586
Redemptions		-
Additions		-
Total gains or (losses):		
Included in interest and other income (or changes in net assets)		523
Ending Balance at November 2, 2024	$	9,109

		Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3)
		Deferred Compensation
Beginning Balance at February 3, 2024	$	(8,654)
Redemptions		573
Additions		(175)
Total (gains) or losses:		
Included in interest and other income (or changes in net assets)		(630)
Ending Balance at November 2, 2024	$	(8,886)

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3)
	Cash Surrender Value
Beginning Balance at January 28, 2023	$ 9,274
Redemptions	(1,168)
Additions	-
Total gains or (losses):	
Included in interest and other income (or changes in net assets)	480
Ending Balance at February 3, 2024	$ 8,586

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3)
	Deferred Compensation
Beginning Balance at January 28, 2023	$ (8,903)
Redemptions	1,119
Additions	(292)
Total (gains) or losses:	
Included in interest and other income (or changes in net assets)	(578)
Ending Balance at February 3, 2024	$ (8,654)

NOTE 8 – RECENT ACCOUNTING PRONOUNCEMENTS:

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which modifies disclosure requirements for all public entities that are required to report segment information. The update will change the reporting of segments by adding significant segment expenses, other segment items, title and position of the chief operating decision maker ("CODM") and how the CODM uses the reported measures to make decisions. The update also requires all annual disclosures about a reportable segment's profit or loss and assets in interim periods. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted, and the guidance is applicable retrospectively to all prior periods presented in the financial statements. The Company is currently in the process of evaluating the potential impact of adoption of this new guidance on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which modifies the requirements on income tax disclosures to require disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. This guidance is effective for fiscal years beginning after December 15, 2024 for all public business entities, with early adoption and retrospective application permitted. The Company is currently in the process of evaluating the potential impact of adoption of this new guidance on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses," which requires public entities to disclose, on an annual and interim basis, disaggregated information in the footnotes about specified information related to certain costs and expenses. This guidance is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently in the process of evaluating the potential impact of adoption of this new guidance on its consolidated financial statements and related disclosures.

NOTE 9 – INCOME TAXES:

The Company had an effective tax rate for the first nine months of 2024 of (67.5%) compared to an effective tax rate of 60.4% for the first nine months of fiscal 2023. Income tax expense for the first nine months increased to $1.6 million in fiscal 2024 from an income tax benefit of $0.8 million in fiscal 2023. The increase in tax expense in 2024 is primarily due to the valuation allowance against net deferred tax assets attributable to U.S. federal net operating loss carryforwards recorded in the fourth quarter of 2023 and a smaller release of reserves for uncertain tax positions.

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

The Company is, from time to time, involved in routine litigation incidental to the conduct of its business, including litigation regarding the merchandise that it sells, litigation regarding intellectual property, litigation instituted by persons injured upon premises under the Company's control, litigation with respect to various employment matters, including alleged discrimination and wage and hour litigation, and litigation with present or former employees.

Although such litigation is routine and incidental to the conduct of the Company's business, as with any business of its size with a significant number of employees and significant merchandise sales, such litigation could result in large monetary awards. Based on information currently available, management does not believe that any reasonably possible losses arising from current pending litigation will have a material adverse effect on the Company's condensed consolidated financial statements. However, given the inherent uncertainties involved in such matters, an adverse outcome in one or more of such matters could materially and adversely affect the Company's financial condition, results of operations and cash flows in any particular reporting period. The Company accrues for these matters when the liability is deemed probable and reasonably estimable.

NOTE 11 – REVENUE RECOGNITION:

The Company recognizes sales at the point of purchase when the customer takes possession of the merchandise and pays for the purchase, generally with cash or credit. Sales from purchases made with Cato credit, gift cards and layaway sales from stores are also recorded when the customer takes possession of the merchandise. E-commerce sales are recorded when the risk of loss is transferred to the customer. Gift cards are recorded as deferred revenue until they are redeemed or forfeited. Gift cards do not have expiration dates. Layaway transactions are recorded as deferred revenue until the customer takes possession or forfeits the merchandise. A provision is made for estimated merchandise returns based on sales volumes and the Company's experience; actual returns have not varied materially from historical amounts. A provision is made for estimated write-offs associated with sales made with the Company's proprietary credit card. Amounts related to shipping and handling billed to customers in a sales transaction are classified as Other revenue and the costs related to shipping product to customers (billed and accrued) are classified as Cost of goods sold.

The Company offers its own proprietary credit card to customers. All credit activity is performed by the Company's wholly-owned subsidiaries. None of the credit card receivables are secured. During the three and nine months ended November 2, 2024, the Company estimated customer credit losses of $154,000 and $492,000, respectively, compared to $149,000 and $421,000 for the three and nine months ended October 28, 2023, respectively. Sales purchased on the Company's proprietary credit card for the three and nine months ended November 2, 2024 were $5.1 million and $16.4 million, respectively, compared to $5.7 million and $17.4 million for the three and nine months ended October 28, 2023, respectively.

The following table provides information about receivables and contract liabilities from contracts with customers (in thousands):

	Balance as of	
	November 2, 2024	February 3, 2024
Proprietary Credit Card Receivables, net	**$ 10,716**	$ 10,909
Gift Card Liability	**$ 6,266**	$ 8,143

NOTE 12 – LEASES:

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for stores, offices, warehouse space and equipment. Its leases have remaining lease terms of up to 10 years based on the estimated likelihood of renewal. Some include options to extend the lease term for up to five years, and some include options to terminate the lease within one year. The Company considers these options in determining the lease term used to establish its right-of-use assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at commencement date of the lease in determining the present value of lease payments.

The components of lease cost are shown below (in thousands):

	Three Months Ended	
	November 2, 2024	October 28, 2023
Operating lease cost (a)	**$ 16,755**	$ 17,498
Variable lease cost (b)	**$ 490**	$ 544

(a) Includes right-of-use asset amortization of ($0.2) million and ($0.3) million for the three months ended November 2, 2024 and October 28, 2023, respectively.

(b) Primarily related to monthly percentage rent for stores not presented on the condensed consolidated balance sheets.

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Operating lease cost (a)	**$ 50,565**	$ 53,174
Variable lease cost (b)	**$ 1,450**	$ 1,642

(a) Includes right-of-use asset amortization of ($0.6) million and ($0.9) million for the nine months ended November 2, 2024 and October 28, 2023, respectively.

(b) Primarily related to monthly percentage rent for stores not presented on the condensed consolidated balance sheets.

Supplemental cash flow information and non-cash activity related to the Company's operating leases are as follows (in thousands):

Operating cash flow information:

	Three Months Ended	
	November 2, 2024	October 28, 2023
Cash paid for amounts included in the measurement of lease liabilities	**$ 15,584**	$ 16,671
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	**$ 1,207**	$ (1,468)

	Nine Months Ended	
	November 2, 2024	October 28, 2023
Cash paid for amounts included in the measurement of lease liabilities	**$ 46,672**	$ 50,696
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	**$ 2,564**	$ 1,435

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	As of	
	November 2, 2024	October 28, 2023
Weighted-average remaining lease term	**1.7 years**	1.8 years
Weighted-average discount rate	**4.84%**	3.30%

Maturities of lease liabilities by fiscal year for the Company's operating leases are as follows (in thousands):

Fiscal Year	
2024 (a)	$ 15,226
2025	45,680
2026	29,745
2027	17,027
2028	8,843
Thereafter	1,171
Total lease payments	117,692
Less: Imputed interest	8,638
Present value of lease liabilities	$ 109,054

(a) Excluding the nine months ended November 2, 2024

FORWARD-LOOKING INFORMATION:

The information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read along with the unaudited Condensed Consolidated Financial Statements, including the accompanying Notes appearing in this report. Any of the following are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended: (1) statements in this Form 10-Q that reflect projections or expectations of our future financial or economic performance; (2) statements that are not historical information; (3) statements of our beliefs, intentions, plans and objectives for future operations, including those contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (4) statements relating to our operations or activities for our fiscal year ending February 1, 2025 ("fiscal 2024") and beyond, including, but not limited to, statements regarding expected amounts of capital expenditures and store openings, relocations, remodels and closures, and statements regarding the potential impact of supply chain disruptions, extreme weather conditions, inflationary pressures and other economic or market conditions on our business, results of operations and financial condition and statements of plans or intentions regarding new store development or store closures; and (5) statements relating to our future contingencies. When possible, we have attempted to identify forward-looking statements by using words such as "will," "expects," "anticipates," "approximates," "believes," "estimates," "hopes," "intends," "may," "plans," "could," "would," "should" and any variations or negative formations of such words and similar expressions. We can give no assurance that actual results or events will not differ materially from those expressed or implied in any such forward-looking statements. Forward-looking statements included in this report are based on information available to us as of the filing date of this report, but subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contemplated by the forward-looking statements. Such factors include, but are not limited to, the following: any actual or perceived deterioration in, or continuation of negative trends in, the conditions that drive consumer confidence and spending, including, but not limited to, prevailing social, economic, political and public health conditions and uncertainties, levels of unemployment, fuel, energy and food costs, wage rates, tax rates, interest rates, home values, consumer net worth, the availability of credit and inflation; changes in laws, regulations or government policies affecting our business, including but not limited to current and potentially new tariffs; uncertainties regarding the impact of any governmental action regarding, or responses to, the foregoing conditions; competitive factors and pricing pressures; our ability to predict and respond to rapidly changing fashion trends and consumer demands; our ability to increase new store openings and the ability of any such new stores to grow and perform as expected; underperformance or other factors that may lead to, or affect the volume of, store closures and negatively affect the Company's profitability, financial condition, prospects, and ability to comply with its debt covenants; adverse weather, public health threats, acts of war or aggression or similar conditions that may affect our merchandise supply chain, sales or operations; inventory risks due to shifts in market demand, including the ability to liquidate excess inventory at anticipated margins; adverse developments or volatility affecting the financial services industry or broader financial markets; and other factors discussed under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 ("fiscal 2023"), as amended or supplemented, and in other reports we file with or furnish to the Securities and Exchange Commission ("SEC") from time to time. We do not undertake, and expressly decline, any obligation to update any such forward-looking information contained in this report, whether as a result of new information, future events, or otherwise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES:

The Company's critical accounting policies and estimates are more fully described in "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 February 3, 2024. The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of the Company's financial statements include the calculation of potential asset impairment, income tax valuation allowances, reserves relating to self-insured health insurance, workers' compensation, general and auto insurance liabilities, uncertain tax positions, the allowance for customer credit losses, and inventory shrinkage.

The Company's critical accounting policies and estimates are discussed with the Audit Committee.

RESULTS OF OPERATIONS:

The following table sets forth, for the periods indicated, certain items in the Company's unaudited Condensed Consolidated Statements of Income (Loss) as a percentage of total retail sales:

	Three Months Ended		Nine Months Ended	
	November 2, 2024	October 28, 2023	**November 2, 2024**	October 28, 2023
Total retail sales	**100.0** %	100.0 %	**100.0** %	100.0 %
Other revenue	**1.1**	1.0	**1.0**	0.9
Total revenues	**101.1**	101.0	**101.0**	100.9
Cost of goods sold (exclusive of depreciation)	**71.2**	67.5	**66.7**	65.4
Selling, general and administrative (exclusive of depreciation)	**40.0**	39.4	**35.5**	35.1
Depreciation	**1.9**	1.6	**1.5**	1.4
Interest and other income	**(1.8)**	(1.0)	**(2.1)**	(0.7)
Loss before income taxes	**(10.2)**	(6.6)	**(0.5)**	(0.3)
Net loss	**(10.4)**	(3.9)	**(0.8)**	(0.1)

RESULTS OF OPERATIONS(CONTINUED):

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist readers in better understanding and evaluating our financial condition and results of operations. We recommend reading this MD&A in conjunction with our Condensed Consolidated Financial Statements and the Notes to those statements included in the "Financial Statements" section of this Quarterly Report on Form 10-Q, as well as our 2023 Annual Report on Form 10-K.

Recent Developments

Inflationary Cost Pressure and High Interest Rates

The pressure on our customers' disposable income continued in the first three quarters of fiscal 2024, due to prolonged and persistently higher prices caused by high inflation rates, especially related to housing, groceries and fuel, as well as high interest rates. These high interest rates have adversely affected the availability and cost of credit for our customers, including revolving credit and auto loans, and continue to negatively impact our customers' disposable income. Our customers' willingness to purchase our products may continue to be negatively impacted by these inflationary pressures and high interest rates.

Although interest rates and inflation have decreased, we believe the pressure on our customers' disposable income adversely impacted the first three quarters of fiscal 2024 and will likely continue to have a negative impact on consumer behavior and, by extension, our results of operations and financial condition during the remainder of fiscal 2024.

Merchandise Supply Chain

A significant amount of our merchandise is manufactured overseas, principally in Southeast Asia, and traverses through the Panama Canal or the Suez Canal. In the first quarter of 2024, the drought conditions experienced in the region surrounding the Panama Canal reduced the number of transits by approximately 37% and also reduced the permissible draft of vessels transiting the Panama Canal, which reduced the volume and number of containers carried by container ships and increased our costs. These conditions improved as the Panama Canal authority increased the daily transits and the permissible draft of vessels, raising the number of transits to 95% of pre-drought operations in the second quarter and back to pre-drought levels in the third quarter. The hostilities affecting the region surrounding the Suez Canal are causing container ships to travel longer distances around the Cape of Good Hope, which is increasing lead times for merchandise and our costs to ship these goods, as well as decreasing the pool of containers available. The combination of these situations has negatively impacted the first nine months of 2024. In addition, the third quarter was impacted by later shipments in part due to congestion at certain Asian ports, the U.S. port strike on the east coast, and civil unrest in some Asian countries that caused merchandise to miss its shipping windows. Though conditions have incrementally improved, we believe the totality of these conditions will likely continue to have a negative impact on our results of operations and financial condition for the foreseeable future.

Comparison of the Three and Nine Months ended November 2, 2024 with October 28, 2023

Total retail sales for the third quarter were $144.6 million compared to last year's third quarter sales of $156.7 million, an 8% decrease. The Company's sales decrease in the third quarter of fiscal 2024 was primarily due to a 3% decrease in same-store sales and stores closed in the fourth quarter of 2023. For the nine months ended November 2, 2024, total retail sales were $486.8 million compared to last year's comparable nine month sales of $528.2 million, an 8% decrease. The decrease in sales in the first nine months of fiscal 2024 was due primarily to a 4% decrease in same-store sales and store closures. Same-store sales include stores that have been open more than 15 months. Stores that have been relocated or expanded are also included in the same-store sales calculation after they have been open more than 15 months. The method of calculating same-store sales varies across the retail industry. As a result, our same-store sales calculation may not be comparable to similarly titled measures reported by other companies. E-commerce sales were less than 5% of total sales for the nine months ended November 2, 2024 and are included in the same-store sales calculation. Total revenues, comprised of retail sales and other revenue (principally finance charges and late fees on customer accounts receivable and layaway fees), were $146.2 million and $491.9 million for the three and nine months ended November 2, 2024, compared to $158.3 million and $533.2 million for the three and nine months ended October 28, 2023, respectively. The Company operated 1,167 stores at November 2, 2024 compared to 1,245 stores at October 28, 2023. During the first nine months of fiscal 2024, the Company opened one store and closed 13 stores. The Company currently expects to close approximately 65 stores in total in fiscal 2024.

Credit revenue of $0.7 million represented 0.5% of total revenues in the third quarter of fiscal 2024, compared to credit revenue of $0.7 million or 0.4% of total revenues in the third quarter of fiscal 2023. Credit revenue is comprised of interest earned on the Company's private label credit card portfolio and related fee income. Related expenses principally include payroll, postage and other administrative expenses and totaled $0.4 million in the third quarter of fiscal 2024, compared to last year's third quarter expense of $0.4 million.

Other revenue, a component of total revenues, was $1.5 million and $5.0 million for the three and nine months ended November 2, 2024, respectively, compared to $1.6 million and $5.0 million for the prior year's comparable three and nine month periods. The slight decrease in Other revenue for the three months ended November 2, 2024 was due to decreases in e-commerce shipping revenue and finance charges associated with the Company's proprietary credit card, partially offset by an increase in gift card breakage income.

Cost of goods sold was $103.0 million, or 71.2% of retail sales and $324.6 million, or 66.7% of retail sales for the three and nine months ended November 2, 2024, respectively, compared to $105.8 million, or 67.5% of retail sales and $345.5 million, or 65.4% of retail sales for the comparable three and nine month periods of fiscal 2023. The overall increase in cost of goods sold as a percent of retail sales for the third quarter and first nine months of fiscal 2024 versus the comparable three and nine month periods of fiscal 2023 resulted primarily from deleveraging of occupancy and buying costs and higher distribution and freight costs, partially offset by higher selling margins. Cost of goods sold includes merchandise costs (net of discounts and allowances), buying costs, distribution costs, occupancy costs, freight and inventory shrinkage. Net merchandise costs and in-bound freight are capitalized as inventory costs. Buying and distribution costs include payroll, payroll-related costs and operating expenses for the buying departments and distribution center. Occupancy costs include rent, real estate taxes, insurance, common area maintenance, utilities and maintenance for stores and distribution facilities. Total gross margin dollars (retail sales less cost of goods sold exclusive of depreciation) decreased by 18.1% to $41.7 million for the third quarter of fiscal 2024 and by 11.1% to $162.3 million for the first nine months of fiscal 2024, compared to $50.9 million and $182.6 million for the prior year's comparable three and nine months of fiscal 2023, respectively. Gross margin as presented may not be comparable to those of other entities.

Selling, general and administrative expenses ("SG&A") primarily include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, bank and credit card processing fees. SG&A expenses were $57.9 million, or 40.0% of retail sales and $172.8 million, or 35.5% of retail sales for the third quarter and first nine months of fiscal 2024, respectively, compared to $61.8 million, or 39.4% of retail sales and $185.3 million, or 35.1% of retail sales for the prior year's comparable three and nine month periods, respectively. The decrease in SG&A expenses for the third quarter and first nine months of fiscal 2024 was primarily due to lower payroll, advertising and insurance expenses, partially offset by expenses related to the startup of our distribution center automation project.

Depreciation expense was $2.7 million, or 1.9% of retail sales and $7.1 million, or 1.5% of retail sales for the third quarter and first nine months of fiscal 2024, respectively, compared to $2.5 million, or 1.6% of retail sales and $7.4 million or 1.4% of retail sales for the comparable three and nine month periods of fiscal 2023, respectively.

Interest and other income was $2.6 million, or 1.8% of retail sales and $10.2 million, or 2.1% of retail sales for the three and nine months ended November 2, 2024, respectively, compared to $1.5 million, or 1.0% of retail sales and $3.8 million, or 0.7% of retail sales for the comparable three and nine month periods of fiscal 2023, respectively. The increase for the third quarter of fiscal 2024 compared to fiscal 2023 was primarily due to a gain on the disposal of the Company's corporate aircraft and higher interest earned on the Company's investments. The increase for the first nine months of fiscal 2024 compared to fiscal 2023 was primarily due to a $3.2 million net gain on sale of land held for investment, gain on the disposal of the Company's corporate aircraft and higher interest earned on the Company's investments.

Income tax expense was $0.3 million and $1.6 million for the third quarter and first nine months of fiscal 2024, respectively, compared to a tax benefit of $4.3 million and $0.8 million for the comparable three and nine month periods of fiscal 2023, respectively. The effective income tax rate for the first nine months of fiscal 2024 was (67.5%) compared to 60.4% for the first nine months of fiscal 2023. The increase in tax expense in 2024 is primarily due to the valuation allowance against net deferred tax assets attributable to U.S. federal net operating loss carryforwards recorded in the fourth quarter of 2023 and a smaller release of reserves for uncertain tax positions.

LIQUIDITY, CAPITAL RESOURCES AND MARKET RISK:

The Company believes that its cash, cash equivalents and short-term investments, together with cash flows from operations, will be adequate to fund the Company's regular operating requirements and expected capital expenditures for the next 12 months.

Cash used in operating activities during the first nine months of fiscal 2024 was $13.3 million as compared to $11.7 million provided in the first nine months of fiscal 2023. The increase in cash used by operating activities of $25.0 million for the first nine months of fiscal 2024 as compared to the first nine months of fiscal 2023 was primarily attributable to the relative change in inventory from year-end to the third quarter for both years and a subtraction of net income for non-operating gains on sale of assets held for investment, partially offset by the relative change of accounts payable from year-end to the third quarter for both years.

At November 2, 2024, the Company had working capital of $60.7 million compared to $55.1 million at February 3, 2024. The increase in working capital was primarily attributable to a decrease in current lease liability and an increase in inventory, partially offset by a decrease in short-term investments, cash and accounts receivable.

At November 2, 2024, the Company had a revolving credit agreement, which provides for borrowings of up to $35.0 million, less the balance of any revocable letters of credit related to purchase commitments, and is committed through May 2027. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios. On April 25, 2024, the Company amended the revolving credit agreement to modify a definition used in calculating the Company's minimum EBITDAR coverage ratio to add back certain income tax receivables included in the calculation of the ratio. On November 1, 2024, the Company amended the revolving credit agreement to lower the minimum EBITDAR coverage ratio and the corresponding minimum cash and investments used to determine the EBITDAR coverage ratio in exchange for a secured position in any future borrowings. For the quarter ended November 2, 2024, after giving effect to the amendments, the Company was in compliance with the credit agreement. There were no borrowings outstanding, nor any outstanding letters of credit that reduced borrowing availability, as of November 2, 2024. The weighted average interest rate under the credit facility was zero at November 2, 2024 due to no outstanding borrowings.

Expenditures for property and equipment totaled $6.5 million in the first nine months of fiscal 2024, compared to $10.3 million in last fiscal year's first nine months. The decrease in expenditures for property and equipment was primarily due to finishing projects related to investments in the distribution center and information technology. For the full fiscal 2024 year, the Company expects to invest approximately $7.0 million for capital expenditures.

Net cash provided by investing activities totaled $21.5 million in the first nine months of fiscal 2024 compared to $6.1 million net cash provided in the comparable period of 2023. The increase in net cash provided by investing activities in 2024 was primarily due to the sale of other assets, lower purchases of short-term investments, and lower capital expenditure spending, partially offset by lower sales of short-term investments.

Net cash used in financing activities totaled $12.6 million in the first nine months of fiscal 2024 compared to $12.7 million used in the comparable period of fiscal 2023. The slight decrease in net cash used in financing activities in fiscal 2024 was primarily due to lower stock repurchases, partially offset by dividends paid.

As of November 2, 2024, the Company had 442,831 shares remaining in open authorizations under its share repurchase program.

The Company does not use derivative financial instruments.

The Company's investment portfolio was primarily invested in corporate bonds and U.S. Treasury/Agencies notes and bonds held in managed accounts with underlying ratings of A or better at November 2, 2024 and February 3, 2024. The state, municipal and corporate bonds have contractual maturities which range from 13 days to 2.9 years. The U.S. Treasury/Agencies notes and bonds have contractual maturities which range from 3 days to 2.7 years. These securities are classified as available-for-sale and are recorded as Short-term investments and Other assets on the respective Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income.

At February 3, 2024, the Company had $1.1 million of corporate equities and deferred compensation plan assets of $8.6 million. At November 2, 2024, the Company had deferred compensation plan assets of $9.1 million. During the nine months ended November 2, 2024, the Company sold its corporate equities. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets. See Note 7, Fair Value Measurements.

RECENT ACCOUNTING PRONOUNCEMENTS:

See Note 8, Recent Accounting Pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

The Company is subject to market rate risk from exposure to changes in interest rates based on its financing, investing and cash management activities, but the Company does not believe such exposure is material.

ITEM 4. CONTROLS AND PROCEDURES:

We carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of November 2, 2024. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of November 2, 2024, our disclosure controls and procedures, as defined in Rule 13a-15(e), under the Securities Exchange Act of 1934 (the "Exchange Act"), were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

No change in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) has occurred during the Company's fiscal quarter ended November 2, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS:

Not Applicable.

ITEM 1A. RISK FACTORS:

In addition to the other information in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for our fiscal year ended February 3, 2024. These risks could materially affect our business, financial condition or future results; however, they are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS:

The following table summarizes the Company's purchases of its common stock for the three months ended November 2, 2024:

ISSUER PURCHASES OF EQUITY SECURITIES

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that may Yet be Purchased Under The Plans or Programs (2)
August 2024	-	$ -	-	
September 2024	35,407	4.49	35,407	
October 2024	-	-	-	
Total	35,407	$ 4.49	35,407	442,831

(1) Prices include trading costs.

(2) As of August 3, 2024, the Company's share repurchase program had 478,238 shares remaining in open authorizations. During the third quarter ended November 2, 2024, the Company repurchased and retired 35,407 shares under this program for approximately $158,827 or an average market price of $4.49 per share. As of November 2, 2024, the Company had 442,831 shares remaining in open authorizations. There is no specified expiration date for the Company's repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES:

No matters requiring disclosure.

ITEM 5. OTHER INFORMATION:

During the three months ended November 2, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS:

Exhibit No.	Item
3.1	Registrant's Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to Form 10-Q of the Registrant for the quarter ended May 2, 2020.
3.2	Registrant's Amended and Restated By-Laws, incorporated by reference to Exhibit 3.2 to Form 10-Q of the Registrant for the quarter ended May 2, 2020.
10.1*	Fifth Amendment, dated as of November 1, 2024, to Credit Agreement, dated as of May 19, 2022, among the Registrant, the banks party thereto and Wells Fargo Bank, National Association.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1*	Section 1350 Certification of Principal Executive Officer.
32.2*	Section 1350 Certification of Principal Financial Officer.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104.1	Cover Page Interactive Data File (Formatted in Inline XBRL and contained in the Interactive Data Files submitted as Exhibit 101.1*)

* Submitted electronically herewith.

SIGNATURES

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

THE CATO CORPORATION

November 26, 2024	/s/ John P. D. Cato
Date	John P. D. Cato Chairman, President and Chief Executive Officer
November 26, 2024	/s/ Charles D. Knight
Date	Charles D. Knight Executive Vice President Chief Financial Officer

FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of November 1, 2024, is by and among THE CATO CORPORATION, a Delaware corporation (the "Borrower"), the other Loan Parties party hereto, the Banks (as defined below) party hereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, as agent on behalf of the Banks under the Existing Credit Agreement (as hereinafter defined) (in such capacity, the "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Amended Credit Agreement.

W I T N E S S E T H

WHEREAS, the Borrower, certain Domestic Subsidiaries of the Borrower as may be from time to time party thereto, certain banks and financial institutions from time to time party thereto (the "Banks") and the Agent are parties to that certain Credit Agreement dated as of May 19, 2022 (as amended by that certain First Amendment to Credit Agreement, dated as of June 6, 2022, that certain Second Amendment to Credit Agreement, dated as of August 9, 2023, that certain Third Amendment to Credit Agreement, dated as of October 24, 2023, that certain Fourth Amendment to Credit Agreement, dated as of April 25, 2024, and as further amended, modified, extended, restated, replaced, or supplemented from time to time, the "Existing Credit Agreement"and, after giving effect to this Amendment, the "Amended Credit Agreement");

WHEREAS, the Borrower has requested that the Required Banks and Agent amend certain provisions of the Existing Credit Agreement; and

WHEREAS, the Required Banks and the Agent are willing to make such amendments to the Existing Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT

1.1 **Amendment to Section 1.01**. The following defined terms are hereby added to Section 1.01 of the Existing Credit Agreement in the appropriate alphabetical order:

"Fifth Amendment" means that certain Fifth Amendment to Credit Agreement dated as of the Fifth Amendment Effective Date, by and among the Loan Parties, the Banks party thereto and the Agent.

"Fifth Amendment Draw Request" means the first Revolving Credit Advance or Letter of Credit requested by the Borrower on or after the Fifth Amendment Effective Date.

"Fifth Amendment Effective Date" means November [_], 2024.

"Security Agreement" means a security agreement executed by the Loan Parties in favor of the Agent, for the ratable benefit of the Secured Parties (as defined therein), which shall be substantially in the form and substance acceptable to the Agent in its reasonable discretion.

1.2 **Amendment to definition of Loan Documents**. The definition of Loan Documents set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

> *"Loan Documents" means this Agreement, the Notes, the Letter of Credit Agreements, the Letters of Credit, the Security Agreement (from and after a Fifth Amendment Draw Request), any other document evidencing, relating to or securing the Revolving Credit Advances, or the Letters of Credit, and any other document or instrument delivered from time to time in connection with this Agreement, the Notes, the Letter of Credit Agreements, the Letters of Credit, or Revolving Credit Advances, as such documents and instruments may be amended or supplemented from time to time.*

1.3 **Amendment to Section 3.02**. Section 3.02 of the Existing Credit Agreement is hereby amended by adding the following sentence to the end of such section:

> *In addition to the forgoing, the obligation of each Bank to make the Fifth Amendment Draw Request shall be subject to receipt by the Agent of (a) a Security Agreement duly executed by, and enforceable against, each of the Loan Parties and (b) customary lien searches in the jurisdiction of incorporation of each Loan Party satisfactory to the Agent.*

1.4 **Amendment to Section 3.03**. Section 3.03 of the Existing Credit Agreement is hereby amended by adding the following sentence to the end of such section:

> *In addition to the forgoing, the obligation of the Issuing Bank to make the Fifth Amendment Draw Request shall be subject to receipt by the Agent of (a) a Security Agreement duly executed by, and enforceable against, each of the Loan Parties and (b) customary lien searches in the jurisdiction of incorporation of each Loan Party satisfactory to the Agent.*

1.5 **Amendment to Section 5.03**. Section 5.03 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

> *5.03 Minimum EBITDAR Coverage Ratio. On the last day of each Fiscal Quarter, the Minimum EBITDAR Coverage Ratio shall not be less than (a) with respect to the third Fiscal Quarter of 2024, 0.90 to 1.0 and (b) with respect to each subsequent Fiscal Quarter, (i) to the extent Liquidity at any time during such Fiscal Quarter was less than $100,000,000, 1.15 to 1.0 or (ii) otherwise, 1.05 to 1.0. Other than with respect to the period beginning on the Fifth Amendment Effective Date through and including the date financial statements for the 2024 Fiscal Year are required to be delivered pursuant to Section 5.01, to the extent (i) a Liquidity Event occurs and (ii) the Minimum EBITDAR Coverage Ratio as of the most recently ended Fiscal Quarter for which Financial Statements have been delivered was less than 1.05 to 1.0, the Borrower shall be in violation of this Section 5.03 and an immediate Event of Default shall occur pursuant to Section 6.01(b).*

1.6 **Amendment to Section 5.11(o)**. Clause (o) appearing in Section 5.11 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> *(o) Liens (i) created pursuant to the Loan Documents (including the Security Agreement) and (ii) not described in subclauses (a) through (n) above, the foregoing clause (o)(i), or subclause (m) below that relate to liabilities not in excess of $2,000,000 in the aggregate; and*

1.7 **Amendment to Section 6.01(p)**. Clause (p) appearing in Section 6.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

(p) the Security Agreement shall for any reason cease to create a valid and perfected first priority Lien (subject to Liens permitted pursuant to Section 5.11) on, or security interest in, any of the Collateral (as defined in the Security Agreement) purported to be covered thereby, in each case other than in accordance with the express terms hereof or thereof,

ARTICLE II
CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective as of the day and year set forth above (the "Fifth Amendment Effective Date") when the Agent shall have received a copy of this Amendment duly executed by each of the Borrower, the other Loan Parties, the Required Banks and the Agent.

ARTICLE III
MISCELLANEOUS

3.1 **Amended Terms.** On and after the Fifth Amendment Effective Date, all references to the Existing Credit Agreement in each of the Loan Documents shall hereafter mean the Amended Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Existing Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 **Reaffirmation of Obligations.** The Borrower hereby ratifies the Existing Credit Agreement as amended by this Amendment and acknowledges and reaffirms (a) that it is bound by all terms of the Existing Credit Agreement as so amended applicable to it and (b) that it is responsible for the observance and full performance of its Obligations.

3.3 **Loan Document.** This Amendment shall constitute a Loan Document under the terms of the Amended Credit Agreement.

3.4 **Further Assurances.** The Borrower agrees to promptly take such action, upon the request of the Agent, as is necessary to carry out the intent of this Amendment.

3.5 **Entirety.** This Amendment and the other Loan Documents embody the entire agreement among the parties hereto relating to the subject matter hereof and thereof and supersede all previous documents, agreements and understandings, oral or written, relating to the subject matter hereof and thereof.

3.6 **Counterparts; Telecopy.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which when so executed and delivered will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

3.7 **No Actions, Claims, Etc.** As of the date hereof, the Borrower hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Agent, the Banks, or the Agent's or the Banks' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Existing Credit Agreement on or prior to the date hereof.

3.8 **NORTH CAROLINA LAW. THIS AMENDMENT SHALL BE CONSTRUED**

IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NORTH CAROLINA.

3.9 **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.10 **Expenses.** Notwithstanding the provisions of Section 9.03 of the Existing Credit Agreement, each party hereto agrees that it shall be responsible for its own expenses in connection with this Amendment; *provided* however the Borrower shall pay fees and disbursements of outside counsel for the Agent in connection with the preparation of this Amendment.

3.11 **Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.** The jurisdiction, service of process and waiver of jury trial provisions set forth in Section 9.16 of the Existing Credit Agreement are hereby incorporated by reference, *mutatis mutandis.*

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWER:

THE CATO CORPORATION

By: ___________________________

Charles D. Knight
Executive Vice President and Chief Financial Officer

Acknowledged and Agreed to:

GUARANTORS:

CADEL LLC

By:______________________________
Name:
Title:

CHW, LLC

By:______________________________
Name:
Title:

CATO OF TEXAS L.P.

By:______________________________
Name:
Title:

CATOSOUTH LLC

By:______________________________
Name:
Title:

catocorp.com, LLC

By:______________________________
Name:
Title:

CATOWEST, LLC

By:______________________________
Name:
Title:

CATO SOUTHWEST, INC.

By:______________________________
Name:
Title:

CATO WO LLC

By:__________________________________
Name:
Title:

CATO OF FLORIDA L.L.C.

By:__________________________________
Name:
Title:

CATO OF TENNESSEE, LLC

By:__________________________________
Name:
Title:

CATO OF VIRGINIA, LLC

By:__________________________________
Name:
Title:

CATO OF NORTH CAROLINA, LLC

By:__________________________________
Name:
Title:

CATO OF ILLINOIS, LLC

By:__________________________________
Name:
Title:

CATO OF SOUTH CAROLINA, LLC

By:__________________________________
Name:
Title:

OHIO CATO STORES, LLC

By:__________________________________
Name:
Title:

CATO OF GEORGIA, LLC

By:_____________________________________
Name:
Title:

AGENT AND BANKS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent, Issuing Bank and as a Bank

By: ___________________________
Name: Brad D. Bostick
Title: Senior Vice President

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John P. D. Cato, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the "registrant");

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 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 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: November 26, 2024

/s/ John P. D. Cato

John P. D. Cato
Chairman, President and
Chief Executive Officer

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles D. Knight, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the “registrant”);

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 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 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: November 26, 2024

/s/ Charles D. Knight
Charles D. Knight
Executive Vice President
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC REPORT

I, John P. D. Cato, Chairman, President and Chief Executive Officer of The Cato Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended November 2, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: November 26, 2024

/s/ John P. D. Cato
John P. D. Cato
Chairman, President and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF PERIODIC REPORT

I, Charles D. Knight, Executive Vice President, Chief Financial Officer of The Cato Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended November 2, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: November 26, 2024

/s/ Charles D. Knight
Charles D. Knight
Executive Vice President
Chief Financial Officer