

carter's, inc.

**First Quarter 2021 Results
&
Business Update**

April 30, 2021



First Quarter Results (GAAP Basis)



\$ in millions, except EPS

	Q1 2021	% of Sales	Q1 2020	% of Sales	Increase / (Decrease)
Net sales	\$787		\$654		20%
Gross profit	392	49.8%	228	34.9%	72%
Royalty income	7	0.9%	7	1.1%	2%
SG&A	272	34.5%	270	41.2%	1%
Goodwill impairment	-	-	18	2.7%	(100%)
Intangible asset impairment	-	-	27	4.0%	(100%)
Operating income (loss)	127	16.2%	(78)	(12.0%)	N/M
Interest, net	15	1.9%	8	1.3%	80%
Other (income) expense	(1)	(0.1%)	5	0.7%	N/M
Income (loss) before taxes	113	14.4%	(92)	(14.0%)	N/M
Income tax provision (benefit)	27		(13)		N/M
Net income (loss)	\$86	10.9%	(\$79)	(12.0%)	N/M
Diluted earnings (loss) per share	\$1.96		(\$1.82)		N/M
Weighted average shares outstanding	43		43		-
EBITDA ¹	\$153	19.4%	(\$60)	(9.2%)	N/M

¹ Non-GAAP measure; see reconciliation to net income in appendix.
Note: Results may not be additive due to rounding.

Non-GAAP Adjustments



\$ in millions, except EPS

	First Fiscal Quarter					
	2021			2020		
	Operating Income	% Net Sales	Diluted EPS	Operating Loss	% Net Sales	Diluted EPS
As reported (GAAP)	\$127.5	16.2%	\$1.96	(\$78.5)	(12.0%)	(\$1.82)
COVID-19 expenses	2.1		0.04	2.8		0.05
Restructuring costs	0.5		0.01	3.9		0.07
Store lease (benefit) impairments	(1.5)		(0.03)	1.2		0.02
Intangible asset impairment	-		-	26.5		0.46
Goodwill impairment	-		-	17.7		0.40
Total adjustments	1.0		0.02	52.1		1.01
As adjusted	\$128.5	16.3%	\$1.98	(\$26.3)	(4.0%)	(\$0.81)

Note: Results may not be additive due to rounding. Please see the appendix for further information about these non-GAAP adjustments and reconciliation to GAAP.

- **Strong demand for our brands, particularly in March; meaningfully exceeded our sales and earnings objectives**
- **Record gross margin of 49.8%**
- **Best quarterly operating margin in last 10 years: 16.2%**
- **Key growth drivers:**
 - Strong consumer reaction to our Spring product offering
 - Warming weather trends ahead of Easter holiday
 - Unprecedented U.S. government stimulus
 - Positive COVID-related trends (easing business restrictions, vaccinations)
 - Return to in-person classes driving back-to-school sales
 - Better inventory management
 - Improved price realization
- **Net sales and earnings exceeded Q1 2019 performance**

First Quarter Adjusted Results¹



\$ in millions, except EPS

	Q1 2021	<i>% of Sales</i>	Q1 2020	<i>% of Sales</i>	Increase
Net sales	\$787		\$654		20%
Gross profit	392	49.8%	228	34.9%	72%
Royalty income	7	0.9%	7	1.1%	2%
Adjusted SG&A	271	34.4%	262	40.0%	3%
Adjusted operating income (loss)	129	16.3%	(26)	(4.0%)	N/M
Interest, net	15	1.9%	8	1.3%	80%
Other (income) expense	(1)	(0.1%)	5	0.7%	N/M
Adjusted income (loss) before taxes	114	14.5%	(40)	(6.0%)	N/M
Adjusted income tax provision (benefit)	27		(5)		N/M
Adjusted net income (loss)	\$87	11.0%	(\$35)	(5.3%)	N/M
Adjusted diluted earnings (loss) per share	\$1.98		(\$0.81)		N/M
Weighted average shares outstanding	43		43		-
Adjusted EBITDA	\$153	19.4%	(\$8)	(1.2%)	N/M

¹ Results are presented on an adjusted basis, a non-GAAP presentation; see reconciliation to GAAP in appendix.
Note: Results may not be additive due to rounding.

\$ in millions

Q1 Balance Sheet

	2021	2020
Cash	\$1,054	\$759
Accounts receivable	240	222
Inventory	561	566
Accounts payable	335	187
Long-term debt	990	1,239
Operating lease liabilities	690	809

Q1 Cash Flow

	2021	2020
Operating cash flow	(\$40)	(\$14)
Capital expenditures	(12)	(8)
Free cash flow ¹	(\$51)	(\$22)

- **Strong total liquidity ~\$1.8B**
- **Net inventory -1% vs. LY**
 - Reflects strong inventory management and improved sell-throughs
 - Good progress reducing excess and pack & hold inventory
- **Accounts payable increase driven by extension of vendor payment terms and rent deferrals**
- **Long-term debt decrease vs. LY reflects absence of revolver borrowings this year partially offset by Q2 2020 issuance of \$500M Senior Notes**
- **Operating cash flow reflects higher earnings offset by changes in working capital**
- **Resumption of quarterly dividend at \$0.40/share beginning in Q2 '21**

¹ Non-GAAP measure.



Business Segment Results

First Quarter Adjusted Business Segment Performance¹



\$ in millions

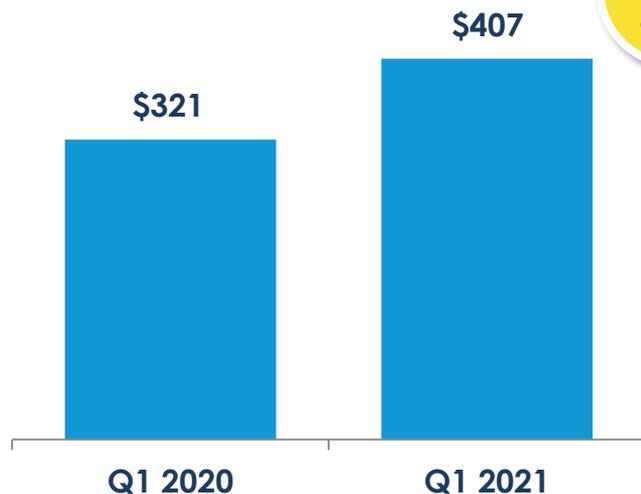
	Net Sales			Adjusted Operating Income (Loss)			Adjusted Operating Margin	
	2021	2020	Variance	2021	2020	Variance	2021	2020
U.S. Retail	\$407	\$321	\$86	\$76	(\$13)	\$89	18.7%	(4.2%)
U.S. Wholesale	283	252	31	71	11	60	25.1%	4.5%
International	97	82	15	10	(5)	15	10.2%	(6.6%)
Total before corporate expenses	787	654	133	157	(7)	164	19.9%	(1.1%)
Corporate expenses				(28)	(19)	(9)	(3.6%)	(2.9%)
Total	\$787	\$654	\$133	\$129	(\$26)	\$155	16.3%	(4.0%)

¹ Results presented on an adjusted basis, a non-GAAP presentation; see reconciliation to GAAP in appendix.
Note: Results may not be additive due to rounding.

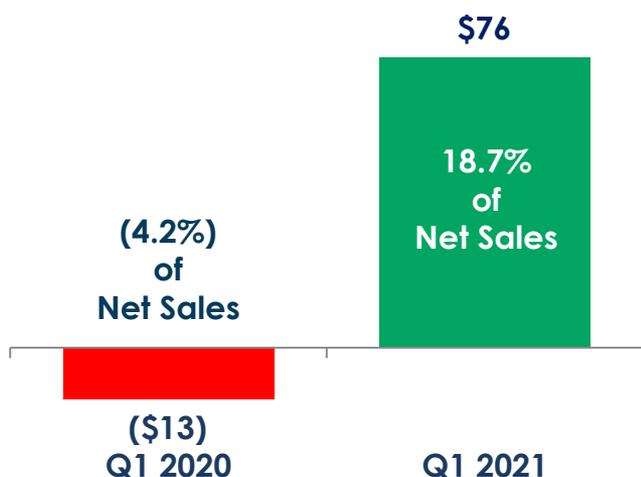
\$ in millions

Segment Net Sales

Total Sales +27%



Segment Adj. Operating Income (Loss)¹



Q1 Recap

- **Net sales +27% vs. LY**
 - Sales growth accelerated significantly in March
 - March store traffic meaningfully outperformed ShopperTrak benchmark
 - Strong eCommerce performance – net sales +38%
 - eCommerce 40% of segment sales vs. 37% LY
- **Continued omnichannel momentum**
 - Omnichannel-related sales up >100% vs. LY
 - Stores supported fulfillment of 29% of eCommerce orders vs. 16% LY
- **Closed 60 stores in Q1; plan to close ~115 in 2021**
- **Significant profit improvement; adjusted operating margin reflects:**
 - Strong price realization, lower inventory provisions, and fixed cost leverage
 - Higher compensation provisions which were curtailed in 2020 due to pandemic

¹ Results are presented on an adjusted basis, a non-GAAP presentation; see reconciliation to GAAP in appendix.



Prize packages curated by celebrity expectant mom **Ashley Tisdale**



Dream Shower GIVEAWAY

PRESENTED WITH



SEPHORA
&
SEPHORA COLLECTION

carter's
shower LOVE

little planet.
by carter's

BABY GIRL BABY BOY TODDLER GIRL TODDLER BOY



special delivery
hello, mamas!

Just in time for Mother's Day, we've made a few soft, organic styles just for you.

[shop little planet mama](#)




organically
grown

for the smallest
footprint &
purest fibers

[shop all new baby essentials](#)




timeless
styles

designed to span
seasons, pass down
and last through
lots of little ones

2-pack sleep & play
\$17.95

...Alongside Our *Little Planet* Launch in U.S. Wholesale and Canada

carter's



Hello, world!
Meet our newest brand
Shop organic & sustainable styles
from Little Planet by Carter's



little planet.
by carter's

NEW! bold
BASICS

Fresh, soft solids, stripes, dots
and more... so easy to
dress themselves, it's child's play!

\$6 & up
DOORBUSTER

everything from
colorful sleep & play...

to fun dresses...

to must-have tops!

Reaching New Audiences With Our New Tween Squad Assortment

We're talking all things denim, indigo and chambray - yes way!



tween squad

up to **50% off*** denim & more

SHOP TWEEN

let's hang!



the button-front short



indigo shades



the boho blue top



These are the GOAT.



graphics to blow your mind

SHOP TWEEN BOY



definitely wearing with denim

SHOP TWEEN GIRL



Carter's Continues to Lead in Consumer Engagement in Social Media

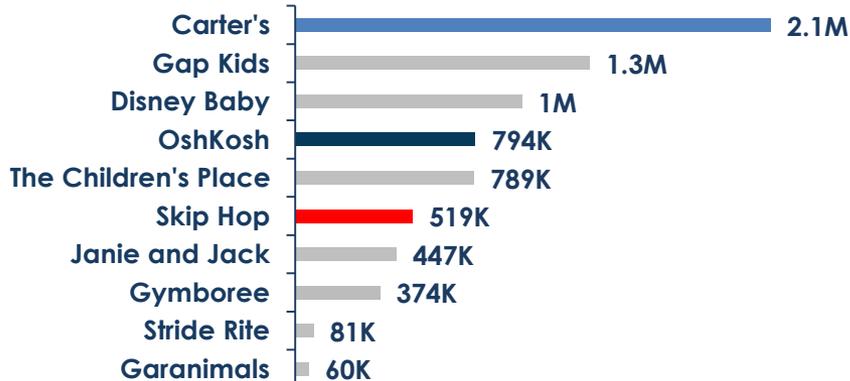


Our Brands have a strong consumer following on Instagram and Facebook¹

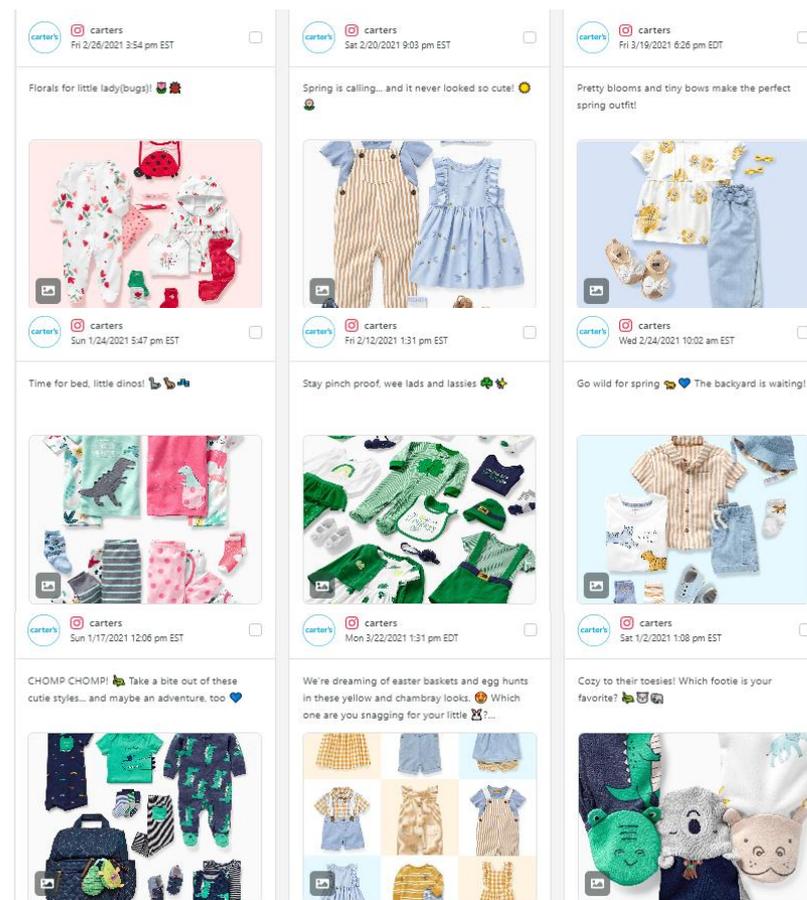
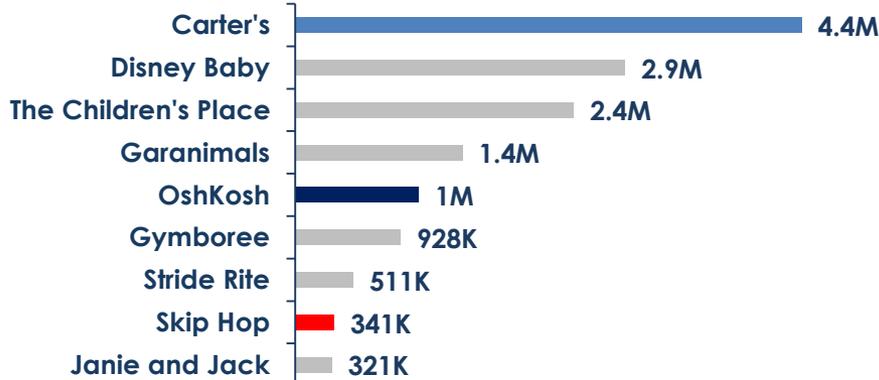
Carter's and OshKosh earned 71% of all engagements among peers on Instagram in Q1²

In millions

Instagram Followers



Facebook Followers

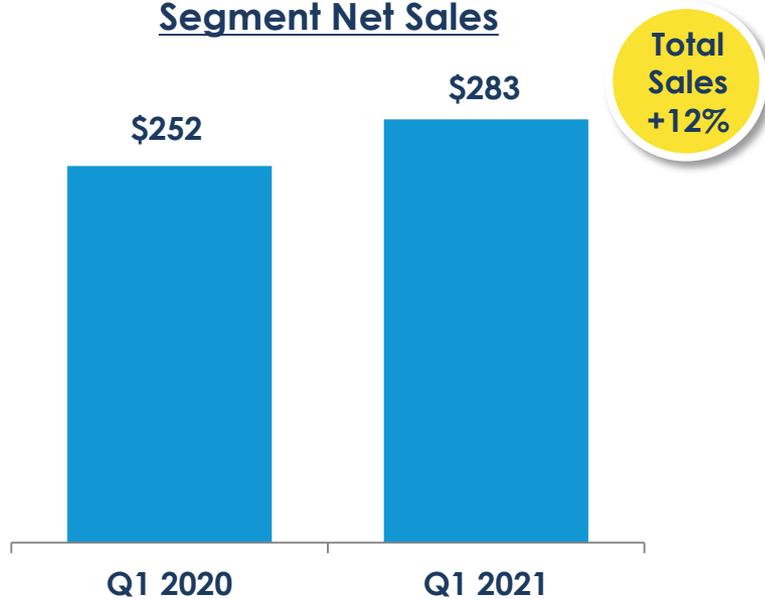


¹Source: Instagram and Facebook

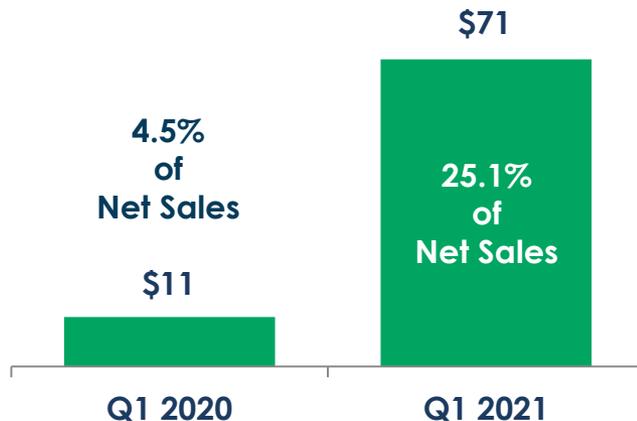
²Third party engagement scoring on Instagram January – March 2021. Engagement peer set includes Carter's, OshKosh B'gosh, The Children's Place, Hanna Andersson, Janie and Jack, & Gap Kids

\$ in millions

Segment Net Sales



Segment Adj. Operating Income¹



Q1 Recap

- **Net sales +12% vs. LY**

- Exclusive brands, core Carter's brand, and *Skip Hop* achieved double-digit growth
- Replenishment trends strong across all brands, particularly *Little Baby Basics*
- Online demand for our brands through wholesale customers up over 60% vs. LY²
- Net sales +3% vs. Q1 2019

- **Strong segment margin improvement reflects:**

- Improved product margins, including benefit of lower off-price channel sales
- Lower inventory provisions and bad debt expense
- Higher compensation provisions

¹ Results are presented on an adjusted basis, a non-GAAP presentation; see reconciliation to GAAP in appendix.

² Represents eCommerce sales made by our major U.S. wholesale customers, as reported by those customers to us.

Our Exclusive Brands Continue to Drive Growth With Essential Retailers



just one you
made by
carter's



AdChoices



Bring on the sun
Shop baby + kids swimwear with UP5+ sun protection built in





just one you
made by
carter's

Menu Search

My store (closes at 10pm): Atlanta Midtown

Get set for play time

Multipacks from 799

Outfit sets from 999

Sleep 'n plays from 799

Rompers from 799






child of mine
made by
carter's




child of mine
made by
carter's

Everyday essentials & outfit sets, in sizes preemie-5T.




Bring on the sun
Shop baby + kids swimwear with UP5+ sun protection built in




just one you
made by
carter's

Delivering *Simple Joys* Bodysuits in Over One Million Amazon Baby Registry Welcome Boxes

carter's



simplejoys
by **carter's**

find joy in the simple™

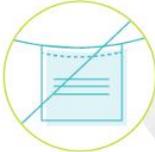
exclusively at Amazon | exclusivement à Amazon | exclusivamente en Amazon

MS/C0126.XXX

carter's original bodysuit™

.....



- 

tag-free for
no itches /
sans étiquette
qui pique /
sin etiquetas para
evitar picores
- 

shoulders overlap for
easy over-the-head /
encolure chevauchée
pour passer facilement le
vêtement par-dessus la tête /
los hombros se superponen
para facilitar la colocación
sobre la cabeza
- 

strong snaps keep up
with wear, wash, repeat! /
boutons-pression robustes
qui résistent à l'usure et
aux lavages multiples /
botones a presión fuertes
que resisten el uso y
lavado repetidos
- 

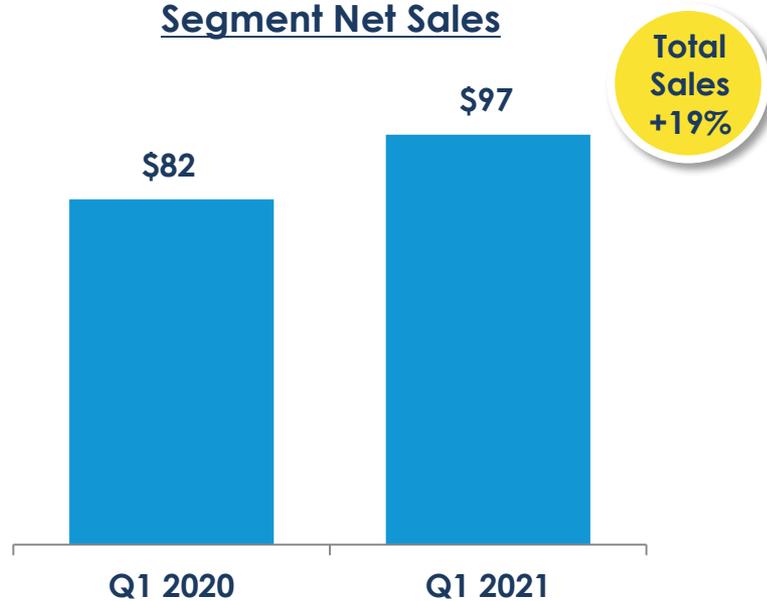
silky soft
cotton styles /
modèles en
coton soyeux /
estilos de algodón
suave y sedoso

**+ pre, pré,
prem – 24m**

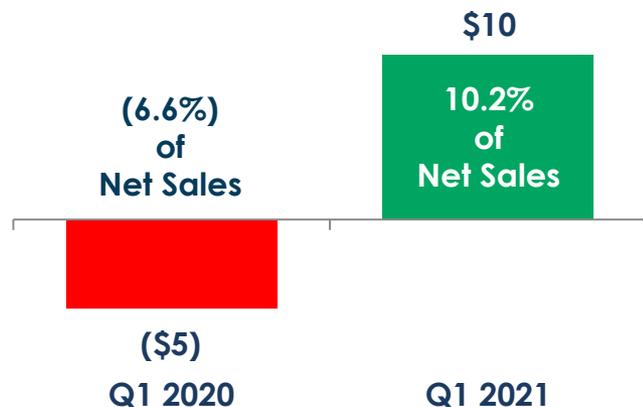
simplejoys
by **carter's**

\$ in millions

Segment Net Sales



Segment Adj. Operating Income (Loss)¹



Q1 Recap

- **Net sales: +19% vs. LY (+15% constant currency¹)**
 - **Canada net sales +18%**
 - Strong eCommerce sales, +144%
 - Store performance affected by temporary closures in January / February
 - **Mexico net sales +9%**
 - Growth driven by eCommerce
 - **International Partners/Multi-National Accounts net sales +26%**
 - Benefit of Amazon launch in 2019
 - Good demand for *Skip Hop*
- **Meaningful profitability improvement vs. LY; segment margin reflects:**
 - Better price realization & lower inventory provisions
 - Expense leverage (temporary store closures in January/February '21)
 - Higher compensation provisions

¹ Results presented on an adjusted basis, a non-GAAP presentation; see reconciliation to GAAP in appendix.



- **Launched omnichannel capabilities in Canada in April**
 - Buy online, ship to store
 - Buy online, pickup in store/curbside
- **Initial rollout to ~50% of stores; planning full rollout by end of May**
- **Good initial customer response**
- **Strengthens our market-leading position**
 - Only children's specialty retailer in Canada to offer digitally-enabled omnichannel service
 - Provides convenient and safe shopping options for families with young children

International Partners Store – Ukraine
(Opened Q1 2021)

carter's



ESG



Carter's Core Values

- Act with integrity
- Exceed expectations
- Inspire innovation
- Succeed together
- Invest in people

Environmental

- Focus on reducing the environmental impacts of our products and operations
- Committed to using sustainably sourced materials highlighted by launch of *Little Planet*
- Committed to reducing our greenhouse gas emissions and waste

Social

- Focus on diversity & inclusion engagement with employees and customers
- Enhance our efforts on worker well-being across our supply chain
- Recognition by Forbes as a 'best employer'

Governance

- Appointment of executive leader responsible for ESG efforts
- Plan to publish first ESG report in Q2 2021





carter's® x TerraCycle®

- **First-of-its kind program to recycle baby and children's clothing nationwide** through international recycling leader, TerraCycle
- **Sustainability benefits**
 - Reduce the volume of children's clothing going to landfills
 - Find additional uses for the recycled materials

2021 Outlook



**Marketplace/
Macro**

Risks

- **Supply chain disruptions**
- **Higher transportation costs**
- **Projected decline in births**
- **COVID-19 cases/variants**
- **Store traffic**
- **Product input cost inflation**
- **International demand in U.S.**
- **Promotional environment**

Opportunities

- **Market-leading product assortments**
- **Differentiated, creative marketing**
- **Increasing vaccinations**
- **Loosening business/travel/gathering restrictions**
- **Back to school season**
- **Benefit of child tax credits & additional government stimulus**

**Second Half
Comparability**

• **Revenue**

- Earlier (Q2) U.S. Wholesale shipments: \$50M
- U.S. Retail store closures: \$40M
- 53rd week in 2020: \$32M

} **~\$120 million**

• **Earnings**

- Release of inventory reserves in 2020
- Restoration of compensation provisions
- Higher effective tax rate (~23.5%)

Fiscal Year 2021

- **Raising sales and earnings outlook for the year**
- **Net sales: growth of ~10%**
- **Adjusted diluted EPS: growth of ~40% (vs. \$4.16 in 2020)¹**
- **Outlook reflects:**
 - Sales growth in all segments
 - Gross margin expansion
 - Operating margin expansion; adjusted operating income ~\$400 million (consistent with 2019)
 - Higher interest expense (Senior Notes issuance in 2020)
 - Effective tax rate ~23.5%
- **CapEx: ~\$55 million**

Q2 2021

- **Net sales and adjusted operating income¹: growth of ~35%**
- **Adjusted diluted EPS: growth of ~25% (vs. \$0.54 Q2 2020)²**
- **Outlook reflects:**
 - Strong sales growth in all segments
 - Gross margin expansion
 - Higher SG&A
 - Effective tax rate ~23.5%

¹ Growth compared to adjusted operating income of \$41.1 million in Q2 2020. ² See reconciliation to GAAP in appendix.

Thank you!



Appendix



Q1 Reconciliation of Net Income Allocable to Common Shareholders



	Fiscal Quarter Ended	
	April 3, 2021	March 28, 2020
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	43,370,744	43,355,635
Dilutive effect of equity awards	129,198	-
Diluted number of common and common equivalent shares outstanding	<u>43,499,942</u>	<u>43,355,635</u>

	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
<i>\$ in thousands, except EPS</i>	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Basic net income (loss) per common share:				
Net income (loss)	\$86,196	(\$78,694)	\$86,987	(\$34,762)
Income allocated to participating securities	(1,033)	(254)	(1,043)	(254)
Net income (loss) available to common shareholders	<u>\$85,163</u>	<u>(\$78,948)</u>	<u>\$85,944</u>	<u>(\$35,016)</u>
Basic net income (loss) per common share	\$1.96	(\$1.82)	\$1.98	(\$0.81)
Diluted net income (loss) per common share:				
Net income (loss)	\$86,196	(\$78,694)	\$86,987	(\$34,762)
Income allocated to participating securities	(1,030)	(254)	(1,040)	(254)
Net income (loss) available to common shareholders	<u>\$85,166</u>	<u>(\$78,948)</u>	<u>\$85,947</u>	<u>(\$35,016)</u>
Diluted net income (loss) per common share	\$1.96	(\$1.82)	\$1.98	(\$0.81)

(a) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present per share data excluding the adjustments discussed in following slides. The Company has excluded \$0.8 million and \$43.9 million in after-tax expenses (benefit) from these results for the fiscal quarters ended April 3, 2021 and March 28, 2020, respectively.

Reconciliation of Reported to Adjusted Earnings



\$ in millions, except EPS

First Quarter of Fiscal 2021	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Income Taxes	Net Income	Diluted EPS
As reported (GAAP)	\$392.0	49.8%	\$271.9	34.5%	\$127.5	16.2%	\$27.1	\$86.2	\$1.96
COVID-19 expenses (b)	-		(2.1)		2.1		0.5	1.6	0.04
Restructuring costs (c)	-		(0.5)		0.5		0.1	0.4	0.01
Retail store operating leases and other long-lived asset impairments, net (d)	-		1.5		(1.5)		(0.4)	(1.2)	(0.03)
As adjusted (a) (g)	\$392.0	49.8%	\$270.9	34.4%	\$128.5	16.3%	\$27.3	\$87.0	\$1.98

Segment Reporting							
U.S. Retail Operating Income	% of segment net sales	U.S. Wholesale Operating Income	% of segment net sales	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
\$76.5	18.8%	\$70.1	24.7%	\$9.7	10.0%	(\$28.8)	(3.7%)
1.1		0.9		0.1		-	
-		-		-		0.5	
(1.5)		-		-		-	
\$76.1	18.7%	\$71.0	25.1%	\$9.9	10.2%	(\$28.4)	(3.6%)

First Quarter of Fiscal 2020	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Income Taxes	Net Income	Diluted EPS
As reported (GAAP)	\$228.3	34.9%	\$269.8	41.2%	(\$78.5)	(12.0%)	(\$13.0)	(\$78.7)	(\$1.82)
Intangible asset impairment (e)	-		-		26.5		6.3	20.2	0.46
Goodwill impairment (f)	-		-		17.7		-	17.7	0.40
Restructuring costs (c)	-		(3.9)		3.9		0.9	3.0	0.07
COVID-19 expenses (b)	-		(2.8)		2.8		0.7	2.1	0.05
Retail store operating leases and other long-lived asset impairments, net (d)	-		(1.2)		1.2		0.3	0.9	0.02
As adjusted (a)	\$228.3	34.9%	\$261.9	40.0%	(\$26.3)	(4.0%)	(\$4.8)	(\$34.8)	(\$0.81)

Segment Reporting							
U.S. Retail Operating Income	% of segment net sales	U.S. Wholesale Operating Income	% of segment net sales	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
(\$32.4)	(10.1%)	\$2.2	0.9%	(\$27.7)	(33.9%)	(\$20.6)	(3.2%)
14.1		8.4		4.1		-	
-		-		17.7		-	
1.5		0.6		0.3		1.6	
2.2		0.3		0.3		-	
1.2		-		-		-	
(\$13.4)	(4.2%)	\$11.4	4.5%	(\$5.4)	(6.6%)	(\$19.1)	(2.9%)

Second Quarter of Fiscal 2020	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Income Taxes	Net Income	Diluted EPS
As reported (GAAP)	\$235.5	45.7%	\$218.1	42.4%	\$21.0	4.1%	(\$2.7)	\$8.2	\$0.19
COVID-19 expenses (b)	-		(13.0)		13.0		3.1	9.9	0.23
Retail store operating leases and other long-lived asset impairments (d)	-		(3.7)		3.7		0.9	2.8	0.06
Restructuring costs (c)	-		(3.5)		3.5		0.8	2.7	0.06
As adjusted (a)	\$235.5	45.7%	\$198.0	38.5%	\$41.1	8.0%	\$2.1	\$23.6	\$0.54

Segment Reporting							
U.S. Retail Operating Income	% of segment net sales	U.S. Wholesale Operating Income	% of segment net sales	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
\$23.7	7.5%	\$21.2	14.0%	(\$5.5)	(11.7%)	(\$18.4)	(3.6%)
4.4		6.9		1.7		-	
3.7		-		-		-	
1.6		0.7		1.1		-	
\$33.4	10.6%	\$28.8	19.0%	(\$2.7)	(5.6%)	(\$18.4)	(3.6%)

Note: Results may not be additive due to rounding.

Reconciliation of Reported to Adjusted Earnings (Continued)



\$ in millions, except EPS

Fiscal 2020	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Income Taxes	Net Income	Diluted EPS	Segment Reporting							
										U.S. Retail Operating Income	% of segment net sales	U.S. Wholesale Operating Income	% of segment net sales	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	\$1,313.4	43.4%	\$1,105.6	36.6%	\$189.9	6.3%	\$25.3	\$109.7	\$2.50	\$146.8	8.8%	\$141.5	14.2%	(\$1.2)	(0.3%)	(\$97.2)	(3.2%)
Intangible asset impairment (e)	-	-	-	-	26.5	-	6.3	20.2	0.46	14.1	-	8.4	-	4.1	-	-	-
Goodwill impairment (f)	-	-	-	-	17.7	-	-	17.7	0.40	-	-	-	-	17.7	-	-	-
COVID-19 expenses (b)	-	-	(21.4)	-	21.4	-	5.2	16.2	0.37	9.6	-	9.6	-	2.2	-	-	-
Restructuring costs (c)	-	-	(16.6)	-	16.6	-	3.8	12.9	0.29	5.0	-	2.0	-	2.2	-	7.4	-
Retail store operating leases and other long-lived asset impairments, net (d)	-	-	(7.6)	-	7.6	-	1.8	5.8	0.13	7.4	-	-	-	0.3	-	-	-
As adjusted (a)	\$1,313.4	43.4%	\$1,060.0	35.0%	\$279.8	9.3%	\$42.3	\$182.5	\$4.16	\$182.9	10.9%	\$161.4	16.2%	\$25.2	7.1%	(\$89.7)	(3.0%)

- (a) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present gross profit, SG&A, operating income (loss), net income (loss), and net income (loss) on a diluted share basis excluding the adjustments discussed above. The Company believes these adjustments provide a meaningful comparison of the Company's results and afford investors a view of what management considers to be the Company's core performance. The adjusted, non-GAAP financial measurements included in this earnings release should not be considered as an alternative to net income (loss) or as any other measurement of performance derived in accordance with GAAP. The adjusted, non-GAAP financial measurements are presented for informational purposes only and are not necessarily indicative of the Company's future condition or results of operations.
- (b) Net expenses incurred due to the COVID-19 pandemic, including incremental employee-related costs, costs associated with additional protective equipment and cleaning supplies, restructuring costs, and a payroll tax benefit.
- (c) Certain lease exit, severance and related costs resulting from restructuring actions (not related to COVID-19).
- (d) Impairments include an immaterial gain on the remeasurement of retail store operating leases.
- (e) Intangible impairment charges related to the *OshKosh* and *Skip Hop* tradename assets.
- (f) Goodwill impairment charge recorded in the International segment.
- (g) Adjusted results exclude a customer bankruptcy recovery of \$38,000.

Reconciliation of Net Income to Adjusted EBITDA



\$ in millions

	Fiscal Quarter Ended		Four Fiscal
	April 3, 2021	March 28, 2020	Quarters Ended April 3, 2021
Net income (loss)	\$86.2	(\$78.7)	\$274.6
Interest expense	15.3	8.9	62.5
Interest income	(0.2)	(0.5)	(1.3)
Tax provision (benefit)	27.1	(13.0)	65.4
Depreciation and amortization	24.1	23.4	94.7
EBITDA	\$152.5	(\$59.9)	\$496.0
COVID-19 expenses (a)	2.1	2.8	20.8
Restructuring costs (b)	(0.1)	3.9	12.2
Retail store operating lease and other long-lived asset impairments, net (c)	(1.5)	1.2	4.9
Intangible asset impairment (d)	-	26.5	-
Goodwill impairment (e)	-	17.7	-
Adjusted EBITDA (f)	\$153.0	(\$7.8)	\$533.7

(a) Net expenses incurred due to the COVID-19 pandemic.

(b) Certain lease exit, severance and related costs resulting from restructuring actions (not related to COVID-19). Amounts for fiscal quarter and four fiscal quarters ended April 3, 2021 exclude \$0.5 million and \$1.0 million of depreciation expense that is included in the corresponding depreciation and amortization line item, respectively.

(c) Impairments include gain on the remeasurement of retail store operating leases.

(d) Related to the write-down of the *OshKosh* and *Skip Hop* tradename assets.

(e) Goodwill impairment charge recorded in the International segment.

(f) Adjusted EBITDA for fiscal quarter and four fiscal quarters ended April 3, 2021 excludes a customer bankruptcy recovery of \$38,000.

Constant Currency Reconciliation



\$ in millions

	Fiscal Quarter Ended					
	Net Sales April 3, 2021	Foreign Currency Translation	Net Sales April 3, 2021	Net Sales March 28, 2020	Reported Net Sales % Change	Currency Net Sales % Change
Consolidated net sales	\$787.4	\$3.1	\$784.2	\$654.5	20.3%	19.8%
International segment net sales	\$96.9	\$3.1	\$93.8	\$81.6	18.7%	14.9%

The Company evaluates its net sales on both an "as reported" and a "constant currency" basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates that occurred between the comparative periods. Constant currency net sales results are calculated by translating current period net sales in local currency to the U.S. dollar amount by using the currency conversion rate for the prior comparative period. The Company consistently applies this approach to net sales for all countries where the functional currency is not the U.S. dollar. The Company believes that the presentation of net sales on a constant currency basis provides useful supplemental information regarding changes in our net sales that were not due to fluctuations in currency exchange rates and such information is consistent with how the Company assesses changes in its net sales between comparative periods.

	<u>U.S. Retail</u>	<u>Canada</u>	<u>Mexico</u>	<u>Total International</u>	<u>Total Consolidated</u>
Store count at March 28, 2020	860	198	43	241	1,101
Openings	14	-	3	3	17
Closings	(70)	(9)	(3)	(12)	(82)
Store count at April 3, 2021	804	189	43	232	1,036

This presentation contains forward-looking statements within the meaning of the federal securities laws relating to our future performance, including statements with respect to the potential effects of the COVID-19 pandemic and the Company's future outlook, earnings, liquidity, strategy, and investments. Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize or not materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. Certain of the risks and uncertainties that could cause actual results and performance to differ materially are described in the Company's most recently filed Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission from time to time under the headings "Risk Factors." Included among those risks are those related to: the effects of the current coronavirus outbreak; financial difficulties for one or more of our major customers; an overall decrease in consumer spending; our products not being accepted in the marketplace; increased competition in the market place; diminished value of our brands; the failure to protect our intellectual property; the failure to comply with applicable quality standards or regulations; unseasonable or extreme weather conditions; pending and threatened lawsuits; a breach of our information technology systems and the loss of personal data; increased margin pressures, including increased cost of materials and labor; our foreign sourcing arrangements; disruptions in our supply chain; the management and expansion of our business domestically and internationally; the acquisition and integration of other brands and businesses; and changes in our tax obligations, including additional customs, duties or tariffs. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.