

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
450 Fifth Street NW  
Washington, D.C. 29549

## **Form 8-K**

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

Date of Report (Date of earliest event reported): August 18, 2022

### **THE CATO CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1-31340  
(Commission  
File Number)

56-0484485  
(IRS Employer  
Identification No.)

8100 Denmark Road, Charlotte, North Carolina  
(Address of Principal Executive Offices)

28273-5975  
(Zip Code)

(704) 554-8510  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

## THE CATO CORPORATION

On August 18, 2022, The Cato Corporation issued a press release regarding its financial results for the second quarter ending July 30, 2022. A copy of this press release is hereby incorporated as Exhibit 99.1 hereto.

### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

[Exhibit 99.1 - Press Release issued August 18, 2022](#)

Exhibit 104 – Cover Page Interactive Data File (embedded within Inline XBRL document)

## 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

August 22, 2022

Date

/s/ John P. D. Cato

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

August 22, 2022

Date

/s/ Charles D. Knight

Charles D. Knight  
Executive Vice President  
Chief Financial Officer

## Exhibit Index

<u>Exhibit</u>	<u>Exhibit No.</u>
<a href="#">99.1 - Press Release issued August 18, 2022</a>	99.1
104 Cover page Interactive Data File (embedded within Inline XBRL document)	104

**The CATO Corporation****NEWS RELEASE****FOR IMMEDIATE RELEASE**

For Further Information Contact:

Charles D. Knight  
Executive Vice President  
Chief Financial Officer  
InvestorRelations@catocorp.com

**CATO REPORTS 2Q RESULTS**

CHARLOTTE, N.C. (August 18, 2022) – The Cato Corporation (NYSE: CATO) today reported a net loss of \$2.3 million or (\$0.11) per diluted share for the second quarter ended July 30, 2022, compared to net income of \$14.0 million or \$0.62 per diluted share for the second quarter ended July 31, 2021.

Sales for the second quarter ended July 30, 2022 were \$195.0 million, or a decrease of 5% from sales of \$206.0 million for the second quarter ended July 31, 2021. The Company's same-store sales for the quarter decreased 5% compared to 2021.

For the six months ended July 30, 2022, the Company reported net income of \$7.4 million or \$0.35 per diluted share, compared to net income of \$34.7 million or \$1.54 per diluted share for the six months ended July 31, 2021. Sales for the six months ended July 30, 2022 were \$399.9 million, a decrease of 4% to sales of \$417.2 million for the six months ended July 31, 2021. Year-to-date same-store sales decreased 4% to 2021.

“Our sales were negatively impacted during the first half of the year by the increasing pressure of inflation on consumers' ability to spend on discretionary items such as fashion apparel, resulting in significant markdowns to clear inventory,” stated John Cato, Chairman, President, and Chief Executive Officer. “We have taken steps to right size our inventory by the end of the fourth quarter, including increased markdowns and reducing future order volumes. However, we believe the back half of the year will be challenging as a result of the increasing inflationary environment, effects of the tight labor market and continued late merchandise shipments due to supply chain disruption.”

Gross margin decreased from 43.9% to 32.4% of sales in the quarter due to lower merchandise margins and increased freight expense. SG&A expenses as a percent of sales decreased from 34.5% to 31.2% of sales during the quarter primarily due to reduced incentive compensation expense, partially offset by increased payroll expense, reflecting more normalized operations, coupled with wage inflation. Tax expense for the quarter was \$5.7 million versus \$4.6 million in the prior year, reflecting a true-up of the projected year-end tax rate, resulting in a quarterly rate of 166.5%, which generated the net loss for the period.

Year-to-date gross margin decreased to 34.0% of sales from 42.6% the prior year primarily due to decreased merchandise margins and increased freight expense. The year-to-date SG&A rate was 30.3% versus 32.2% primarily due to lower incentive compensation expense, partially offset by increased payroll expense, which is a

reflection of normalized operations and higher wages. Income tax expense for the first half was \$7.6 million, flat to last year.

During the second quarter ended July 30, 2022, the Company opened 4 stores, relocated 2 stores and closed 7 stores. As of July 30, 2022, the Company has 1,312 stores in 32 states, compared to 1,325 stores in 32 states as of July 31, 2021.

The Cato Corporation is a leading specialty retailer of value-priced fashion apparel and accessories operating three concepts, “Cato,” “Versona” and “It’s Fashion.” The Company’s Cato stores offer exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices every day. The Company also offers exclusive merchandise found in its Cato stores at [www.catofashions.com](http://www.catofashions.com). Versona is a unique fashion destination offering apparel and accessories including jewelry, handbags and shoes at exceptional prices every day. Select Versona merchandise can also be found at [www.shopversona.com](http://www.shopversona.com). It’s Fashion offers fashion with a focus on the latest trendy styles for the entire family at low prices every day.

*Statements in this press release that express a belief, expectation or intention, as well as those that are not a historical fact, including, without limitation, statements regarding the Company’s expected or estimated operational financial results, activities or opportunities, and potential impacts and effects of the coronavirus are considered “forward-looking” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations that are 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, any actual or perceived deterioration 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 and the availability of credit; changes in laws or regulations affecting our business including but not limited to 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 successfully implement our new store development strategy to increase new store openings and the ability of any such new stores to grow and perform as expected; adverse weather, public health threats (including the global coronavirus (COVID-19) outbreak) or similar conditions that may affect our sales or operations; inventory risks due to shifts in market demand, including the ability to liquidate excess inventory at anticipated margins; and other factors discussed under “Risk Factors” in Part I, Item 1A of the Company’s most recently filed annual report on Form 10-K and in other reports the Company files with or furnishes to the SEC from time to time. The Company does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized. The Company is not responsible for any changes made to this press release by wire or Internet services*

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**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**FOR THE PERIODS ENDED July 30, 2022 AND July 31, 2021**  
(Dollars in thousands, except per share data)

	Quarter Ended				Six Months Ended			
	July 30,	%	July 31,	%	July 30,	%	July 31,	%
	2022	Sales	2021	Sales	2022	Sales	2021	Sales
<b>REVENUES</b>								
Retail sales	\$ 195,006	100.0%	\$ 205,962	100.0%	\$ 399,939	100.0%	\$ 417,196	100.0%
Other revenue (principally finance, late fees and layaway charges)	1,858	1.0%	1,784	0.9%	3,646	0.9%	3,635	0.9%
Total revenues	<u>196,864</u>	<u>101.0%</u>	<u>207,746</u>	<u>100.9%</u>	<u>403,585</u>	<u>100.9%</u>	<u>420,831</u>	<u>100.9%</u>
<b>GROSS MARGIN (Memo)</b>	<b>63,257</b>	<b>32.4%</b>	<b>90,375</b>	<b>43.9%</b>	<b>135,947</b>	<b>34.0%</b>	<b>177,934</b>	<b>42.6%</b>
<b>COSTS AND EXPENSES, NET</b>								
Cost of goods sold	131,749	67.6%	115,587	56.1%	263,992	66.0%	239,262	57.4%
Selling, general and administrative	60,768	31.2%	70,984	34.5%	121,209	30.3%	134,221	32.2%
Depreciation	2,811	1.4%	3,137	1.5%	5,554	1.4%	6,179	1.5%
Interest and other income	(1,884)	-1.0%	(515)	-0.3%	(2,287)	-0.6%	(1,178)	-0.3%
Costs and expenses, net	<u>193,444</u>	<u>99.2%</u>	<u>189,193</u>	<u>91.9%</u>	<u>388,468</u>	<u>97.1%</u>	<u>378,484</u>	<u>90.7%</u>
Income Before Income Taxes	3,420	1.8%	18,553	9.0%	15,117	3.8%	42,347	10.2%
Income Tax Expense	5,694	2.9%	4,561	2.2%	7,643	1.9%	7,642	1.8%
Net Income (Loss)	<u>\$ (2,274)</u>	<u>-1.2%</u>	<u>\$ 13,992</u>	<u>6.8%</u>	<u>\$ 7,474</u>	<u>1.9%</u>	<u>\$ 34,705</u>	<u>8.3%</u>
Basic Earnings Per Share	<u>\$ (0.11)</u>		<u>\$ 0.62</u>		<u>\$ 0.35</u>		<u>\$ 1.54</u>	
Basic Weighted Average Shares	<u>21,177,321</u>		<u>22,596,907</u>		<u>21,261,405</u>		<u>22,554,736</u>	
Diluted Earnings Per Share	<u>\$ (0.11)</u>		<u>\$ 0.62</u>		<u>\$ 0.35</u>		<u>\$ 1.54</u>	
Diluted Weighted Average Shares	<u>21,177,321</u>		<u>22,596,907</u>		<u>21,261,405</u>		<u>22,554,736</u>	

**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

	August 30, 2022 <u>(Unaudited)</u>	January 29, 2022 <u>(Unaudited)</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 30,153	\$ 19,759
Short-term investments	123,439	145,998
Restricted cash	3,930	3,919
Accounts receivable - net	24,830	55,812
Merchandise inventories	116,593	124,907
Other current assets	<u>6,566</u>	<u>5,273</u>
Total Current Assets	305,511	355,668
Property and Equipment - net	67,915	63,083
Noncurrent Deferred Income Taxes	9,656	9,313
Other Assets	23,097	24,437
Right-of-Use Assets, net	<u>154,636</u>	<u>181,265</u>
TOTAL	<u>\$ 560,815</u>	<u>\$ 633,766</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Current Lease Liability	\$ 59,494	\$ 66,808
Noncurrent Liabilities	18,685	17,914
Lease Liability	96,999	117,521
Stockholders' Equity	<u>245,833</u>	<u>254,196</u>
TOTAL	<u>\$ 560,815</u>	<u>\$ 633,766</u>



