

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) November 16, 2023

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 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 provided pursuant to Section 13(a) of the Exchange Act.
Elected not to use the extended transition period

THE CATO CORPORATION

Item 2.02. Results of Operations and Financial Condition

On August 17, 2023, The Cato Corporation issued a press release regarding its financial results for the second quarter ending July 29, 2023. 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 November 16, 2023](#)

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

November 20, 2023

Date

/s/ John P. D. Cato

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

November 20, 2023

Date

/s/ Charles D. Knight

Charles D. Knight
Executive Vice President
Chief Financial Officer

Exhibit Index

<u>Exhibit</u>	<u>Exhibit No.</u>
99.1 - Press Release issued November 16, 2023	99.1
104 Cover page Interactive Data File (embedded within Inline XBRL document)	104

NEWS RELEASE
FOR IMMEDIATE RELEASE

For Further Information Contact:

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

CATO REPORTS 3Q RESULTS

CHARLOTTE, N.C. (November 16, 2023) – The Cato Corporation (NYSE: CATO) today reported a net loss of \$6.1 million or (\$0.30) per diluted share for the third quarter ended October 28, 2023, compared to a net loss of \$4.5 million or (\$0.21) per diluted share for the third quarter ended October 29, 2022.

Sales for the third quarter ended October 28, 2023 were \$156.7 million, a decrease of 10% from sales of \$174.9 million for the third quarter ended October 29, 2022. The Company's same-store sales for the quarter decreased 8% compared to 2022.

For the nine months ended October 28, 2023, the Company reported a net loss of \$0.5 million or (\$0.02) per diluted share, compared to net income of \$3.0 million or \$0.14 per diluted share for the nine months ended October 29, 2022. Sales for the nine months ended October 28, 2023 were \$528.2 million, a decrease of 8% to sales of \$574.9 million for the nine months ended October 29, 2022. Year-to-date same-store sales decreased 6% compared to 2022.

“Our year-to-date sales trend continues to be negatively impacted by declining spending on goods versus services, as well as our customers’ discretionary spending levels,” stated John Cato, Chairman, President, and Chief Executive Officer. “Our gross margin rate continues to improve compared to 2022, as we continue to focus on controlling our inventory in this difficult economic environment. However given the current economic conditions, we believe that the fourth quarter will remain challenging.”

Gross margin increased from 29.3% to 32.5% of sales in the quarter due to higher merchandise margins, partially offset by increased freight and occupancy costs as a percent of sales. SG&A expenses as a percent of sales increased from 35.1% to 39.4% of sales during the quarter primarily due to increased payroll and insurance expense. Tax benefit for the quarter was \$4.3 million versus a \$4.7 million tax benefit in the prior year.

Year-to-date gross margin increased to 34.6% of sales from 32.5% in the prior year primarily due to increased merchandise margins, partially offset by occupancy costs as a percent of sales. The year-to-date SG&A rate was 35.1% versus 31.8% primarily due to increased payroll and insurance expense. Tax benefit for the nine-month period was \$0.8 million compared to \$3.0 million tax expense last year.

During the third quarter ended October 28, 2023, the Company opened one store and closed three stores. Year-to-date, the Company opened nine stores and closed 44 stores. As of October 28, 2023, the Company has 1,245 stores in 31 states, compared to 1,317 stores in 32 states as of October 29, 2022.

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. 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. 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 October 28, 2023 AND October 29, 2022
(Dollars in thousands, except per share data)

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>October 28, % 2023</u>	<u>October 29, % 2022</u>	<u>October 28, % 2023</u>	<u>October 29, % 2022</u>
REVENUES				
Retail sales	\$ 156,682 100.0%	174,921 100.0%	\$ 528,174 100.0%	574,860 100.0%
Other revenue (principally finance, late fees and layaway charges)	1,574 1.0%	1,705 1.0%	5,003 0.9%	5,351 0.9%
Total revenues	<u>158,256 101.0%</u>	<u>176,626 101.0%</u>	<u>533,177 100.9%</u>	<u>580,211 100.9%</u>
GROSS MARGIN (Memo)	50,850 32.5%	51,169 29.3%	182,638 34.6%	187,116 32.5%
COSTS AND EXPENSES, NET				
Cost of goods sold	105,832 67.5%	123,752 70.7%	345,536 65.4%	387,744 67.5%
Selling, general and administrative	61,792 39.4%	61,397 35.1%	185,344 35.1%	182,606 31.8%
Depreciation	2,504 1.6%	2,864 1.6%	7,371 1.4%	8,418 1.5%
Interest and other income	<u>(1,523) -1.0%</u>	<u>(2,278) -1.3%</u>	<u>(3,754) -0.7%</u>	<u>(4,565) -0.8%</u>
Costs and expenses, net	<u>168,603 107.6%</u>	<u>185,735 106.2%</u>	<u>534,497 101.2%</u>	<u>574,203 99.9%</u>
Income Before Income Taxes	(10,349) -6.6%	(9,109) -5.2%	(1,320) -0.3%	6,008 1.0%
Income Tax Expense	<u>(4,272) -2.7%</u>	<u>(4,656) -2.7%</u>	<u>(797) -0.2%</u>	<u>2,988 0.5%</u>
Net Income (Loss)	<u>\$ (6,077) -3.9%</u>	<u>(4,453) -2.5%</u>	<u>(523) -0.1%</u>	<u>3,020 0.5%</u>
Basic Earnings Per Share	<u>\$ (0.30)</u>	<u>(0.21)</u>	<u>(0.02)</u>	<u>0.14</u>
Diluted Earnings Per Share	<u>\$ (0.30)</u>	<u>(0.21)</u>	<u>(0.02)</u>	<u>0.14</u>

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

	October 28, 2023 (Unaudited)	October 29, 2023 (Unaudited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 25,024	\$ 20,005
Short-term investments	93,552	108,652
Restricted cash	3,908	3,787
Accounts receivable - net	31,115	26,497
Merchandise inventories	98,872	112,056
Other current assets	<u>8,591</u>	<u>6,676</u>
Total Current Assets	261,062	277,673
Property and Equipment - net	66,302	70,382
Noncurrent Deferred Income Taxes	10,977	9,213
Other Assets	25,444	21,596
Right-of-Use Assets, net	<u>123,583</u>	<u>174,276</u>
TOTAL	<u><u>\$ 487,368</u></u>	<u><u>\$ 553,140</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current Lease Liability	\$ 132,793	\$ 135,597
Noncurrent Liabilities	51,431	67,360
Lease Liability	14,683	16,183
Stockholders' Equity	71,143	107,407
TOTAL	<u><u>\$ 217,318</u></u>	<u><u>\$ 226,593</u></u>

