



**SECOND
QUARTER 2024**

BUSINESS UPDATE
JULY 26, 2024

carter's

OSHKOSH *B'gosh*

little planet.

SKIP*HOP

SECOND QUARTER & FIRST HALF RESULTS



SECOND QUARTER 2024 RESULTS

GAAP BASIS

\$ in millions, except EPS

	Second Quarter 2024	<i>% of Sales</i>	Second Quarter 2023	<i>% of Sales</i>	Change
Net sales	\$564		\$600		(6%)
Gross profit	283	50.1%	292	48.6%	(3%)
Royalty income	4	0.7%	4	0.7%	(8%)
SG&A	247	43.8%	259	43.1%	(4%)
Operating income	39	7.0%	38	6.3%	5%
Interest and other, net	5	0.9%	6	1.1%	(19%)
Income before taxes	34	6.1%	31	5.2%	10%
Income tax provision	7		7		9%
Net income	\$28	4.9%	\$24	4.0%	16%
Diluted EPS	\$0.76		\$0.64		19%
Weighted-average shares outstanding	36		37		(3%)
EBITDA ¹	\$53	9.5%	\$56	9.2%	(3%)

¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

Note: Results may not be additive due to rounding.

FIRST HALF 2024 RESULTS

GAAP BASIS

\$ in millions, except EPS

	First Half 2024	<i>% of Sales</i>	First Half 2023	<i>% of Sales</i>	Change
Net sales	\$1,226		\$1,296		(5%)
Gross profit	598	48.8%	601	46.4%	(1%)
Royalty income	9	0.8%	11	0.9%	(15%)
SG&A	513	41.8%	518	40.0%	(1%)
Operating income	94	7.7%	94	7.2%	1%
Interest and other, net	10	0.8%	15	1.2%	(32%)
Income before taxes	84	6.9%	79	6.1%	7%
Income tax provision	19		19		(2%)
Net income	\$66	5.4%	\$60	4.6%	10%
Diluted EPS	\$1.80		\$1.59		13%
Weighted-average shares outstanding	36		37		(3%)
EBITDA ¹	\$123	10.0%	\$127	9.8%	(3%)

¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

Note: Results may not be additive due to rounding.

NON-GAAP ADJUSTMENTS

- No adjustments to second quarter and first half 2024 results
- Adjustments to second quarter and first half 2023 results are shown below

\$ in millions, except EPS

	Second Quarter 2023				
	Operating Income	% Net Sales	Pre-Tax Income	Net Income	Diluted EPS
As reported (GAAP)	\$37.6	6.3%	\$31.3	\$23.9	\$0.64
Organizational restructuring	0.4		0.4	0.3	0.01
As adjusted¹	\$37.9	6.3%	\$31.6	\$24.2	\$0.64

	First Half 2023				
	Operating Income	% Net Sales	Pre-Tax Income	Net Income	Diluted EPS
As reported (GAAP)	\$93.9	7.2%	\$78.9	\$59.9	\$1.59
Organizational restructuring	1.5		1.5	1.2	0.03
As adjusted¹	\$95.5	7.4%	\$80.5	\$61.0	\$1.62



¹ Non-GAAP measures; see reconciliation to GAAP in Supplemental Information.
Note: Results may not be additive due to rounding.

WE ACHIEVED OUR SECOND QUARTER SALES & EARNINGS OBJECTIVES

\$ in millions, except EPS

	Q2 Results		Guidance ¹
Net sales	\$565	✓	\$560 - \$570
U.S. Retail	Down 10%	✗	Down MSD to HSD
U.S. Wholesale	Up 3%	✓	Down LSD to MSD
International	Down 9%	✗	Down MSD to HSD
Operating income	\$39	✓	\$25 - \$30
<i>Operating margin</i>	7.0%	✓	4.5% - 5.3%
Diluted EPS	\$0.76	✓	\$0.35 - \$0.45

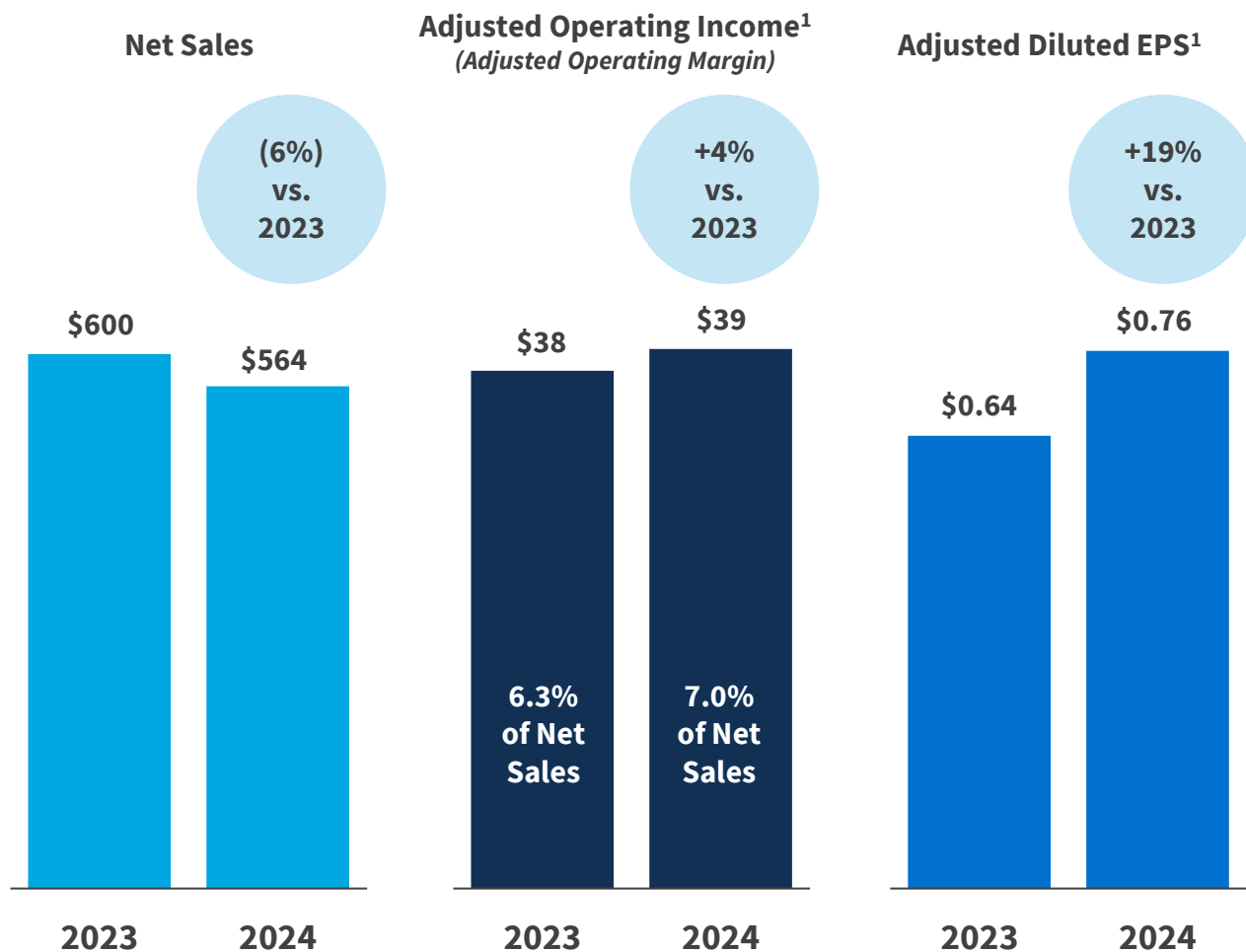
- **Consolidated net sales in line with our guidance range**
 - Higher and earlier than planned U.S. Wholesale demand (principally Exclusive Brands)
 - U.S. Retail traffic and sales lower than planned
 - International sales reflect lower than planned demand in Canada
- **Operating income outperformance driven by record gross profit margin and good control of spending**
- **EPS reflects better than planned operating income, lower net interest costs, and lower effective tax rate**

¹ Provided on Q1 2024 earnings call on 4/26/24.



SECOND QUARTER 2024 PERFORMANCE

\$ in millions, except EPS



¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

SECOND QUARTER 2024 RESULTS

ADJUSTED BASIS¹

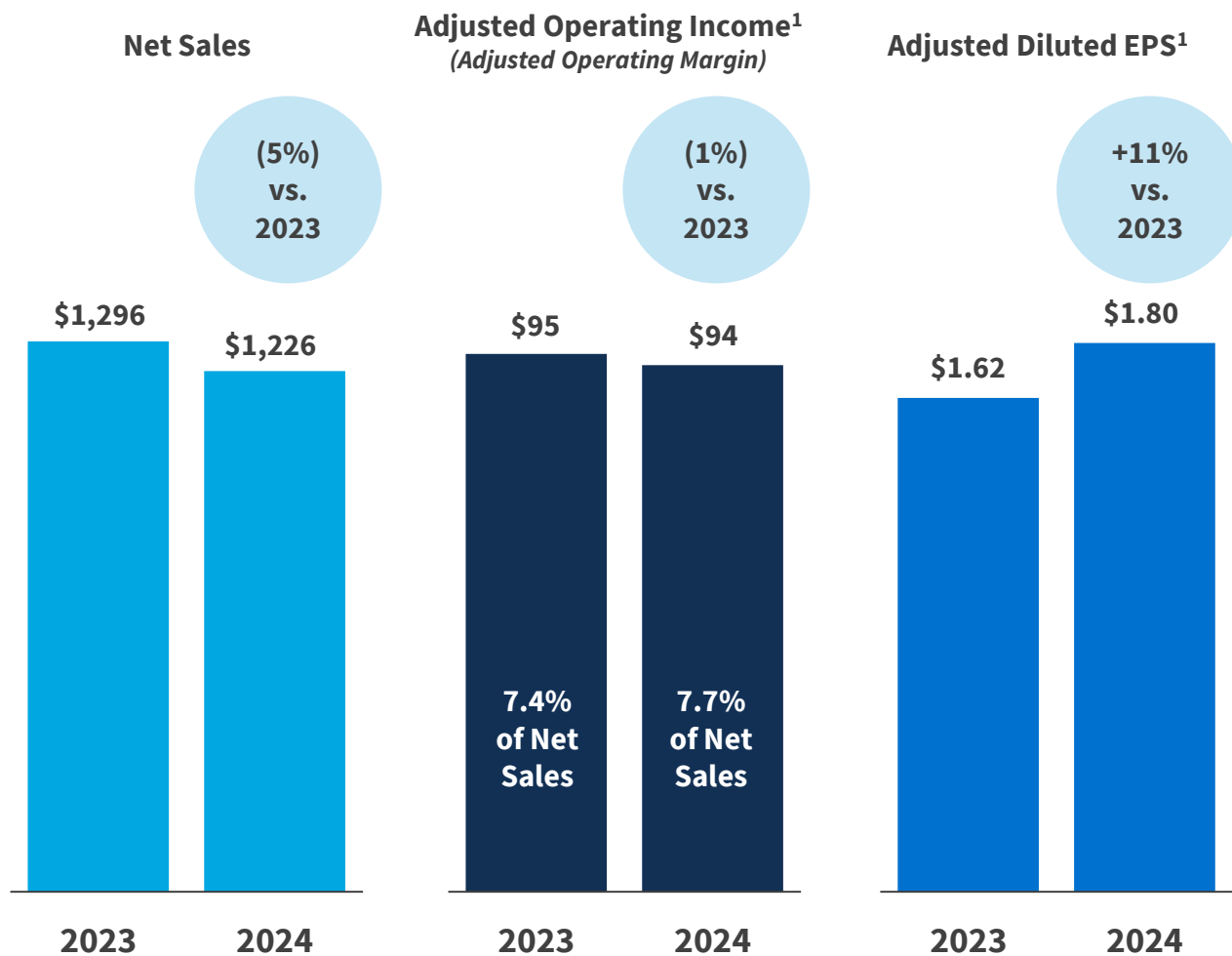
\$ in millions, except EPS

	Second Quarter 2024	% of Sales	Second Quarter 2023	% of Sales	Change
Net sales	\$564		\$600		(6%)
Gross profit	283	50.1%	292	48.6%	(3%)
Royalty income	4	0.7%	4	0.7%	(8%)
Adjusted SG&A	247	43.8%	258	43.0%	(4%)
Adjusted operating income	39	7.0%	38	6.3%	4%
Interest and other, net	5	0.9%	6	1.1%	(19%)
Adjusted income before taxes	34	6.1%	32	5.3%	9%
Adjusted income tax provision	7		7		(10%)
Adjusted net income	\$28	4.9%	\$24	4.0%	14%
Adjusted diluted EPS	\$0.76		\$0.64		19%
Weighted-average shares outstanding	36		37		(3%)
Adjusted EBITDA	\$53	9.5%	\$56	9.2%	(4%)

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

FIRST HALF 2024 PERFORMANCE

\$ in millions, except EPS



¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

FIRST HALF 2024 RESULTS

ADJUSTED BASIS¹

\$ in millions, except EPS

	First Half 2024	<i>% of Sales</i>	First Half 2023	<i>% of Sales</i>	Change
Net sales	\$1,226		\$1,296		(5%)
Gross profit	598	48.8%	601	46.4%	(1%)
Royalty income	9	0.8%	11	0.8%	(15%)
Adjusted SG&A	513	41.8%	517	39.9%	(1%)
Adjusted operating income	94	7.7%	95	7.4%	(1%)
Interest and other, net	10	0.8%	15	1.2%	(32%)
Adjusted income before taxes	84	6.9%	80	6.2%	5%
Adjusted income tax provision	19		19		(4%)
Adjusted net income	\$66	5.4%	\$61	4.7%	8%
Adjusted diluted EPS	\$1.80		\$1.62		11%
Weighted-average shares outstanding	36		37		(3%)
Adjusted EBITDA	\$123	10.0%	\$129	10.0%	(5%)

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



BUSINESS SEGMENT PERFORMANCE

SECOND QUARTER 2024 SEGMENT PERFORMANCE

\$ in millions

	Net Sales			Adjusted Operating Income ¹			Adjusted Operating Margin ¹	
	2024	2023	\$ Change	2024	2023	\$ Change	2024	2023
U.S. Retail	\$290	\$323	(\$33)	\$18	\$28	(\$10)	6.2%	8.8%
U.S. Wholesale	193	187	6	36	29	7	18.8%	15.7%
International	81	90	(9)	6	7	(1)	6.8%	7.5%
Total before Corporate expenses	564	600	(36)	60	64	(5)	10.6%	10.7%
Corporate expenses				(20)	(26)	6	(3.6%)	(4.4%)
Total	\$564	\$600	(\$36)	\$39	\$38	\$2	7.0%	6.3%

¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

Note: Results may not be additive due to rounding.

SECOND QUARTER SEGMENT PERFORMANCE

2024 vs. 2023 | ADJUSTED BASIS

U.S. RETAIL

- **Net sales: -10% (units -10%)**
 - Slow start to quarter (earlier Easter, late arrival of Spring weather)
 - Lingering macro pressures impacting families with young children
 - Highly promotional environment
- **Comparable sales: -12%**
 - Lower traffic
 - Lower conversion
 - Stores better than eCommerce
- **Operating margin 6.2% (-260 bps vs. LY)¹**
 - Lower product costs
 - Lower transportation costs
 - Expense deleverage

U.S. WHOLESALE

- **Net sales: +3% (units +7%)**
 - Earlier and higher than planned demand
 - Growth with Exclusive Brands
 - >50% reduction in low-margin off-price sales
- **Operating margin 18.8% (+310 bps vs. LY)¹**
 - Lower pricing
 - Lower product costs
 - Lower transportation costs
 - Inventory reserve releases in prior year
 - Favorable channel mix (lower off-price sales)

INTERNATIONAL

- **Net sales: -10% (units -9%)**
 - High teens growth in Mexico
 - Macro pressures globally
 - Lower wholesale shipments to the Middle East & Brazil
- **Net sales constant currency -9%**
- **Operating margin 6.8% (-70 bps vs. LY)¹**
 - Lower pricing
 - Lower product costs
 - Lower transportation costs
 - Expense deleverage

¹ Results presented on an adjusted basis, a non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

FIRST HALF 2024 SEGMENT PERFORMANCE

\$ in millions

	Net Sales			Adjusted Operating Income ¹			Adjusted Operating Margin ¹	
	2024	2023	\$ Change	2024	2023	\$ Change	2024	2023
U.S. Retail	\$598	\$647	(\$49)	\$32	\$55	(\$22)	5.4%	8.4%
U.S. Wholesale	457	467	(10)	100	81	19	21.8%	17.3%
International	171	182	(11)	8	10	(2)	4.5%	5.4%
Total before Corporate expenses	1,226	1,296	(70)	140	145	(6)	11.4%	11.2%
Corporate expenses				(45)	(50)	(5)	(3.7%)	(3.8%)
Total	\$1,226	\$1,296	(\$70)	\$94	\$95	(\$1)	7.7%	7.4%

¹ Non-GAAP measure; see reconciliation to GAAP in Supplemental Information.

Note: Results may not be additive due to rounding.

BALANCE SHEET & CASH FLOW

\$ in millions

Balance Sheet (Q2 End)

	2024	2023
Cash	\$317	\$175
Accounts receivable, net	132	133
Inventory, net	599	682
Accounts payable	314	281
Long-term debt, net	498	497
Operating lease liabilities ¹	566	558

Cash Flow (First Half)

	2024	2023
Operating cash flow	\$92	\$209
Capital expenditures	(24)	(26)
Free cash flow ²	\$67	\$183
Dividends	\$59	\$57
Share repurchases	34	40
Total	\$92	\$97

- **Inventories down 12% vs. LY**
 - Fewer days of supply
 - Lower excess; pack & hold fully sold through at good margins
 - Lower product costs
- **Total liquidity \$1.2 billion**
 - \$317 million cash
 - \$844 million borrowing capacity on revolving credit facility
- **No revolving credit facility borrowings Q2 2024**

- **Operating cash flow reflects significant sell through of pack & hold inventory in 2023 at good margins**
- **\$92 million distributed to shareholders through dividends and share repurchases in 1H 2024**
 - Dividends: \$59 million
 - Share repurchases: \$34 million
- **Year-to-date share repurchases \$46 million³**

¹ Sum of current and non-current operating lease liabilities. ² Non-GAAP measure. ³ Through 7/25/24



PROGRESS WITH GROWTH STRATEGIES

STRATEGIC PRIORITIES



PRODUCT

Elevate Style & Value



MARKETING

Deepen Our Customer Relationships



BRAND REACH

Leverage Our Unparalleled Multi-channel Market Presence



#1 BEST OVERALL BABY CLOTHES BRAND¹



¹ By Reviewed / USA Today (7/22/24).
Source: <https://reviewed.usatoday.com/parenting/best-right-now/best-baby-clothes-brands-2024#carters-review>

CARTER'S ELEVATED BABY COLLECTION



OSHKOSH NEW BACK TO SCHOOL FASHION



GROWING OUR ECO-FRIENDLY LITTLE PLANET BRAND



little planet.
by carter's

Forecasting double-digit growth in 2024

- Little Planet customers have +78% visit frequency
- Expanded Toddler and Kid offerings
- Planning 200 additional points of distribution in 2024



STRONG CONSUMER RESPONSE TO NEW PurelySoft COLLECTION



- Soft, stretchy silhouettes made with eco-responsible materials
- 'Affordable premium' positioning
- PurelySoft consumers spending >2x average transaction
- Q2 net sales more than doubled vs. LY

EXCEPTIONAL VALUE EVERY DAY



from
\$5

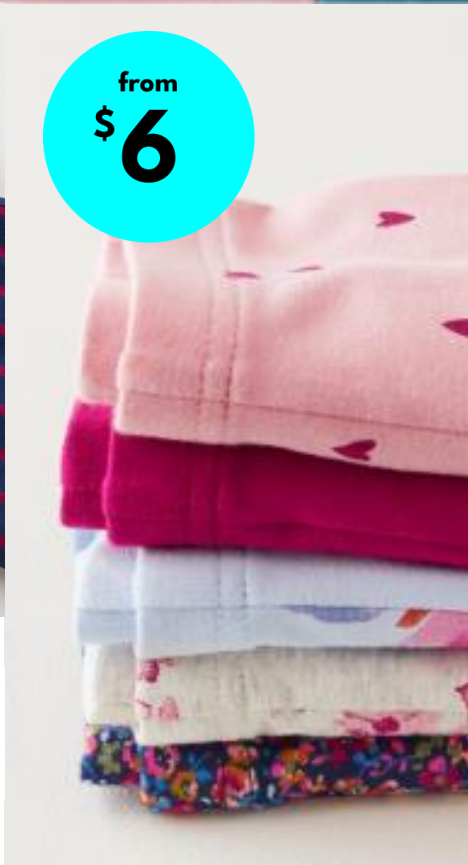


**SIZE-UPS
START HERE**

They grow fast. These prices don't.



from
\$6



CHECK THE TAGS

Time for a bigger size. Always starting at \$6.

EXCLUSIVE BRANDS ASSORTMENT



carter's
— just one you —

carter's
— child of mine —

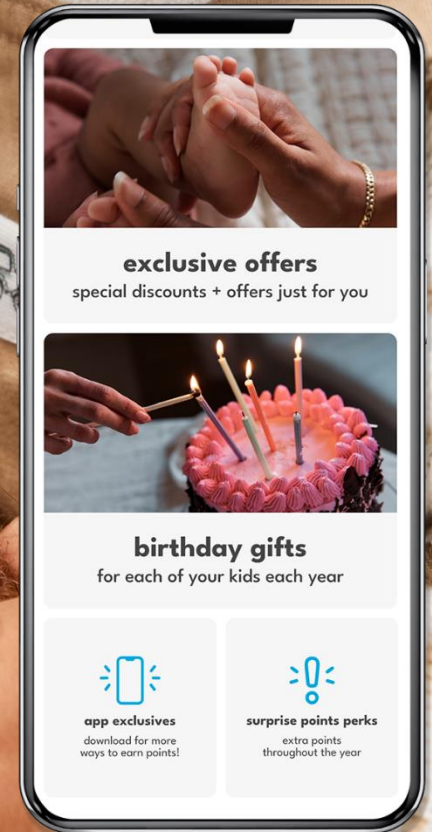
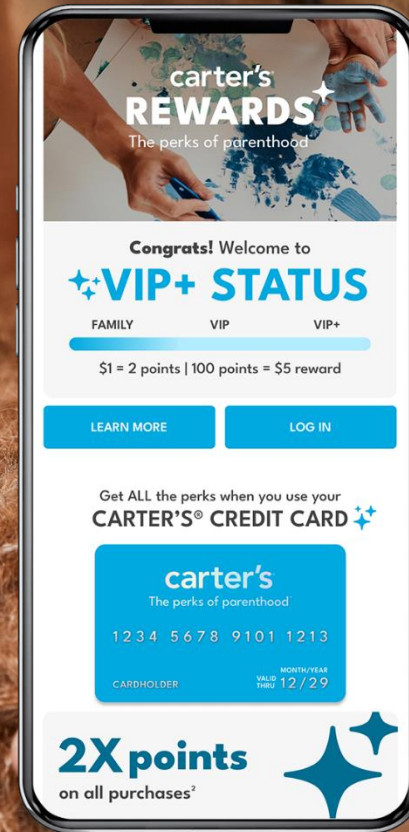
simplejoys
by carter's

MARKET-LEADING LOYALTY PROGRAM

carter's REWARDS⁺

The perks of parenthood™

- Relaunch of U.S. Retail loyalty program well-received by customers
- Nearly 90% of transactions are with customers in our loyalty program
- Reward earnings faster to drive frequency
- New VIP tier growing best customers
- New technology enables personalized offers



IMPROVED PERSONALIZATION CAPABILITIES

A JOURNEY FOR EVERY CUSTOMER



INSTAGRAM AD

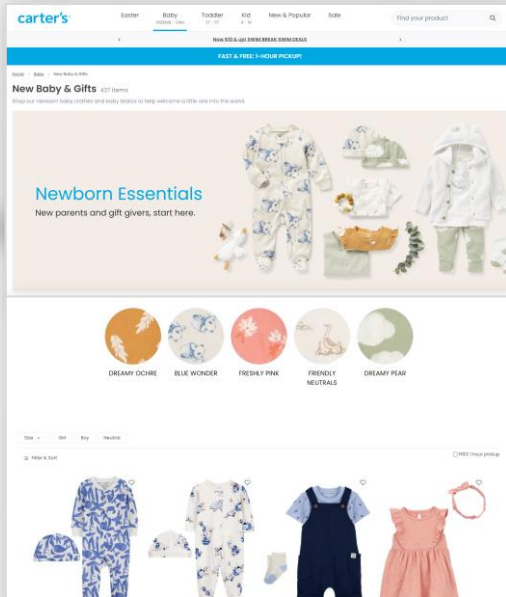


AMY: EXPECTING MOM

- Due in 3 months
- Searched baby gear
- Style Customer



PERSONALIZED LANDING PAGE



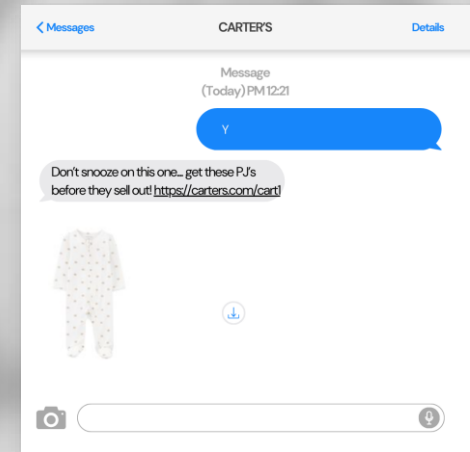
PERSONALIZED OFFERS

Order summary

✔ Your personal offer is applied, saving you \$10.00 towards your order! [\(details\)](#) ✕

Subtotal	\$32.40
Shipping	\$0.00
Promo discount	-\$10.00
Estimated tax	\$1.36
Order total	\$24.04

COMMUNICATIONS



LAUNCHING NEW BRAND CAMPAIGN

'MORE THAN JUST CUTE'



STREAMING TV / ONLINE VIDEO



SOCIAL MEDIA



SOCIAL MEDIA



BILLBOARD ADVERTISING

STRENGTHENING THE STORE EXPERIENCE

NEW FORMATS AND REMODELS



STORES ARE AN IMPORTANT COMPONENT OF OUR GROWTH STRATEGY

- Best experience with our brands
- #1 source of new customer acquisition
- Extend reach of our brands
- High return on investment

KEY INITIATIVES

Optimizing U.S. fleet

- Open high-margin stores (~40 in '24)
- Close low-margin stores (~30 in '24)
- Accelerating remodels (~40 in '24)

Launching new formats

- Best of Baby & Toddler
- Little Planet shop-in-shop
- Atlanta Flagship



INNOVATIVE FLAGSHIP STORE OPENING IN FALL

ATLANTA, GEORGIA



Reimagined, elevated shopping experience that showcases our house of brands

NEW LITTLE PLANET STORE OPENING NOVEMBER

ANDARES MALL | GUADALAJARA, MEXICO



UNPARALLELED RELATIONSHIPS WITH THE WORLD'S LARGEST RETAILERS



carter's
— just one you. —



 **TARGET.**

carter's
— child of mine —



Walmart 

simplejoys
by **carter's**



amazon 

TAILORING OUR STRATEGIES TO SUPPORT UNIQUE NEEDS OF OUR WHOLESALE CUSTOMERS



KOHL'S[®]

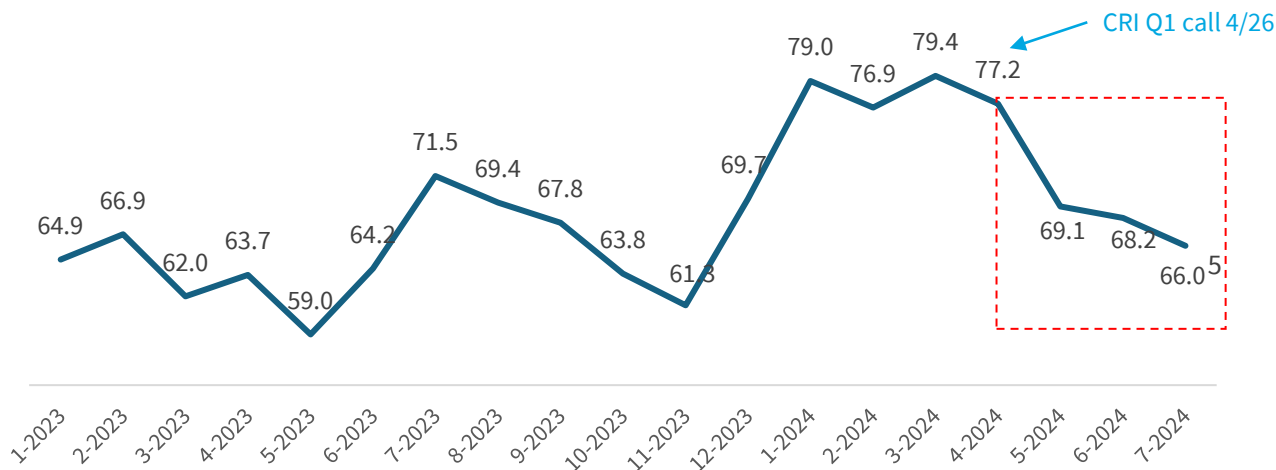
2024 OUTLOOK



MARKET CONDITIONS HAVE WEAKENED SINCE APRIL

- Majority of Americans living paycheck to paycheck¹
- Cost of living remains elevated¹
- Record revolving consumer credit (\$1.3T)²
- Mortgage rates remain elevated (6.8% 30-year)³
- Record home prices⁴
- Declining consumer sentiment

University of Michigan Consumer Sentiment Index



¹ CNBC.com (paycheck 4/9/24; inflation 7/11/24). ² The Federal Reserve (May '24 measure). ³ Federal Reserve Bank of St. Louis (7/25/24 measure). ⁴ WSJ.com (7/23/24). ⁵ Preliminary measure.

FAMILIES BURDENED BY MEANINGFUL COST INCREASES SINCE 2019



Shelter
+24%



Food
+27%



Gasoline
+35%



Energy
+35%



Motor Vehicle
Insurance
+47%



Day Care &
Preschool
+19%



SECOND HALF 2024 GUIDANCE REVISION

REVISED vs. APRIL OUTLOOK

\$ in millions, except EPS

	Revised Guidance	April Guidance
Net sales	\$1,560 - \$1,600	\$1,729 - \$1,769
U.S. Retail	-HSD to -LDD	+LSD to +HSD
U.S. Wholesale	+ MSD to +HSD	+HSD
International	-MSD to -HSD	+LSD
Operating income	\$146 - \$166	\$248 - \$259
<i>Operating margin</i>	9.4% - 10.4%	14.3% - 14.7%
Diluted EPS	\$2.80 - \$3.25	\$4.92 - \$5.01

- **Largest sales revision in U.S. Retail business**
 - Second half comp sales -9% to -12% (April guidance assumed +2% to +7%)
 - Comp sales Q3 to date trending down 11%
- **U.S. Wholesale revision principally relates to timing of demand**
- **International revision reflects weaker trends in Canada and timing of wholesale demand**
- **Operating income reflects volume reduction and increased investments in pricing and brand marketing**
- **Risks we are monitoring:**
 - Health of the consumer, global macro environment, promotional intensity, presidential election

¹ Implied second half outlook based on guidance provided on 4/26/24 and 7/26/24 earnings calls.

2024 FISCAL YEAR OUTLOOK

NET SALES

- **Net sales: \$2.785 billion to \$2.825 billion** (FY2023: \$2.95 billion)

U.S. Retail

U.S. Wholesale

International

Down HSD to LDD
Comp sales down HSD to LDD

+LSD

Down MSD to HSD

PROFITABILITY, CASH FLOW & INVESTMENTS

Adjusted

Operating Income

Diluted EPS

Operating Cash Flow

CapEx

\$240 million to \$260 million
(FY2023: \$328 million)¹

\$4.60 to \$5.05²
(FY2023: \$6.19)¹

>\$200 million

~\$75 million

KEY ASSUMPTIONS

- **Continued macroeconomic pressure on consumer demand**
 - Second half U.S. Retail comparable sales -9% to -12%
- **Comparable gross profit margin**
- **Increased SG&A**
 - Higher growth-related investments & inflation, partially offset by productivity initiatives
- **Lower net interest expense**
- **Lower effective tax rate**
- **Continued distribution of capital**

¹ See reconciliations to GAAP in Supplemental Information.

² Excludes an estimated non-cash pension plan settlement charge of \$1 million to \$2 million.

Forward-looking adjusted operating income and adjusted diluted EPS have not been reconciled to their most directly comparable GAAP measures.

2024 THIRD QUARTER OUTLOOK¹

NET SALES

- **Consolidated net sales: \$735 million to \$755 million** (Q3 2023: \$792 million)

U.S. Retail

U.S. Wholesale

International

Down HSD to LDD

Comp sales -9% to -12%

(Comp sales Q3 to date -11%; YTD - 10%)

Comparable to down
LSD

Down MSD to HSD

PROFITABILITY

Adjusted Operating Income

Adjusted Diluted EPS

\$60 million to \$70 million

(Q3 2023: \$96 million)¹

\$1.10 to \$1.35²

(Q3 2023: \$1.84)¹

KEY ASSUMPTIONS

- **Continued macroeconomic pressure on consumer demand**
- **Investments in pricing & brand marketing**
- **Lower gross profit margin**
- **Higher SG&A**
- **Lower net interest expense & effective tax rate**
- **Continued distribution of capital**

¹ See reconciliations to GAAP in Supplemental Information.

² Excludes an estimated non-cash pension plan settlement charge of \$1 million to \$2 million.

Forward-looking adjusted operating income and adjusted diluted EPS have not been reconciled to their most directly comparable GAAP measures.



THANK YOU

SUPPLEMENTAL INFORMATION



SECOND QUARTER RECONCILIATION OF ADJUSTED NET INCOME ALLOCABLE TO COMMON SHAREHOLDERS

	Fiscal Quarter Ended	
	June 29, 2024	July 1, 2023
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	35,688,755	36,824,490
Dilutive effect of equity awards	135	127
Diluted number of common and common equivalent shares outstanding	35,688,890	36,824,617

\$ in thousands, except EPS	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Basic net income per common share:				
Net income	\$27,639	\$23,867	\$27,639	\$24,165
Income allocated to participating securities	(523)	(426)	(523)	(431)
Net income available to common shareholders	\$27,116	\$23,441	\$27,116	\$23,734
Basic net income per common share	\$0.76	\$0.64	\$0.76	\$0.64
Diluted net income per common share:				
Net income	\$27,639	\$23,867	\$27,639	\$24,165
Income allocated to participating securities	(523)	(426)	(523)	(431)
Net income available to common shareholders	\$27,116	\$23,441	\$27,116	\$23,734
Diluted net income per common share	\$0.76	\$0.64	\$0.76	\$0.64

(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 above. The Company has excluded \$0.3 million in after-tax expenses from these results for the fiscal quarter ended July 1, 2023.

Note: Results may not be additive due to rounding.

FIRST HALF RECONCILIATION OF ADJUSTED NET INCOME ALLOCABLE TO COMMON SHAREHOLDERS

	Fiscal Quarter Ended	
	June 29, 2024	July 1, 2023
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	35,774,748	36,964,509
Dilutive effect of equity awards	1,692	3,850
Diluted number of common and common equivalent shares outstanding	35,776,440	33,968,359

\$ in thousands, except EPS	Two Fiscal Quarters Ended			
	As reported on a GAAP Basis		As adjusted (a)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Basic net income per common share:				
Net income	\$65,672	\$59,863	\$65,672	\$61,044
Income allocated to participating securities	(1,218)	(1,018)	(1,218)	(1,040)
Net income available to common shareholders	\$64,454	\$58,845	\$64,454	\$60,004
Basic net income per common share	\$1.80	\$1.59	\$1.80	\$1.62
Diluted net income per common share:				
Net income	\$65,672	\$59,863	\$65,672	\$61,044
Income allocated to participating securities	(1,218)	(1,018)	(1,218)	(1,040)
Net income available to common shareholders	\$64,454	\$58,845	\$64,454	\$60,004
Diluted net income per common share	\$1.80	\$1.59	\$1.80	\$1.62

(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 above. The Company has excluded \$1.2 million in after-tax expenses from these results for the two fiscal quarters ended July 1, 2023.

Note: Results may not be additive due to rounding.

RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS

\$ in millions, except EPS

Second Quarter of Fiscal 2023	Segment Reporting															
	SG&A	% of net sales	Operating Income	% of net sales	Income Tax Provision	Net Income	Diluted EPS	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)	\$258.7	43.1%	\$37.6	6.3%	\$7.4	\$23.9	\$0.64	\$28.2	8.7%	\$29.2	15.6%	\$6.7	7.4%	(\$26.5)	(4.4%)	
Organizational restructuring (b)	(0.4)		0.4		0.1	0.3	0.01	0.2		0.1		-		0.1		
As adjusted (a)	\$258.3	43.0%	\$37.9	6.3%	\$7.5	\$24.2	\$0.64	\$28.4	8.8%	\$29.3	15.7%	\$6.7	7.5%	(\$26.5)	(4.4%)	

First Half of Fiscal 2023	Segment Reporting															
	SG&A	% of net sales	Operating Income	% of net sales	Income Tax Provision	Net Income	Diluted EPS	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)	\$518.3	40.0%	\$93.9	7.2%	\$19.1	\$59.9	\$1.59	\$55.2	8.5%	\$81.3	17.4%	\$9.8	5.4%	(\$52.4)	(4.0%)	
Organizational restructuring (b)	(1.5)		1.5		0.4	1.2	0.03	(0.6)		(0.4)		-		2.5		
As adjusted (a)	\$516.8	39.9%	\$95.5	7.4%	\$19.4	\$61.0	\$1.62	\$54.6	8.4%	\$81.0	17.3%	\$9.8	5.4%	(\$49.8)	(3.8%)	

(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 SG&A, operating income, income taxes, net income, and net income 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 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 related to organizational restructuring and related corporate office lease amendment actions.

Note: No adjustments were made to GAAP results in the first quarter and first half of fiscal 2024. Results may not be additive due to rounding.

RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS

\$ in millions, except EPS

Third Quarter of Fiscal 2023	SG&A	% of net sales	Operating Income	% of net sales	Income Tax Provision	Net Income	Diluted EPS
As reported (GAAP)	\$288.7	36.5%	\$93.4	11.8%	\$19.2	\$66.1	\$1.78
Organizational restructuring (b)	(2.9)		2.9		0.7	2.2	0.06
As adjusted (a)	\$285.8	36.1%	\$96.3	12.2%	\$19.9	\$68.4	\$1.84

Fiscal Year 2023	SG&A	% of net sales	Operating Income	% of net sales	Income Tax Provision	Net Income	Diluted EPS
As reported (GAAP)	\$1,093.9	37.1%	\$323.4	11.0%	\$69.7	\$232.5	\$6.24
Organizational restructuring (b)	(4.4)		4.4		1.0	3.4	0.09
Benefit from credit card settlement (c)	-		-		(1.7)	(5.3)	(0.14)
As adjusted (a)	\$1,089.5	37.0%	\$327.8	11.1%	\$69.1	\$230.6	\$6.19

(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 SG&A, operating income, income taxes, net income, and net income 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 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 related to organizational restructuring and related corporate office lease amendment actions.

(c) Gain resulting from a court-approved settlement related to payment card interchange fees.

Note: Results may not be additive due to rounding.

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

\$ in millions

	Fiscal Quarter Ended		Two Fiscal Quarters Ended		Four Fiscal Quarters Ended
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023	June 29, 2024
Net income	\$27.6	\$23.9	\$65.7	\$59.9	\$238.3
Interest expense	7.9	8.1	15.8	17.7	32.0
Interest income	(3.2)	(1.0)	(6.3)	(1.7)	(9.3)
Tax expense	6.7	7.4	18.6	19.1	69.3
Depreciation and amortization	14.4	16.8	29.2	32.5	60.9
EBITDA	\$53.5	\$55.1	\$123.1	\$127.5	\$391.2
Adjustments to EBITDA					
Organizational restructuring ^(a)	-	\$0.4	-	\$1.5	\$2.9
Benefit from credit card settlement ^(b)	-	-	-	-	(6.9)
Total adjustments	-	0.4	-	1.5	(4.1)
Adjusted EBITDA	\$53.5	\$55.5	\$123.1	\$129.0	\$387.1

(a) Net expenses related to organizational restructuring and related corporate office lease amendment actions.

(b) Gain resulting from a court-approved settlement related to payment card interchange fees.

Note: Results may not be additive due to rounding.

NET SALES CONSTANT CURRENCY RECONCILIATION

\$ in millions

	Fiscal Quarter Ended					
	Reported Net Sales June 29, 2024	Impact of Foreign Currency Translation	Constant-Currency Net Sales June 29, 2024	Reported Net Sales July 1, 2023	Reported Net Sales % Change	Constant-Currency Net Sales % Change
Consolidated net sales	\$564.4	\$(0.4)	\$564.8	\$600.2	(6.0)%	(5.9)%
International segment net sales	\$81.3	\$(0.4)	\$81.7	\$89.9	(9.6)%	(9.1)%

	Two Fiscal Quarters Ended					
	Reported Net Sales June 29, 2024	Impact of Foreign Currency Translation	Constant-Currency Net Sales June 29, 2024	Reported Net Sales July 1, 2023	Reported Net Sales % Change	Constant-Currency Net Sales % Change
Consolidated net sales	\$1,225.9	\$1.6	\$1,224.4	\$1,296.1	(5.4)%	(5.5)%
International segment net sales	\$171.0	\$1.6	\$169.4	\$182.0	(6.1)%	(6.9)%

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.

Note: Results may not be additive due to rounding.

STORE COUNT RECONCILIATION

	U.S	Canada	Mexico	Total
Store count at July 1, 2023	763	186	50	999
Openings	31	4	5	40
Closings	(2)	(2)	(1)	(5)
Store count at December 30, 2023	792	188	54	1,034
Openings	15	3	1	19
Closings	(18)	(5)	(3)	(26)
Store count at June 29, 2024	789	186	52	1,027
<i>Balance of 2024 Forecast</i>				
Openings	25	6	10	41
Closings	(11)	-	(1)	(12)
Estimated store count at December 28, 2024	803	192	61	1,056

FORWARD LOOKING STATEMENTS

AND OTHER INFORMATION

Statements in this presentation that are not historical fact and use predictive words such as “estimates”, “outlook”, “guidance”, “expect”, “believe”, “intend”, “designed”, “target”, “plans”, “may”, “will”, “are confident” and similar words are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed in this press release. These risks and uncertainties include, but are not limited to, the factors disclosed in Part I, Item 1A. “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2023, and otherwise in our reports and filings with the Securities and Exchange Commission, as well as the following factors: risks related to public health crises; changes in global economic and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits; continued inflationary pressures with respect to labor and raw materials and global supply chain constraints that have had, and could continue to have, an affect on freight, transit, and other costs; risks related to geopolitical conflict, including ongoing geopolitical challenges between the United States and China, the ongoing hostilities in Ukraine, Israel, and the Red Sea region, acts of terrorism, mass casualty events, social unrest, civil disturbance or disobedience; risks related to a potential shutdown of the U.S. government; financial difficulties for one or more of our major customers; an overall decrease in consumer spending, including, but not limited to, decreases in birth rates; our products not being accepted in the marketplace and our failure to manage our inventory; increased competition in the marketplace; 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 and our inability to successfully increase prices to offset these increased costs; our foreign sourcing arrangements; disruptions in our supply chain, including increased transportation and freight costs; the management and expansion of our business domestically and internationally; the acquisition and integration of other brands and businesses; changes in our tax obligations, including additional customs, duties or tariffs; fluctuations in foreign currency exchange rates; risks associated with corporate responsibility issues; our ability to achieve our forecasted financial results for the fiscal year; our continued ability to declare and pay a dividend and conduct share repurchases in future periods; our planned opening and closing of stores; and consummation of the early payout, and potential termination, of the pension plan, including the ultimate amount of any related charges. Except for any ongoing obligations to disclose material information as required by federal securities laws, 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. The inclusion of any statement in this press release does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

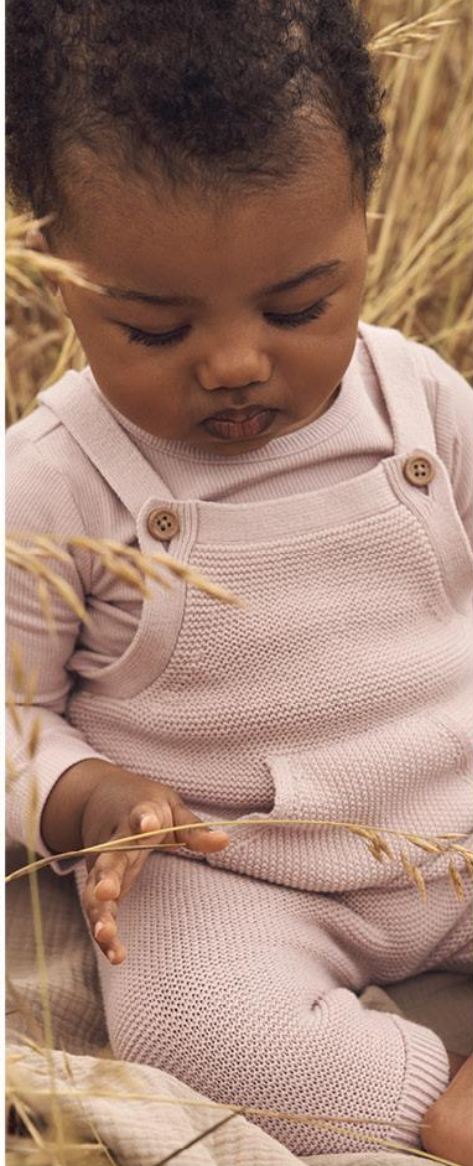
We have not reconciled forward-looking adjusted operating income or adjusted diluted earnings per share to their most directly comparable GAAP measures because we cannot predict with reasonable certainty the ultimate outcome of certain components of such reconciliations that are not within our control including due to factors described above, or others that may arise, without unreasonable effort. For these reasons, we are unable to assess the probable significance of the unavailable information, which could materially impact the amount of future operating income or diluted EPS, the most directly comparable GAAP metrics to adjusted operating income and adjusted diluted earnings per share, respectively.



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