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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION13 OR 15(d) OF THESECURITIES EXCHANGEACT OF 1934**

For the quarterly period ended October 31, 2026

OR

☐ **TRANSITION REPORT PURSUANTTO SECTION 13 OR 15(d)OF THE SECURITIESEXCHANGE 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	56-0484485
(State or other jurisdiction of incorporation or organization)	(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 October 31, 2026, there were 18,197,288 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 October 31, 2026

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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	
	October 31, 2026	November 1, 2025	**October 31, 2026**	November 1, 2025
	(Dollars in thousands, except per share data)			
REVENUES				
Retail sales	$ **148,025**	$ 153,739	$ **481,337**	$ 496,811
Other revenue (principally finance charges, late fees and layaway charges)	**1,444**	1,663	**4,737**	5,342
Total revenues	**149,469**	155,402	**486,074**	502,153
COSTS AND EXPENSES, NET				
Cost of goods sold (exclusive of depreciation shown below)	**103,613**	104,517	**320,133**	325,302
Selling, general and administrative (exclusive of depreciation shown below)	**54,747**	56,974	**162,724**	169,670
Depreciation	**2,293**	2,444	**6,775**	7,532
Interest and other income, net	**(1,066)**	(2,181)	**(4,567)**	(4,775)
Costs and expenses, net	**159,587**	161,754	**485,065**	497,729
(Loss) income before income taxes	**(10,118)**	(6,352)	**1,009**	4,424
Income tax expense (benefit)	**236**	(1,163)	**905**	(528)
Net (loss) income	$ **(10,354)**	$ (5,189)	$ **104**	$ 4,952
Basic (loss) earnings per share	$ **(0.54)**	$ (0.28)	$ **0.01**	$ 0.25
Diluted (loss) earnings per share	$ **(0.54)**	$ (0.28)	$ **0.01**	$ 0.25
Comprehensive income:				
Net (loss) income	$ **(10,354)**	$ (5,189)	$ **104**	$ 4,952
Net unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of $0 for each of the three and nine months ended October 31, 2026 and November 1, 2025, respectively	**(166)**	19	**(657)**	125
Comprehensive (loss) income	$ **(10,520)**	$ (5,170)	$ **(553)**	$ 5,077

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	October 31, 2026	January 31, 2026
	(Dollars in thousands, except share and per share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 22,577**	$ 16,788
Short-term investments	**59,695**	56,859
Restricted cash	**2,675**	2,675
Accounts receivable, net of allowance for customer credit losses of $711 and $682 at October 31, 2026 and January 31, 2026, respectively	**19,251**	25,462
Merchandise inventories	**89,007**	83,696
Prepaid expenses and other current assets	**8,252**	7,787
Total Current Assets	**201,457**	193,267
Property and equipment – net	**50,755**	53,748
Other assets	**20,871**	20,471
Right-of-Use assets – net	**155,545**	153,933
Total Assets	**$ 428,628**	$ 421,419
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 72,099**	$ 64,958
Accrued expenses	**35,473**	37,101
Accrued bonus and benefits	**-**	326
Current lease liability	**46,193**	53,507
Total Current Liabilities	**153,765**	155,892
Lease liability	**105,673**	96,941
Other noncurrent liabilities	**11,275**	11,272
Commitments and contingencies (Note 10)	**-**	-
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; 18,197,288 shares and 17,976,854 shares issued at October 31, 2026 and January 31, 2026, respectively	**615**	608
Convertible Class B common stock, $0.033 par value per share, 15,000,000 shares authorized; 1,763,652 shares issued at October 31, 2026 and January 31, 2026	**59**	59
Additional paid-in capital	**132,912**	131,347
Retained earnings	**24,712**	25,026
Accumulated other comprehensive income (loss)	**(383)**	274
Total Stockholders' Equity	**157,915**	157,314
Total Liabilities and Stockholders' Equity	**$ 428,628**	$ 421,419

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	October 31, 2026	November 1, 2025
	(Dollars in thousands)	
Operating Activities:		
Net income	**$ 104**	$ 4,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**6,775**	7,532
Provision for customer credit losses	**607**	655
Premium amortization and discount accretion on investments	**(153)**	(655)
Gain on sale of assets held for investment	**-**	(34)
Share-based compensation	**1,420**	1,137
Gain on disposal of property and equipment	**(3)**	(843)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	**4,866**	(2,208)
Merchandise inventories	**(5,311)**	16,674
Prepaid and other assets	**(866)**	(1,868)
Operating lease right-of-use assets and liabilities	**(194)**	(306)
Accounts payable, accrued expenses and other liabilities	**5,050**	(21,791)
Net cash provided by operating activities	**12,295**	3,245
Investing Activities:		
Expenditures for property and equipment	**(3,638)**	(2,892)
Purchase of short-term investments	**(22,764)**	(19,761)
Sales of short-term investments	**19,425**	21,761
Sales of other assets	**-**	864
Proceeds from life insurance policy	**738**	-
Net cash used in investing activities	**(6,239)**	(28)
Financing Activities:		
Repurchase of common stock	**(423)**	(995)
Proceeds from employee stock purchase plan	**156**	144
Net cash used in financing activities	**(267)**	(851)
Net increase in cash, cash equivalents, and restricted cash	**5,789**	2,366
Cash, cash equivalents, and restricted cash at beginning of period	**19,463**	23,078
Cash, cash equivalents, and restricted cash at end of period	**$ 25,252**	$ 25,444
Non-cash activity:		
Accrued other assets and property and equipment expenditures	**$ 478**	$ 541

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 (Loss)	Total Stockholders' Equity
	(Dollars in thousands, except per share data)				
Balance — January 31, 2026	$ 667	$ 131,347	$ 25,026	$ 274	$ 157,314
Comprehensive income:					
Net income	-	-	9,309	-	9,309
Unrealized net loss on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	(260)	(260)
Class A common stock sold through employee stock purchase plan	1	88	-	-	89
Share-based compensation issuances and exercises	10	(10)	-	-	-
Share-based compensation expense	-	564	-	-	564
Repurchase and retirement of treasury shares	(4)	-	(307)	-	(311)
Balance — May 2, 2026	$ 674	$ 131,989	$ 34,028	$ 14	$ 166,705
Comprehensive income:					
Net income	-	-	1,149	-	1,149
Unrealized net loss on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	(231)	(231)
Share-based compensation issuances and exercises	(1)	-	-	-	(1)
Share-based compensation expense	-	395	-	-	395
Repurchase and retirement of treasury shares	(1)	-	(111)	-	(112)
Balance — August 1, 2026	$ 672	$ 132,384	$ 35,066	$ (217)	$ 167,905
Comprehensive income:					
Net loss	-	-	(10,354)	-	(10,354)
Unrealized net loss on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	(166)	(166)
Class A common stock sold through employee stock purchase plan	1	94	-	-	95
Share-based compensation issuances and exercises	1	39	-	-	40
Share-based compensation expense	-	395	-	-	395
Balance — October 31, 2026	$ 674	$ 132,912	$ 24,712	$ (383)	$ 157,915

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 1, 2025	$ 678	$ 129,530	$ 31,935	$ 153	$ 162,296
Comprehensive income:					
Net income	-	-	3,309	-	3,309
Unrealized net gain on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	38	38
Class A common stock sold through employee stock purchase plan	-	72	-	-	72
Other	-	-	(73)	-	(73)
Share-based compensation issuances and exercises	(2)	-	-	-	(2)
Share-based compensation expense	-	184	-	-	184
Repurchase and retirement of treasury shares	(10)	-	(897)	-	(907)
Balance — May 3, 2025	$ 666	$ 129,786	$ 34,274	$ 191	$ 164,917
Comprehensive income:					
Net income	-	-	6,832	-	6,832
Unrealized net gain on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	68	68
Other	-	-	30	-	30
Share-based compensation expense	-	394	-	-	394
Repurchase and retirement of treasury shares	-	-	(60)	-	(60)
Balance — August 2, 2025	$ 666	$ 130,180	$ 41,076	$ 259	$ 172,181
Comprehensive income:					
Net loss	-	-	(5,189)	-	(5,189)
Unrealized net gain on available-for-sale securities, net of deferred income tax benefit of $0	-	-	-	19	19
Class A common stock sold through employee stock purchase plan	1	96	-	-	97
Share-based compensation expense	-	536	-	-	536
Balance — November 1, 2025	$ 667	$ 130,812	$ 35,887	$ 278	$ 167,644

See notes to condensed consolidated financial statements (unaudited).

NOTE 1 - GENERAL:

The condensed consolidated financial statements as of October 31, 2026 and for the three and nine months ended October 31, 2026 and November 1, 2025 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 periods 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 January 31, 2026. Amounts as of January 31, 2026 have been derived from the audited annual financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States of America.

In February 2026, the U.S. Supreme Court issued a ruling that tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") on goods imported into the United States were unauthorized, effectively invalidating IEEPA tariffs. Following the Supreme Court's invalidation of the IEEPA tariffs and the establishment of refund procedures, the Company submitted a $6.7 million refund claim in April 2026, which was received in the second quarter of 2026. The refund was recorded as a reduction in cost of goods sold for the nine months ended October 31, 2026.

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	
	October 31, 2026	November 1, 2025	**October 31, 2026**	November 1, 2025
	(Dollars in thousands, except per share data)			
Numerator				
Net earnings (loss)	**$ (10,354)**	$ (5,189)	**$ 104**	$ 4,952
Earnings allocated to non-vested equity awards	**-**	-	**(5)**	(250)
Net earnings (loss) available to common stockholders	**$ (10,354)**	$ (5,189)	**$ 99**	$ 4,702
Denominator				
Basic weighted average common shares outstanding	**19,015,068**	18,814,510	**18,947,262**	18,769,570
Diluted weighted average common shares outstanding	**19,015,068**	18,814,510	**18,947,262**	18,769,570
Net income per common share				
Basic earnings (loss) per share	**$ (0.54)**	$ (0.28)	**$ 0.01**	$ 0.25
Diluted earnings (loss) per share	**$ (0.54)**	$ (0.28)	**$ 0.01**	$ 0.25

Unvested restricted stock excluded from the calculation of diluted EPS was 920,754 and 917,065 shares for the three and nine month periods ended October 31, 2026, respectively, and 918,537 and 997,455 shares for the three and nine month periods ended November 1, 2025, respectively, because the effect of including them in the calculation of diluted EPS would have been antidilutive.

NOTE 3 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

The following table sets forth information regarding the changes in Accumulated other comprehensive income (loss) (in thousands) for the three months ended October 31, 2026:

	Changes in Accumulated Other Comprehensive Income (Loss) (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at August 1, 2026	$ (217)
Other comprehensive loss before reclassification	(166)
Amounts reclassified from accumulated other comprehensive income	-
Net current-period other comprehensive loss	(166)
Ending Balance at October 31, 2026	$ (383)

(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 changes in Accumulated other comprehensive income (loss) (in thousands) for the nine months ended October 31,2026:

	Changes in Accumulated Other Comprehensive Income (Loss) (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at January 31, 2026	$ 274
Other comprehensive loss before reclassification	(657)
Amounts reclassified from accumulated other comprehensive income	-
Net current-period other comprehensive loss	(657)
Ending Balance at October 31, 2026	$ (383)

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

NOTE 3 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (CONTINUED):

The following table sets forth information regarding the changes in Accumulated other comprehensive income (in thousands) for the three months ended November 1, 2025:

	Changes in Accumulated Other Comprehensive Income (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at August 2, 2025	$ 259
Other comprehensive income before reclassification	19
Amounts reclassified from accumulated other comprehensive income	-
Net current-period other comprehensive income	19
Ending Balance at November 1, 2025	$ 278

(a) All amounts are net-of-tax.

The following table sets forth information regarding the changes in Accumulated other comprehensive income (in thousands) for the nine months ended November 1, 2025:

	Changes in Accumulated Other Comprehensive Income (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at February 1, 2025	$ 153
Other comprehensive income before reclassification	159
Amounts reclassified from accumulated other comprehensive income (b)	(34)
Net current-period other comprehensive income	125
Ending Balance at November 1, 2025	$ 278

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to accumulated other comprehensive income.
(b) Includes $34 impact of Accumulated other comprehensive income reclassifications into Interest and other income for net gains on available-for-sale securities. The tax impact of this reclassification was $0.

NOTE 4 – FINANCING ARRANGEMENTS:

On March 13, 2025, the Company, as borrower, and certain other domestic subsidiaries, as borrowers and guarantors, entered into a Credit Agreement (the "ABL Credit Agreement") and related loan documents, by and among the Company, certain other of the Company's domestic subsidiaries, and Wells Fargo Bank, National Association, as the lender (the "Lender"), to establish an asset-based revolving credit facility (the "ABL Facility") in an amount up to $ 35.0 million. The proceeds from the ABL Facility may be used to provide funding for ongoing working capital and general corporate purposes.

The ABL Credit Agreement is committed through March 2028 and is secured primarily by inventory and third-party credit card receivables. There were no borrowings outstanding and the availability under the facility was $30.0 million before giving effect to a $3.0 million outstanding letter of credit that reduced borrowing availability to $27.0 million as of October 31, 2026 and January 31, 2026. The weighted average interest rate under the credit facility was zero at October 31, 2026 and January 31, 2026 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* ("ASC 280"), including Cato, It's Fashion, Versona and Credit. The Company has two reportable segments: Retail and Credit. The Company has aggregated its three retail operating segments, inclusive of the e-commerce activities of each retail operating segment, 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 distributed to customers in a similar manner. The Company operates its women's fashion specialty retail stores in 31 states as of October 31, 2026, 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 a wholly-owned subsidiary of the Company. The Company does not allocate certain corporate expenses to the Credit segment.

The Company's President and Chief Executive Officer is the Company's chief operating decision maker ("CODM"). The structure described above reflects the manner in which the CODM regularly assesses information for decision-making purposes, including the allocation of resources. The Company also provides corporate services, including finance, information technology, and corporate administration, to its segments which are fully allocated to the retail segment. Interest and other income from assets held for investment and sale are not included in assessing the segments' performance and, therefore, not allocated to either segment.

The CODM manages and evaluates the segments' operating performance based on segment sales, expenses, and segment income before income taxes as presented in the Company's annual budget and forecasting process, as well as monthly analyses of budget-to-actual and prior year variances. Segment expenses and other items primarily include cost of goods sold, selling, general and administrative expenses, depreciation and interest and other income. Assessment and approval of all capital expenditures are determined to be in support of and based on the needs of the retail segment; however, the CODM does not evaluate performance or allocate resources based on segment asset balances and, therefore, total segment assets are not presented in the tables below. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 1 of the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2026.

NOTE 5 – REPORTABLE SEGMENT INFORMATION (CONTINUED):

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

Three Months Ended October 31, 2026	Retail	Credit	Total
Revenues	$ 148,833	$ 636	$ 149,469
Cost of goods sold (a)	103,613	-	103,613
Selling, general, and administrative (b)	38,904	390	39,294
Corporate overhead	15,453	-	15,453
Depreciation	2,293	-	2,293
Interest and other income, net	(87)	(232)	(319)
Segment income (loss) before income taxes	$ (11,343)	$ 478	$ (10,865)
Corporate interest and other income			(747)
Loss before income taxes			$ (10,118)
Capital expenditures	$ 1,228	$ -	$ 1,228

Nine Months Ended October 31, 2026	Retail	Credit	Total
Revenues	$ 484,122	$ 1,952	$ 486,074
Cost of goods sold (a)	320,133	-	320,133
Selling, general, and administrative (b)	116,720	1,210	117,930
Corporate overhead	44,794	-	44,794
Depreciation	6,775	-	6,775
Interest and other income, net	(261)	(769)	(1,030)
Segment income (loss) before income taxes	$ (4,039)	$ 1,511	$ (2,528)
Corporate interest and other income			(3,537)
Income before income taxes			$ 1,009
Capital expenditures	$ 3,638	$ -	$ 3,638

(a) 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.

(b) Selling, general, and administrative expense include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, bank and credit card processing fees.

NOTE 5 – REPORTABLE SEGMENT INFORMATION (CONTINUED):

Three Months Ended November 1, 2025	Retail	Credit	Total
Revenues	$ 154,740	$ 662	$ 155,402
Cost of goods sold (a)	104,517	-	104,517
Selling, general, and administrative (b)	39,955	410	40,365
Corporate overhead	16,609	-	16,609
Depreciation	2,444	-	2,444
Interest and other income, net	(88)	(286)	(374)
Segment income (loss) before income taxes	$ (8,697)	$ 538	$ (8,159)
Corporate interest and other income			(1,807)
Loss before income taxes			$ (6,352)
Capital expenditures	$ 530	$ -	$ 530

Nine Months Ended November 1, 2025	Retail	Credit	Total
Revenues	$ 500,173	$ 1,980	$ 502,153
Cost of goods sold (a)	325,302	-	325,302
Selling, general, and administrative (b)	119,244	1,211	120,455
Corporate overhead	49,215	-	49,215
Depreciation	7,532	-	7,532
Interest and other income, net	(282)	(877)	(1,159)
Segment income (loss) before income taxes	$ (838)	$ 1,646	$ 808
Corporate interest and other income			(3,616)
Income before income taxes			$ 4,424
Capital expenditures	$ 2,892	$ -	$ 2,892

(a) 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.

(b) Selling, general, and administrative expense include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, bank and credit card processing fees.

NOTE 6 – STOCK-BASED COMPENSATION:

As of October 31, 2026, 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 October 31, 2026:

	2018 Plan
Options and/or restricted stock initially authorized	4,725,000
Options and/or restricted stock available for grant	2,574,104

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 October 31, 2026 and January 31, 2026, there was $3,126,000 and $4,064,000, respectively, of total unrecognized compensation expense related to unvested restricted stock awards, which had a remaining weighted-average vesting period of 1.5 years and 1.4 years, respectively. The total compensation expense during the three and nine months ended October 31, 2026 was $435,000 and $1,393,000, respectively, compared to a total compensation expense of $536,000 and $1,114,000 for the three and nine months ended November 1, 2025, respectively. This compensation activity is 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 October 31, 2026:

	Number of Shares		Weighted Average Grant Date Fair Value Per Share
Restricted stock awards at January 31, 2026	905,052	$	8.06
Granted	298,494		2.88
Vested	(269,829)		11.45
Forfeited or expired	(14,792)		5.75
Restricted stock awards at October 31, 2026	918,925	$	5.42

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 October 31, 2026 and November 1, 2025, the Company sold 71,702 and 51,845 shares to employees at an average discount of $ 0.39 and $0.49 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 approximately $ 28,000 and $25,000 for the nine months ended October 31, 2026 and November 1, 2025, respectively. These expenses are classified as a component of Selling, general and administrative expenses in the Condensed Consolidated Statements of Income (Loss).

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 October 31, 2026 and January 31, 2026:

Description	October 31, 2026	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Corporate Bonds	$ 59,695	$ -	$ 59,695	$ -
Cash Surrender Value of Life Insurance	9,999	-	-	9,999
Total Assets	$ 69,694	$ -	$ 59,695	$ 9,999
Liabilities:				
Deferred Compensation	$ (8,320)	$ -	$ -	$ (8,320)
Total Liabilities	$ (8,320)	$ -	$ -	$ (8,320)

NOTE 7 – FAIR VALUE MEASUREMENTS(CONTINUED):

Description	January 31, 2026	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Corporate Bonds	$ 54,822	$ -	$ 54,822	$ -
U.S. Treasury/Agencies Notes and Bonds	2,037	-	2,037	-
Cash Surrender Value of Life Insurance	9,693	-	-	9,693
Total Assets	$ 66,552	$ -	$ 56,859	$ 9,693
Liabilities:				
Deferred Compensation	$ (8,383)	$ -	$ -	$ (8,383)
Total Liabilities	$ (8,383)	$ -	$ -	$ (8,383)

The Company's investment portfolio was invested in corporate bonds held in managed accounts with underlying ratings of A or better at October 31, 2026. The corporate bonds have contractual maturities which range from nine days to 2.9 years.

Additionally, at October 31, 2026, the Company had deferred compensation plan assets of $ 10.0 million. At January 31, 2026, the Company had deferred compensation plan assets of $ 9.7 million. These assets are recorded within Other assets in the Condensed Consolidated Balance Sheets.

Level 2 investment securities at October 31, 2026 include corporate 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 Sheets. These funds are designed to mirror mutual funds and money market funds that are observable andactively 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 October 31, 2026 and the year ended January 31, 2026 (in thousands):

NOTE 7 – FAIR VALUE MEASUREMENTS(CONTINUED):

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3) Cash Surrender Value
Beginning Balance at January 31, 2026	$ 9,693
Redemptions	-
Additions	-
Total gains or (losses):	
Included in interest and other income, net (or changes in net assets)	306
Ending Balance at October 31, 2026	$ 9,999

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3) Deferred Compensation
Beginning Balance at January 31, 2026	$ (8,383)
Redemptions	587
Additions	(139)
Total (gains) or losses:	
Included in interest and other income, net (or changes in net assets)	(385)
Ending Balance at October 31, 2026	$ (8,320)

NOTE 7 – FAIR VALUE MEASUREMENTS(CONTINUED):

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3)
	Cash Surrender Value
Beginning Balance at February 1, 2025	$ 9,301
Redemptions	(365)
Additions	-
Total gains or (losses):	
Included in interest and other income, net (or changes in net assets)	757
Ending Balance at January 31, 2026	$ 9,693

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3)
	Deferred Compensation
Beginning Balance at February 1, 2025	$ (8,548)
Redemptions	1,246
Additions	(206)
Total (gains) or losses:	
Included in interest and other income, net (or changes in net assets)	(875)
Ending Balance at January 31, 2026	$ (8,383)

NOTE 8 – RECENT ACCOUNTING PRONOUNCEMENTS:

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40) – Targeted Improvements to the Accounting for Internal-Use Software* (ASU 2025-06). The FASB issued ASU 2025-06 to modernize the accounting for costs related to internal-use software to better align with how software is developed and to clarify the threshold to be applied to begin capitalizing costs. ASU 2025-06 is effective for our annual and quarterly reporting periods beginning January 30, 2028. Early adoption is permitted. The Company is currently assessing the impact that the adoption of ASU 2025-06 will have on our consolidated financial statements.

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 statement disclosures.

NOTE 9 – INCOME TAXES:

The Company had an effective tax rate for the first nine months of fiscal 2026 of 89.7% compared to an effective tax rate of (11.9%) for the first nine months of fiscal 2025. Income tax expense for the first nine months was $0.9 million in fiscal 2026 compared to an income tax benefit of $0.5 million in fiscal 2025. The increase in tax expense in fiscal 2026 was due to the non-recurring prior year favorable adjustment to the federal net operating loss carryback claim as a result of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and a smaller release of reserves related to expired statute of limitations for uncertain tax positions in fiscal 2026, partially offset by lower foreign and state income taxes.

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 its 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 its 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 estimated amounts. A provision is made for estimated write-offs associated with sales made with the Company's proprietary credit card. In addition, a provision is made for estimated rewards cards issued to customers based on their purchases with the Company's propriety credit card. The rewards cards issued by the Company have a 90-day expiration. 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. The Company estimated customer credit losses of $193,000 and $607,000 for the three and nine months ended October 31, 2026, respectively, compared to $213,000 and $655,000 for the three and nine months ended November 1, 2025, respectively. Sales purchased on the Company's proprietary credit card for the three and nine months ended October 31, 2026 were $4.8 million and $15.2 million, respectively, compared to $5.3 million and $16.4 million for the three and nine months ended November 1, 2025, respectively.

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

	Balance as of	
	October 31, 2026	January 31, 2026
Proprietary Credit Card Receivables, net	**$ 10,175**	$ 10,711
Gift Card Liability	**$ 5,208**	$ 7,475

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 one year to 10 years, some of which include options to extend the lease term for up to five years, and some of which 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	
	October 31, 2026	November 1, 2025
Operating lease cost	**$ 16,351**	$ 16,570
Variable lease cost (a)	**$ 296**	$ 571

(a) Primarily related to monthly percentage rent for stores not presented on the balance sheet.

	Nine Months Ended	
	October 31, 2026	November 1, 2025
Operating lease cost	**$ 49,147**	$ 49,654
Variable lease cost (a)	**$ 1,107**	$ 1,429

(a) Primarily related to monthly percentage rent for stores not presented on the balance sheet.

NOTE 12 – LEASES (CONTINUED:

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	
	October 31, 2026	November 1, 2025
Cash paid for amounts included in the measurement of lease liabilities	**$ 14,408**	$ 14,839
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations, net of rent violations	**$ 28,004**	$ 44,795

	Nine Months Ended	
	October 31, 2026	November 1, 2025
Cash paid for amounts included in the measurement of lease liabilities	**$ 42,790**	$ 44,202
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations, net of rent violations	**$ 44,677**	$ 58,225

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

	As of	
	October 31, 2026	November 1, 2025
Weighted-average remaining lease term	**2.4 years**	2.5 years
Weighted-average discount rate	**5.84%**	5.43%

As of October 31, 2026, the maturities of lease liabilities by fiscal year for the Company's operating leases are as follows (in thousands):

Fiscal Year	
2026 (a)	**$** 14,823
2027	58,713
2028	42,984
2029	29,753
2030	18,708
Thereafter	9,258
Total lease payments	174,239
Less: Imputed interest	22,373
Present value of lease liabilities	**$** 151,866

(a) Excluding the nine months ended October 31, 2026

THE CATO CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION:

The following information 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 January 30, 2027 ("fiscal 2026") and beyond, including, but not limited to, statements regarding expected amounts of capital expenditures and store openings, relocations, remodels and closures, statements regarding the potential impact of public health threats and related responses and mitigation efforts, as well as the potential impact of supply chain disruptions, extreme weather conditions, tariffs and other trade policies, inflationary pressures and other economic conditions on our business, results of operations and financial condition and statements regarding new store development strategy; and (5) statements relating to our future risks or 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 the conditions that drive consumer confidence and spending, including, but not limited to, prevailing social, economic, political and public health threats and uncertainties, war or similar hostilities and their collateral effects, levels of unemployment, fuel, energy and food costs, inflation, wage rates, tax rates, tariff rates, interest rates, home values, consumer net worth and the availability of credit; changes in laws, regulations or government policies affecting our business, including but not limited to tariffs, taxes and customs enforcement; 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 open new stores in attractive locations and the ability of any such new stores to grow and perform as expected; underperformance or other factors that may lead to a continuation or acceleration of store closures and negatively affect the Company's profitability, financial condition or prospects; adverse weather, public health threats, acts of war or aggression or similar conditions and related consequences that may affect our 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 the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2026 ("fiscal 2025"), 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 Part II, Item 7 in the Company's fiscal 2025 Annual Report on Form 10-K. 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	
	October 31, 2026	November 1, 2025	**October 31, 2026**	November 1, 2025
Total retail sales	**100.0**%	100.0%	**100.0**%	100.0%
Other revenue	**1.0**	1.1	**1.0**	1.1
Total revenues	**101.0**	101.1	**101.0**	101.1
Cost of goods sold (exclusive of depreciation)	**70.0**	68.0	**66.5**	65.5
Selling, general and administrative (exclusive of depreciation)	**37.0**	37.1	**33.8**	34.2
Depreciation	**1.5**	1.6	**1.4**	1.5
Interest and other income	**(0.7)**	(1.4)	**(0.9)**	(1.0)
Income (loss) before income taxes	**(6.8)**	(4.1)	**0.2**	0.9
Net income (loss)	**(7.0)**	(3.4)	**-**	1.0

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 fiscal 2025 Annual Report on Form 10-K.

Recent Developments

Pricing Pressures

The impact of persistent inflation, higher fuel costs and ongoing elevated interest rates negatively impacted our third quarter results. These negative economic pressures continue to erode our customers' disposable income, which we believe will continue to make our customers more cautious with their spending on discretionary items, including apparel. In addition, our ability to pass through potential cost increases caused by rising fuel prices, tariff increases or other factors will be limited in part due to the pressure on our customers' disposable income and discretionary spending.

Increased Customs Enforcement

On June 3, 2026, President Trump issued an executive order "Strengthening Customs Enforcement." The executive order instructs the Department of Homeland Security and U.S. Customs and Border Protection to overhaul import regulations, target foreign importers of record and raise bonding minimums, among other items. As a result of this executive order, containers that we import directly and containers imported by our suppliers are being subjected to additional U.S. Customs review and inspections that have delayed our receipt of certain merchandise. These delays have negatively affected our third quarter results to an extent by shortening the selling window for our seasonal product, which has resulted in increased markdowns of this product. We have been actively implementing measures in an effort to mitigate the impact of these additional inspections. Although these measures have increased our compliance costs, we cannot guarantee they will succeed in mitigating the impact of these inspections.

Comparison of the Three and Nine Months ended October 31, 2026 with November 1, 2025

Total retail sales for the third quarter were $148.0 million compared to last year's third quarter sales of $153.7 million, a 4% decrease. The Company's sales decreased in the third quarter of fiscal 2026 primarily due to a 1% decrease in same-store sales, as well as stores that were closed in the past 12 months. For the nine months ended October 31, 2026, total retail sales were $481.3 million compared to last year's comparable nine month sales of $496.8 million, a 3% decrease. The decrease in sales in the first nine months of fiscal 2026 was due primarily to a 1% decrease in same-store sales and the impact of 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 4% of total sales for the nine months ended October 31, 2026 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 $149.5 million and $486.1 million for the three and nine months ended October 31, 2026, compared to $155.4 million and $502.2 million for the three and nine months ended November 1, 2025, respectively. The Company operated 1,049 stores at October 31, 2026

compared to 1,101 stores at the end of last fiscal year's third quarter. For the first nine months of fiscal 2026, the Company opened two new stores and closed 22 stores. The Company currently expects to close approximately 120 stores in fiscal 2026.

Other revenue, a component of total revenues, was $1.4 million and $4.7 million for the three and nine months ended October 31, 2026, respectively, compared to $1.7 million and $5.3 million for the prior year's comparable three and nine month periods. The decrease in Other revenue was due to lower layaway income, finance charges and e-commerce shipping revenue for the three and nine months ended October 31, 2026 compared to the three and nine months ended November 1, 2025. Included in Other revenue is credit revenue of $0.6 million, which represented 0.4% of total revenues in the third quarter of fiscal 2026, relatively flat both in dollars and percentage compared to fiscal 2025. 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 2026, compared to last year's third quarter expense of $0.4 million.

Cost of goods sold was $103.6 million, or 70.0% of retail sales and $320.1 million, or 66.5% of retail sales for the three and nine months ended October 31, 2026, respectively, compared to $104.5 million, or 68.0% of retail sales and $325.3 million, or 65.5% of retail sales for the comparable three and nine month periods of fiscal 2025. The overall increase in cost of goods sold as a percent of retail sales for the third quarter and first nine months of fiscal 2026 versus the comparable three and nine month periods of fiscal 2025 resulted primarily from increased sales of marked down goods and deleveraging of our occupancy costs. For the nine months ended October 31, 2026, cost of goods sold benefited from an IEEPA tariff refund, which reduced cost of goods sold by $6.7 million, or 1.4% of retail sales. 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 9.8% to $44.4 million for the third quarter of fiscal 2026 and by 6.0% to $161.2 million for the first nine months of fiscal 2026, compared to $49.2 million and $171.5 million for the prior year's comparable three and nine months of fiscal 2025, respectively. Gross margin as presented may not be comparable to those ofother entities.

Selling, general and administrative ("SG&A") expenses primarily include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, and bank and credit card processing fees. SG&A expenses were $54.7 million, or 37.0% of retail sales and $162.7 million, or 33.8% of retail sales for the third quarter and first nine months of fiscal 2026, respectively, compared to $57.0 million, or 37.1% of retail sales, and $169.7 million, or 34.2% 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 2026 was primarily due to lower payroll costs and insurance expenses, partially offset by expense related to store closings.

Depreciation expense was $2.3 million, or 1.5% of retail sales and $6.8 million, or 1.4% of retail sales for the third quarter and first nine months of fiscal 2026, respectively, compared to $2.4 million, or 1.6% of retail sales and $7.5 million, or 1.5% of retail sales for the comparable three and nine month periods of fiscal 2025, respectively.

Interest and other income was $1.1 million, or 0.7% of retail sales and $4.6 million, or 0.9% of retail sales for the three and nine months ended October 31, 2026, respectively, compared to $2.2 million, or 1.4% of retail

sales and $4.8 million, or 1.0% of retail sales for the comparable three and nine month periods of fiscal 2025, respectively. The decrease for the three and nine months ended October 31, 2026 compared to the three and nine months ended November 1, 2025 was primarily due to a gain on sale of property in the three month period ended November 1, 2025.

Income tax expense was $0.2 million and $0.9 million for the third quarter and first nine months of fiscal 2026, respectively, compared to an income tax benefit of $1.2 million and $0.5 million for the comparable three months and nine months of fiscal 2025. The increase in tax expense in fiscal 2026 was due to the non-recurring prior year favorable adjustment to the federal net operating loss carryback claim as a result of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and a smaller release of reserves related to expired statute of limitations for uncertain tax positions in fiscal 2026, partially offset by lower foreign and state income taxes.

LIQUIDITY, CAPITAL RESOURCESAND MARKET RISK:

The Company believes that its cash, cash equivalents and short-term investments, together with cash flows from operations and availability under its asset-backed revolving line of credit, will be adequate to fund the Company's regular operating requirements and expected capital expenditures for the next 12 months from the issuance of this Quarterly Report on Form 10-Q.

Cash provided by operating activities during the first nine months of fiscal 2026 was $12.3 million as compared to $3.2 million provided in the first nine months of fiscal 2025. The increase in cash provided by operating activities of $9.1 million for the first nine months of fiscal 2026 as compared to the first nine months of fiscal 2025 was primarily attributable to a decrease in accounts receivable in 2026 and the relative change of accounts payable from year-end to the third quarter for both years, partially offset by the relative change in inventories from year-end to the third quarter for both years. The decrease in accounts receivable is due in large part to receiving the remaining IRS refund pertaining to the 2020 tax year.

On October 31, 2026, the Company had working capital of $47.7 million compared to $37.4 million at January 31, 2026. The increase in working capital was primarily attributable to an increase in cash and cash equivalents and inventory and decreases in accrued expenses and current lease liability, partially offset by a decrease in accounts receivables and an increase in accounts payables.

The ABL Credit Agreement ("ABL Facility") of up to $35.0 million is committed through March 2028 and is secured primarily by inventory and third-party credit card receivables. The proceeds from the ABL Facility may be used to provide funding for ongoing working capital and general corporate purposes. There were no borrowings outstanding and the availability under the facility was $30.0 million before giving effect to a $3.0 million outstanding letter of credit that reduced borrowing availability to $27.0 million as of October 31, 2026 and January 31, 2026. The weighted average interest rate under the credit facility was zero at October 31, 2026 and January 31, 2026 due to no outstanding borrowings.

Expenditures for property and equipment totaled $3.6 million in the first nine months of fiscal 2026, compared to $2.9 million in last fiscal year's first nine months. The Company expects to invest approximately $4.4 million for capital expenditures for the full fiscal 2026 year.

Net cash used in investing activities was $6.2 million for the first nine months of fiscal 2026 compared to negligible net cash used in the comparable period of 2025. The increase in net cash used in investing activities in 2026 was primarily due to an increase in the purchase of short-term investments, partially offset by lower sales of short-term investments and proceeds from life insurance policies.

Net cash used in financing activities totaled $0.3 million in the first nine months of fiscal 2026 compared to $0.9 million used in the comparable period of fiscal 2025. The decrease in net cash used in financing activities in fiscal 2026 was primarily due to lower stock repurchases.

As of October 31, 2026, the Company had 533,770 shares remaining in open authorizations under its share repurchase program.

The Company does not use derivative financial instruments.

The Company's investment portfolio was invested in corporate bonds held in managed accounts with underlying ratings of A or better at October 31, 2026. The corporate bonds have contractual maturities which range from nine days to 2.9 years.

Additionally, at October 31, 2026, the Company had deferred compensation plan assets of $10.0 million. At January 31, 2026, the Company had deferred compensation plan assets of $9.7 million. These assets are recorded within Other assets in the Condensed Consolidated Balance Sheets. See Note 7, Fair Value Measurements, in the "Financial Statements" section of this Quarterly Report on Form 10-Q.

RECENT ACCOUNTING PRONOUNCEMENTS:

See Note 8, Recent Accounting Pronouncements, in the "Financial Statements" section of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

The Company is subject to market rate risk from exposure to changes in interest rates related to 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 October 31, 2026. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of October 31, 2026, 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 October 31, 2026 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 January 31, 2026. 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 October 31, 2026:

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 2026	-	$ -	-	
September 2026	-	-	-	
October 2026	-	-	-	
Total	-	$ -	-	533,770

(1) Prices include trading costs.

(2) As of August 1, 2026, the Company's share repurchase program had 533,770 shares remaining in open authorizations. During the third quarter ended October 31, 2026, the Company did not repurchase or retire any shares under this program. As of October 31, 2026, the Company had 533,770 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 October 31, 2026, 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.
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 Exhibits 101.*)

* 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 24, 2026
Date

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

November 24, 2026
Date

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

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 24, 2026

/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 24, 2026

/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 October 31, 2026 (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 24, 2026

/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 October 31, 2026 (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 24, 2026

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