

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): May 18, 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 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

Item 2.02. Results of Operations and Financial Condition

On May 18, 2023, The Cato Corporation issued a press release regarding its financial results for the first quarter ending May 29, 2023. A copy of this press release is hereby incorporated as Exhibit 99.1 hereto.

Item 5.07. Submission of Matters to a Vote of Security Holders.

On May 18, 2023, the Registrant held its Annual Meeting. The following are the voting results on each matter submitted to the Registrant's stockholders at the Annual Meeting. The proposals below are described in detail in the Proxy Statement.

At the Annual Meeting, the three nominees for director were elected to the Registrant's Board of Directors (Proposal 1 below).

In addition, management's proposal regarding the Company's executive compensation was approved (Proposal 2 below).

In addition, to hold an advisory (non-binding) vote on how often a shareholder vote on "say on pay" is held every one year, two years or three years.

In addition, management's proposal regarding the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending January 28, 2023 was approved (Proposal 3 below).

Summary of Voting By Proposal

1. To elect Dr. Pamela L. Davies, Thomas B. Henson and Bryan F. Kennedy, each for a term expiring in 2026 and until their successors are elected and qualified. Votes recorded, by nominee, were as follows:

Nominee	For	Abstain	Broker Non-Votes
Dr. Pamela L Davies	23,657,559	5,244,500	5,014,557
Thomas B. Henson	25,137,017	3,765,042	5,014,557
Bryan F. Kennedy	23,247,410	5,654,649	5,014,557

2. To approve, on an advisory basis, the Company's executive compensation. The Company's shareholders voted to approve this proposal with 22,466,145 for and 6,346,566 votes against. There were 89,348 abstentions and 5,014,557 Broker non-votes.

3. In addition, to hold an advisory (non-binding) vote on how often a shareholder vote on "say on pay" is held every one year, two years or three years. The Company's shareholders voted: 7,280,231 for every one year, 66,409 for every two years, and 22,466,145 for every three years. There were 66,887 abstentions and 5,014,557 Broker non-votes.

In light of the voting results with respect to the frequency of advisory votes on executive compensation, the Company's board of directors has determined that the Company currently intends to hold an advisory vote on the compensation of our named executive officers every three years until the next required vote on the frequency of advisory votes on executive compensation.

4. To approve, to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2024. The Company's shareholders voted to approve this proposal with 33,653,005 for and 102,207 votes against. There were 161,404 abstentions.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 99.1 - Press Release issued May 18, 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

May 22, 2023

Date

/s/ John P. D. Cato

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

May 22, 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 May 18, 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 1Q EARNINGS

CHARLOTTE, N.C. (May 18, 2023) – The Cato Corporation (NYSE: CATO) today reported net income of \$4.4 million or \$0.22 per diluted share for the first quarter ended April 29, 2023, compared to net income of \$9.7 million or \$0.46 per diluted share for the first quarter ended April 30, 2022.

Sales for the first quarter ended April 29, 2023 were \$190.3 million, or a decrease of 7% from sales of \$204.9 million for the first quarter ended April 30, 2022. The Company's same-store sales for the quarter decreased 6% compared to the same period in 2022.

"Our customer continues to feel the strain of higher interest rates and inflation on their discretionary income, which has negatively impacted our sales for the first quarter," said John Cato, Chairman, President and Chief Executive Officer. "We are finally experiencing sustained relief from previous supply chain challenges, but the continued volatility in the economy causes us to remain cautious about the remainder of the year."

First-quarter gross margin as a percentage of sales increased from 35.5% in 2022 to 35.8% in 2023. The improved merchandise margin was driven by reduced markdowns attributable to on-time merchandise shipments, coupled with lower freight and distribution costs. Selling, General and Administrative expenses as a percent of sales increased from 29.5% to 32.5% of sales during the quarter due to increased operating expenses, including higher wages, combined with the effects of deleveraging resulting from sales decline, when compared to the prior year. Income tax expense for the quarter was \$2.1 million compared to \$1.9 million last year.

During the first quarter ended April 29, 2023, the Company opened 4 stores and permanently closed 20 stores. As of April 29, 2023, the Company operated 1,264 stores in 32 states, compared to 1,315 stores in 32 states as of April 30, 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 April 29, 2023 AND April 30, 2022
(Dollars in thousands, except per share data)

	<u>Quarter Ended</u>			
	<u>April 29, 2023</u>	<u>% Sales</u>	<u>April 30, 2022</u>	<u>% Sales</u>
REVENUES				
Retail sales	\$ 190,311	100.0%	\$ 204,933	100.0%
Other revenue (principally finance, late fees and layaway charges)	1,739	0.9%	1,788	0.9%
Total revenues	<u>192,050</u>	<u>100.9%</u>	<u>206,721</u>	<u>100.9%</u>
GROSS MARGIN (Memo)	68,224	35.8%	72,690	35.5%
COSTS AND EXPENSES, NET				
Cost of goods sold	122,087	64.2%	132,243	64.5%
Selling, general and administrative	61,934	32.5%	60,441	29.5%
Depreciation	2,357	1.2%	2,743	1.3%
Interest and other income	(897)	-0.5%	(403)	-0.2%
Costs and expenses, net	<u>185,481</u>	<u>97.5%</u>	<u>195,024</u>	<u>95.2%</u>
Income Before Income Taxes	6,569	3.5%	11,697	5.7%
Income Tax Expense	2,141	1.1%	1,949	1.0%
Net Income	<u>\$ 4,428</u>	<u>2.3%</u>	<u>\$ 9,748</u>	<u>4.8%</u>
Basic Earnings Per Share	<u>\$ 0.22</u>		<u>\$ 0.46</u>	
Diluted Earnings Per Share	<u>\$ 0.22</u>		<u>\$ 0.46</u>	

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

	April 29, 2023 (Unaudited)	January 28, 2022 (Unaudited)
ASSETS		
Current Assets	\$ 38,103	\$ 20,005
Cash and cash equivalents	87,750	108,652
Short-term investments	3,826	3,787
Restricted cash	29,731	26,497
Accounts receivable - net	106,813	112,056
Merchandise inventories	7,298	6,676
Other current assets		
	273,521	277,673
Total Current Assets		
Property and Equipment - net	74,187	70,382
Noncurrent Deferred Income Taxes	9,938	9,213
Other Assets	21,478	21,596
Right-of-Use Assets, net	155,512	174,276
TOTAL	<u>\$ 534,636</u>	<u>\$ 553,140</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 135,934	\$ 135,597
Current Lease Liability	49,707	67,360
Noncurrent Liabilities	16,449	16,183
Lease Liability	105,765	107,407
Stockholders' Equity	226,781	226,593
TOTAL	<u>\$ 534,636</u>	<u>\$ 553,140</u>

