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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended October 3, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 001-31829

CARTER'S, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3912933**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Phipps Tower,
3438 Peachtree Road NE, Suite 1800
Atlanta, Georgia 30326
(Address of principal executive offices, including zip code)
(678) 791-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	CRI	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 ☒ 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 ☒ 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 definition 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 23, 2026, there were 36,692,500 shares of the registrant's common stock outstanding.

CARTER'S, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CARTER'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(*dollars in thousands, except per share data*)
(unaudited)

	October 3, 2026	January 3, 2026	September 27, 2025
ASSETS			
Current assets:			
Cash and cash equivalents	$ 450,957	$ 487,075	$ 184,190
Short-term investments	75,000	—	—
Accounts receivable, net of allowance for credit losses of $11,231, $7,587, and $12,026, respectively	228,858	178,566	237,866
Finished goods inventories, net of inventory reserves of $15,394, $8,897, and $12,347, respectively	587,035	544,624	656,149
Prepaid expenses and other current assets	74,497	60,508	55,576
Total current assets	1,416,347	1,270,773	1,133,781
Property, plant, and equipment, net of accumulated depreciation of $581,338, $609,059, and $599,467, respectively	177,632	186,307	189,012
Operating lease assets	562,384	591,806	611,569
Tradenames, net	268,483	268,659	268,718
Goodwill	207,559	208,994	208,351
Customer relationships, net	17,483	20,128	20,993
Other assets	19,389	18,803	37,015
Total assets	$ 2,669,277	$ 2,565,470	$ 2,469,439
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 254,353	$ 235,700	$ 240,235
Current operating lease liabilities	131,492	136,488	150,548
Other current liabilities	123,781	133,809	110,907
Total current liabilities	509,626	505,997	501,690
Long-term debt, net	568,135	567,173	498,738
Deferred income taxes	43,340	39,380	41,200
Long-term operating lease liabilities	479,181	508,461	529,139
Other long-term liabilities	14,767	19,411	34,030
Total liabilities	$ 1,615,049	$ 1,640,422	$ 1,604,797
Commitments and contingencies - Note 15			
Shareholders' equity:			
Preferred stock; par value $0.01 per share; 100,000 shares authorized; none issued or outstanding	$ —	$ —	$ —
Common stock, voting; par value $0.01 per share; 150,000,000 shares authorized; 36,692,152, 36,425,877, and 36,518,637 shares issued and outstanding, respectively	367	364	365
Additional paid-in capital	26,751	19,584	18,029
Accumulated other comprehensive loss	(30,719)	(24,361)	(28,107)
Retained earnings	1,057,829	929,461	874,355
Total shareholders' equity	1,054,228	925,048	864,642
Total liabilities and shareholders' equity	$ 2,669,277	$ 2,565,470	$ 2,469,439

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(*dollars in thousands, except per share data*)
(unaudited)

	Fiscal quarter ended		Three fiscal quarters ended	
	October 3, 2026	**September 27, 2025**	**October 3, 2026**	**September 27, 2025**
Net sales	$ 752,456	$ 757,836	$ 2,049,060	$ 1,972,975
Cost of goods sold	397,690	416,208	987,822	1,058,497
Gross profit	354,766	341,628	1,061,238	914,478
Royalty income, net	5,176	5,428	13,158	14,008
Selling, general, and administrative expenses	304,172	317,963	850,357	869,246
Operating income	55,770	29,093	224,039	59,240
Interest expense	11,826	7,173	34,895	22,849
Interest income	(4,797)	(2,573)	(16,536)	(10,007)
Other expense (income), net	329	882	766	(265)
Pension plan settlement	—	8,777	—	8,777
Income before income taxes	48,412	14,834	204,914	37,886
Income tax provision	11,801	3,241	49,009	10,308
Net income	$ 36,611	$ 11,593	$ 155,905	$ 27,578
Basic net income per common share	$ 1.00	$ 0.32	$ 4.27	$ 0.75
Diluted net income per common share	$ 1.00	$ 0.32	$ 4.27	$ 0.75
Dividend declared and paid per common share	$ 0.25	$ 0.25	$ 0.75	$ 1.30

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(*dollars in thousands*)
(unaudited)

	Fiscal quarter ended		Three fiscal quarters ended	
	October 3, 2026	**September 27, 2025**	**October 3, 2026**	**September 27, 2025**
Net income	$ 36,611	$ 11,593	$ 155,905	$ 27,578
Other comprehensive (loss) income:				
Reclassification related to settlement of Carter's post-retirement life insurance arrangement, net of tax of $(135) for three fiscal quarters ended October 3, 2026	—	—	(435)	—
Reclassification related to pension plan settlement, net of tax of $1,279 for the fiscal quarter and three fiscal quarters ended September 27, 2025	—	4,117	—	4,117
Gain on OshKosh B'Gosh defined benefit plan, net of tax of $281 for the fiscal quarter and three fiscal quarters ended September 27, 2025	—	905	—	905
Foreign currency translation adjustments	(3,370)	(312)	(5,922)	10,549
Total other comprehensive (loss) income	$ (3,370)	$ 4,710	$ (6,357)	$ 15,571
Comprehensive income	$ 33,241	$ 16,303	$ 149,548	$ 43,149

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(*amounts in thousands, except share amounts*)
(unaudited)

	Common stock - shares	Common stock - $	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at January 3, 2026	36,425,877	$ 364	$ 19,584	$ (24,361)	$ 929,461	$ 925,048
Withholdings from vesting of restricted stock	(79,985)	—	(3,012)	—	—	(3,012)
Restricted stock activity	504,225	5	(5)	—	—	—
Stock-based compensation expense	—	—	3,684	—	—	3,684
Dividends declared of $0.25 per common share	—	—	—	—	(9,220)	(9,220)
Comprehensive income	—	—	—	(2,379)	14,336	11,957
Balance at April 4, 2026	36,850,117	$ 369	$ 20,251	$ (26,740)	$ 934,577	$ 928,457
Withholdings from vesting of restricted stock	(1,913)	—	(67)	—	—	(67)
Restricted stock activity	(136,303)	(2)	2	—	—	—
Stock-based compensation expense	—	—	3,689	—	—	3,689
Dividends declared of $0.25 per common share	—	—	—	—	(9,140)	(9,140)
Comprehensive income	—	—	—	(609)	104,958	104,349
Other	—	—	35	—	—	35
Balance at July 4, 2026	36,711,901	$ 367	$ 23,910	$ (27,349)	$ 1,030,395	$ 1,027,323
Withholdings from vesting of restricted stock	(18,496)	—	(738)	—	—	(738)
Restricted stock activity	(1,253)	—	—	—	—	—
Stock-based compensation expense	—	—	3,578	—	—	3,578
Dividends declared of $0.25 per common share	—	—	—	—	(9,177)	(9,177)
Comprehensive income	—	—	—	(3,370)	36,611	33,241
Other	—	—	1	—	—	1
Balance at October 3, 2026	36,692,152	$ 367	$ 26,751	$ (30,719)	$ 1,057,829	$ 1,054,228

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
(*amounts in thousands, except share amounts*)
(unaudited)

	Common stock - shares	Common stock - $	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 28, 2024	36,041,995	$ 360	$ 3,856	$ (43,678)	$ 894,024	$ 854,562
Withholdings from vesting of restricted stock	(93,538)	(1)	(4,221)	—	—	(4,222)
Restricted stock activity	288,657	3	(3)	—	—	—
Stock-based compensation expense	—	—	9,753	—	—	9,753
Dividends declared of $0.80 per common share	—	—	—	—	(28,999)	(28,999)
Comprehensive income	—	—	—	612	15,539	16,151
Balance at March 29, 2025	36,237,114	$ 362	$ 9,385	$ (43,066)	$ 880,564	$ 847,245
Withholdings from vesting of restricted stock	(3,233)	—	(110)	—	—	(110)
Restricted stock activity	233,190	3	(3)	—	—	—
Stock-based compensation expense	—	—	5,188	—	—	5,188
Dividends declared of $0.25 per common share	—	—	—	—	(9,116)	(9,116)
Comprehensive income	—	—	—	10,249	446	10,695
Balance at June 28, 2025	36,467,071	$ 365	$ 14,460	$ (32,817)	$ 871,894	$ 853,902
Withholdings from vesting of restricted stock	(6,238)	—	(157)	—	—	(157)
Restricted stock activity	57,804	—	—	—	—	—
Stock-based compensation expense	—	—	3,726	—	—	3,726
Dividends declared of $0.25 per common share	—	—	—	—	(9,132)	(9,132)
Comprehensive income	—	—	—	4,710	11,593	16,303
Balance at September 27, 2025	36,518,637	$ 365	$ 18,029	$ (28,107)	$ 874,355	$ 864,642

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(*dollars in thousands*)
(unaudited)

	Three fiscal quarters ended	
	October 3, 2026	**September 27, 2025**
Cash flows from operating activities:		
Net income	$ 155,905	$ 27,578
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, plant, and equipment	36,698	37,797
Amortization of intangible assets	2,825	2,781
Provision for excess and obsolete inventory, net	6,581	3,912
Amortization of debt issuance costs	1,723	1,253
Stock-based compensation expense	10,951	18,667
Unrealized foreign currency exchange loss (gain), net	394	(393)
Provision for credit losses	3,657	6,864
Unrealized gain on investments	(1,589)	(1,477)
Pension plan settlement	—	8,777
Deferred income taxes expense	4,317	879
Other operating items, net	(620)	21
Effect of changes in operating assets and liabilities:		
Accounts receivable	(54,436)	(48,893)
Finished goods inventories	(51,836)	(153,621)
Prepaid expenses and other assets	(14,448)	(25,509)
Accounts payable and other liabilities	1,689	(14,946)
Net cash provided by (used in) operating activities	$ 101,811	$ (136,310)
Cash flows from investing activities:		
Capital expenditures	$ (29,663)	$ (42,662)
Purchases of short-term investments	(75,000)	—
Net cash used in investing activities	$ (104,663)	$ (42,662)
Cash flows from financing activities:		
Dividends paid	$ (27,465)	$ (47,247)
Withholdings from vesting of restricted stock	(3,817)	(4,489)
Other	—	(370)
Net cash used in financing activities	$ (31,282)	$ (52,106)
Net effect of exchange rate changes on cash and cash equivalents	(1,984)	2,342
Net decrease in cash and cash equivalents	$ (36,118)	$ (228,736)
Cash and cash equivalents, beginning of period	487,075	412,926
Cash and cash equivalents, end of period	$ 450,957	$ 184,190

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – THE COMPANY

Carter's, Inc. and its wholly owned subsidiaries (collectively, the "Company") design, source, and market branded childrenswear under the *Carter's*, *OshKosh B'gosh* (or "*OshKosh*"), *Skip Hop, Child of Mine*, *Just One You*, *Simple Joys, Little Planet, Otter Avenue,* and other brands. The Company's products are sourced through contractual arrangements with manufacturers worldwide for sale in the Company's retail stores, eCommerce sites, and mobile app, which offer the Company's brand name merchandise and other licensed products manufactured by other companies. The Company also distributes its products to wholesale customers, which include leading department stores, national chains, and specialty retailers domestically and internationally.

Our trademarks that are referred to in this Quarterly Report on Form 10-Q, including *Carter's*, *OshKosh B'gosh*, *OshKosh*, *Skip Hop, Child of Mine*, *Just One You*, *Simple Joys*, *Little Planet, Otter Avenue, PurelySoft*, and *Carter's Rewards*, many of which are registered in the United States and in over 100 other countries and territories, are each the property of one or more subsidiaries of Carter's, Inc.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). All intercompany transactions and balances have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to state fairly the consolidated financial condition, results of operations, comprehensive income, statement of shareholders' equity, and cash flows of the Company for the interim periods presented. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the fiscal quarter ended October 3, 2026 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 2, 2027.

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The accompanying condensed consolidated balance sheet as of January 3, 2026 was derived from the Company's audited consolidated financial statements included in its most recently filed Annual Report on Form 10-K. Certain information and footnote disclosure normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC and the instructions to Form 10-Q.

The Company operates on a 52 or 53 week fiscal calendar. Fiscal 2026 will end on January 2, 2027 and includes 52 weeks. Fiscal 2025 ended on January 3, 2026 and included 53 weeks. The fiscal quarters ended October 3, 2026 and September 27, 2025 each included 13 weeks.

Accounting Policies

The accounting policies the Company follows are set forth in its most recently filed Annual Report on Form 10-K. There have been no material changes to these accounting policies. During the first quarter of fiscal 2026, the Company began accounting for potential refunds of tariffs previously paid under the International Emergency Economic Powers Act ("IEEPA") as gain contingencies, as described below. During the third quarter of fiscal 2026, the Company began investing a portion of its cash in certificates of deposit, as described below.

IEEPA Tariff Recovery

During the first quarter of fiscal 2026, the U.S. Supreme Court ruled that tariffs imposed under the IEEPA were unlawful. Following the April 20, 2026 launch of U.S. Customs and Border Protection's Consolidated Administration and Processing of Entries ("CAPE") process, the Company submitted claims seeking approximately $130 million of refunds of previously paid IEEPA tariffs through the CAPE system.

The Company has elected to apply a gain contingency model in accordance with ASC 450-30, *"Gain Contingencies"* to account for recoveries of previously paid IEEPA tariffs. Under this model, a gain contingency is not recognized in the financial statements until the gain is realized or realizable. Any recovery, when recognized, is reflected as a reduction of Cost of goods sold for amounts related to goods already sold, or as a reduction of inventory to the extent the related goods remain on hand.

During the second quarter of fiscal 2026, the Company received refund payments from U.S. Customs and Border Protection totaling approximately $132 million, including interest, in connection with various adjudicated claims, and the related recovery has been recognized. The Company recorded approximately $128 million of the recovery as a reduction of Cost of goods sold and $4 million in Interest income within the condensed consolidated statement of operations. As of October 3, 2026, the Company's remaining unadjudicated IEEPA refund claims, which continue to be accounted for as gain contingencies, were approximately $2 million. Uncertainty remains regarding the timing, amount, and ultimate receipt of any further refunds, and accordingly no additional amounts have been recognized in the condensed consolidated financial statements for these remaining claims.

Cash and Cash Equivalents and Short-Term Investments

The Company considers all highly liquid investments that have original maturities of three months or less to be cash equivalents. Cash and cash equivalents include deposit accounts, cash management funds invested in U.S. government instruments, and certificates of deposit with original maturities of three months or less. These investments are stated at cost, which approximates fair value. Cash equivalents also include amounts due from third-party financial institutions for credit and debit card transactions; these amounts typically settle in less than five days.

Investments with original maturities greater than three months at the date of purchase are excluded from Cash and cash equivalents. Such investments are classified as Short-term investments when their remaining maturities as of the balance sheet date are twelve months or less, and within Other assets when their remaining maturities as of the balance sheet date exceed twelve months. The Company's Short-term investments consist of fixed-rate certificates of deposit held with a major financial institution, with interest payable at maturity. These investments are carried at cost, which approximates fair value due to their short-term maturities. Accrued interest is recorded within Prepaid expenses and other current assets in the condensed consolidated balance sheets, and interest earned is recognized in Interest income in the condensed consolidated statement of operations. Purchases of these investments are presented within investing activities in the condensed consolidated statement of cash flows, and amounts received at maturity are presented within investing activities to the extent of the original principal and within operating activities to the extent of interest received.

As of October 3, 2026, the Company held $25.0 million of certificates of deposit classified as Cash and cash equivalents and $75.0 million of certificates of deposit classified as Short-term investments in the condensed consolidated balance sheets. No certificates of deposit were held as of January 3, 2026 or September 27, 2025.

Goodwill and Tradename Assets

During the second and third quarters of fiscal 2025, the Company identified a triggering event related to the new tariffs enacted by the U.S. Administration and the resulting unfavorable impact on the Company's financial forecasts, as well as a sustained decrease in the Company's stock price at that time. As a result, the Company performed a quantitative impairment test on the goodwill ascribed to each of the Company's reporting units and on the value of its indefinite-lived intangible tradename assets in the second and third quarters of fiscal 2025, which resulted in no impairment. The Company did not identify any triggering events during the third quarter or first three quarters of fiscal 2026 that would require an interim quantitative impairment test.

Expiration of Shareholder Rights Plan

On September 22, 2025, the Board of Directors of the Company adopted a limited duration shareholder rights agreement (the "Rights Agreement") in response to the rapid accumulation of a significant amount of the common stock of the Company by a third party. Pursuant to the Rights Agreement, the Company issued, by means of a "dividend," one preferred share purchase right (a "Right") for each outstanding share of the Company's common stock to shareholders of record as of the close of business on October 3, 2025.

The Rights Agreement expired in accordance with its terms on September 21, 2026, and all Rights issued thereunder expired unexercised. Neither the adoption nor the expiration of the Rights Agreement had an impact on the Company's condensed consolidated financial statements, including basic and diluted earnings per share. Additional information is included in the Company's Current Report on Form 8-K filed September 21, 2026, which is not incorporated herein by reference, as well as in Part II, Item 5. "Other Information".

Recent Accounting Pronouncements

Disaggregation of Income Statement Expenses (ASU 2024-03)

In November 2024, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses. The ASU is intended to increase transparency and comparability of financial statements by requiring public business entities to disclose in the notes to the financial statements additional information about specified expense components included in certain expense captions presented on the face of the consolidated statement of operations. The ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company expects to adopt the ASU for its fiscal 2027 annual reporting period using a prospective transition method. The Company does not expect adoption of the ASU to have a material impact on amounts reported in its consolidated financial statements; however, adoption will require additional disclosures in the notes to the consolidated financial statements.

Internal-Use Software (ASU 2025-06)

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software. The ASU modernizes the accounting for internal-use software by removing the existing "software development stages" model and instead requiring capitalization of internal-use software costs when (1) management has authorized and committed to funding the project and (2) it is probable the project will be completed and the software will be used as intended. The ASU is effective for fiscal years beginning after December 15, 2027 and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of adopting the ASU on its consolidated financial statements.

NOTE 3 – REVENUE RECOGNITION

The Company generates revenue primarily from the sale of products to retail and wholesale customers and from royalties earned under licensing arrangements. Contracts with customers include written agreements as well as arrangements that are implied by customary business practices or law.

Disaggregation of Revenue

The Company sells its products directly to consumers ("direct-to-consumer") through its retail stores, eCommerce websites, and mobile app, and to other retailers and partners that in turn sell the products to their own consumers ("wholesale"). The Company also earns royalties from certain of its licensees that sell products under the Company's brands.

Revenues disaggregated by segment and channel were as follows:

	Fiscal quarter ended October 3, 2026			
(dollars in thousands)	U.S. Retail	U.S. Wholesale	International	Total
Direct-to-consumer	$ 362,624	$ —	$ 74,641	$ 437,265
Wholesale	—	273,110	42,081	315,191
	$ 362,624	$ 273,110	$ 116,722	$ 752,456
Royalty income, net	$ 1,883	$ 2,453	$ 840	$ 5,176

	Three fiscal quarters ended October 3, 2026			
(dollars in thousands)	U.S. Retail	U.S. Wholesale	International	Total
Direct-to-consumer	$ 999,549	$ —	$ 201,806	$ 1,201,355
Wholesale	—	740,069	107,636	847,705
	$ 999,549	$ 740,069	$ 309,442	$ 2,049,060
Royalty income, net	$ 4,077	$ 7,135	$ 1,946	$ 13,158

	Fiscal quarter ended September 27, 2025			
(dollars in thousands)	U.S. Retail	U.S. Wholesale	International	Total
Direct-to-consumer	$ 362,307	$ —	$ 70,209	$ 432,516
Wholesale	—	283,805	41,515	325,320
	$ 362,307	$ 283,805	$ 111,724	$ 757,836
Royalty income, net	$ 2,434	$ 2,239	$ 755	$ 5,428

	Three fiscal quarters ended September 27, 2025			
(dollars in thousands)	U.S. Retail	U.S. Wholesale	International	Total
Direct-to-consumer	$ 956,288	$ —	$ 184,651	$ 1,140,939
Wholesale	—	726,899	105,137	832,036
	$ 956,288	$ 726,899	$ 289,788	$ 1,972,975
Royalty income, net	$ 4,359	$ 7,680	$ 1,969	$ 14,008

Accounts Receivable from Customers and Licensees

The components of Accounts receivable, net were as follows:

(dollars in thousands)	October 3, 2026	January 3, 2026	September 27, 2025
Trade receivables from wholesale customers, net	$ 228,370	$ 174,566	$ 239,417
Royalties receivable	4,729	4,011	4,960
Other receivables[1]	10,643	11,705	8,957
Total gross receivables	$ 243,742	$ 190,282	$ 253,334
Less: Wholesale accounts receivable reserves[2][3]	(14,884)	(11,716)	(15,468)
Accounts receivable, net	$ 228,858	$ 178,566	$ 237,866

(1) Includes receivables related to shipping volume rebates, healthcare-related rebates, amounts due from third-party gift card program partners, recoveries related to provisional anti-dumping duties in Mexico, and tax recoveries.

(2) Includes allowance for chargebacks of $3.7 million, $4.1 million, and $3.4 million for the periods ended October 3, 2026, January 3, 2026, and September 27, 2025, respectively.

(3) Includes allowance for credit losses of $11.2 million, $7.6 million, and $12.0 million for the periods ended October 3, 2026, January 3, 2026, and September 27, 2025, respectively.

Contract Assets and Liabilities

The Company's contract assets are not material to the Company's condensed consolidated financial statements.

The Company recognizes a contract liability when it has received consideration before transferring the related goods to the customer. The Company's contract liabilities primarily consist of (1) obligations related to unredeemed gift cards, (2) unredeemed customer loyalty rewards, and (3) the unamortized upfront bonus received from a third-party financial institution under the Company's private label credit card program. Contract liabilities are classified as current and are included in Other current liabilities on the Company's condensed consolidated balance sheets.

Contract Liabilities

Total contract liabilities were as follows:

(dollars in thousands)	October 3, 2026	January 3, 2026	September 27, 2025
Contract liabilities - current:			
Unredeemed gift cards	$ 25,897	$ 25,994	$ 25,318
Unredeemed customer loyalty rewards	2,420	2,372	2,232
Carter's credit card upfront bonus	—	—	179
Total contract liabilities - current	$ 28,317	$ 28,366	$ 27,729

Composition of Contract Liabilities

Unredeemed gift cards - represent obligations to transfer goods in the future to customers that have purchased gift cards. Gift card contract liabilities change due to the issuance and redemption of gift cards and the recognition of breakage on balances that are not expected to be redeemed. Although gift cards do not expire, all outstanding gift card balances are classified as current liabilities, as they are redeemable on demand by the cardholder. The majority of gift cards are redeemed within one year of issuance. During the third quarters of fiscal 2026 and fiscal 2025, the Company recognized revenue of $1.3 million and $1.3 million related to the gift card liability balance that existed at July 4, 2026 and June 28, 2025, respectively. Additionally, during the first three quarters of fiscal 2026 and fiscal 2025, the Company recognized revenue of $7.3 million and $6.8 million related to the gift card liability balance that existed at January 3, 2026 and December 28, 2024, respectively.

Unredeemed loyalty rewards - represent obligations under the Company's loyalty program to transfer goods in the future to customers when the reward certificates are redeemed. Changes in the loyalty program contract liability result from new rewards earned, and reward certificate redemptions and expirations. The earning and redemption cycles are under one year in duration.

Carter's credit card upfront bonus - represents the unamortized portion of the upfront signing bonus received from a third-party financial institution under the Company's private label credit card program. This bonus was recognized as revenue over the term of the agreement.

NOTE 4 – OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

(dollars in thousands)	October 3, 2026	January 3, 2026	September 27, 2025
Unredeemed gift cards	$ 25,897	$ 25,994	$ 25,318
Income taxes payable[(1)]	13,577	635	7,286
Accrued employee benefits[(2)]	12,758	28,021	17,180
Accrued bonuses and incentive compensation	9,525	19,861	13,851
Accrued taxes	8,527	10,334	10,671
Other[(3)]	53,497	48,964	36,601
Total other current liabilities	$ 123,781	$ 133,809	$ 110,907

(1) The increase as of October 3, 2026 primarily reflects the timing of estimated income tax payments, which are based on annualized income.

(2) Includes accruals for severance and other termination benefits. See Note 13, *Organizational Restructuring*, for additional information.

(3) Amounts as of October 3, 2026 and January 3, 2026 include liabilities under the deferred compensation plan. See Note 10, *Fair Value Measurements*, for additional information.

NOTE 5 – SUPPLY CHAIN FINANCE PROGRAM

The Company has established a voluntary supply chain finance ("SCF") program through participating financial institutions. This SCF program enables participating suppliers to accelerate payments for receivables due from the Company by selling receivables directly to the participating financial institutions at their discretion. As of October 3, 2026, the SCF program has a $70.0 million revolving capacity. The Company is not a party to the agreements between the participating financial institutions and the suppliers in connection with the SCF program and has no economic interest in the suppliers' decision to sell a receivable. Payment terms for most of the Company's suppliers are 60 days, regardless of participation in the SCF program. The Company settles obligations with the participating financial institutions in accordance with the original invoice due dates, and participation in the SCF program does not extend the Company's payment terms. The Company does not provide any guarantees in connection with the SCF program and does not pledge collateral under the program.

The Company's liability related to amounts payable to participating financial institutions for suppliers who voluntarily participate in the SCF program is included in Accounts payable on the condensed consolidated balance sheets. As of October 3, 2026, January 3, 2026, and September 27, 2025, amounts under the SCF program included in Accounts payable were $23.7 million, $13.5 million, and $24.5 million, respectively. Payments made in connection with the SCF program, like payments of other accounts payable, are reflected as a reduction to operating cash flow.

NOTE 6 – LONG-TERM DEBT

Long-term debt consisted of the following:

(dollars in thousands)	October 3, 2026	January 3, 2026	September 27, 2025
$575 million 7.375% Senior Notes due 2031	$ 575,000	$ 575,000	$ —
$500 million 5.625% Senior Notes due 2027	—	—	500,000
Less unamortized debt issuance-related costs	(6,865)	(7,827)	(1,262)
Senior notes, net	$ 568,135	$ 567,173	$ 498,738
Secured revolving credit facility	—	—	—
Total long-term debt, net	$ 568,135	$ 567,173	$ 498,738

Secured Revolving Credit Facility

As of October 3, 2026 and January 3, 2026, the Company had no outstanding borrowings under its secured asset-based revolving credit facility ("ABL facility"), exclusive of $5.8 million and $6.3 million of outstanding letters of credit, respectively. As of September 27, 2025, the Company had no outstanding borrowings under its secured cash-flow-based

revolving credit facility, exclusive of $6.9 million of outstanding letters of credit. As of October 3, 2026, January 3, 2026, and September 27, 2025, there was approximately $540.5 million, $743.7 million, and $843.1 million available for future borrowing, respectively. Any outstanding borrowings under the Company's ABL facility and secured cash-flow-based revolving credit facility are classified as non-current liabilities on the Company's condensed consolidated balance sheets due to contractual repayment terms under the credit facility. However, these repayment terms also allow the Company to repay some or all of the outstanding borrowings at any time.

ABL Facility

On November 17, 2025, the Company, through its wholly owned subsidiary, The William Carter Company ("TWCC"), entered into a new five-year ABL facility of up to $750.0 million. The ABL facility replaced the Company's existing $850.0 million secured cash-flow-based revolving credit facility due April 2027. Borrowings under the ABL facility will mature, and lending commitments thereunder will terminate, in November 2030.

The ABL facility contains various covenants, including those that restrict the Company's ability and the ability of its restricted subsidiaries to incur certain indebtedness, pay dividends or make distributions or other restricted payments, or to grant certain liens on their respective property or assets, among other things. The ABL facility also includes a springing financial covenant, consisting of, if the excess availability falls below certain thresholds, a fixed charge coverage ratio not to be less than 1.00 to 1.00.

The availability under the ABL facility was $540.5 million and $743.7 million as of October 3, 2026 and January 3, 2026, respectively. Availability is determined using borrowing base calculations of eligible inventory, accounts receivable, and intellectual property balances, less availability reserves, current outstanding borrowings under the ABL facility, and outstanding letters of credit. Availability may fluctuate throughout the year principally based on changes in eligible inventory and accounts receivable balances. As of October 3, 2026, the borrowing rate for a term Secured Overnight Financing Rate ("SOFR") loan would have been 5.16%, which includes an excess availability-based adjustment of 1.25%.

As of October 3, 2026, the Company was in compliance with its covenants and requirements under the ABL facility.

Senior Notes

On November 13, 2025, TWCC issued $575.0 million principal amount of senior notes at par, bearing interest at a rate of 7.375% per annum, and maturing on February 15, 2031. TWCC received net proceeds from the offering of the senior notes of approximately $567.0 million, after deducting underwriting fees and other expenses, which TWCC used to redeem the senior notes discussed below and for other general corporate purposes. Approximately $8.0 million, including both bank fees and other third-party expenses, was capitalized in connection with the issuance and is being amortized over the term of the senior notes.

On November 27, 2025, TWCC redeemed $500.0 million principal amount of senior notes, bearing interest at a rate of 5.625% per annum, and originally maturing on March 15, 2027. Pursuant to the optional redemption provisions described in the indenture dated as of March 14, 2019, TWCC paid the outstanding principal plus accrued and unpaid interest.

NOTE 7 – COMMON STOCK

Open Market Share Repurchases

The Company's Board of Directors (the "Board") has authorized share repurchase programs providing for the repurchase of up to an aggregate of $1.00 billion of the Company's common stock. As of October 3, 2026, the total remaining capacity under outstanding repurchase authorizations, based on settled repurchase transactions, was $599.0 million. The share repurchase authorizations have no expiration dates.

The Company did not repurchase and retire any shares of its common stock through open market transactions during the first three quarters of fiscal 2026 and 2025.

Dividends

In each of the first three quarters of fiscal 2026, the Company's Board declared, and the Company paid, a cash dividend per common share of $0.25 (for an aggregate of $0.75 per common share for the first three quarters of fiscal 2026). In the first,

second, and third quarters of fiscal 2025, the Board declared, and the Company paid, a cash dividend per common share of $0.80, $0.25, and $0.25, respectively (for an aggregate of $1.30 per common share for the first three quarters of fiscal 2025).

The Board will evaluate future dividend declarations based on a number of factors, including restrictions under the Company's secured asset-based revolving credit facility, business conditions, the Company's financial performance, and other considerations.

Provisions in the Company's ABL facility could have the effect of restricting the Company's ability to pay cash dividends on, or make future repurchases of, its common stock, as further described in Note 6, *Long-Term Debt*, to the condensed consolidated financial statements.

NOTE 8 – STOCK-BASED COMPENSATION

The Company recorded stock-based compensation expense as follows:

	Fiscal quarter ended		Three fiscal quarters ended	
(dollars in thousands)	**October 3, 2026**	**September 27, 2025**	**October 3, 2026**	**September 27, 2025**
Restricted stock:				
Time-based awards[1][2]	$ 2,845	$ 2,919	$ 8,690	$ 15,260
Performance-based awards[2]	289	694	585	1,125
Market-based awards[2]	444	113	524	682
Stock awards	—	—	1,152	1,600
Total	$ 3,578	$ 3,726	$ 10,951	$ 18,667

(1) First three quarters of fiscal 2025 include accelerated vesting of outstanding time-based restricted stock awards related to the retirement of Michael D. Casey, the Company's former Chief Executive Officer, in the first quarter of fiscal 2025.

(2) First three quarters of fiscal 2026 include forfeitures of outstanding time-based, performance-based, and market-based restricted stock awards related to the departure of Douglas C. Palladini, the Company's former Chief Executive Officer, in the second quarter of fiscal 2026.

The Company recognizes compensation cost ratably over the applicable performance periods based on the estimated probability of achievement of its performance targets at the end of each period.

On April 28, 2026, Douglas C. Palladini departed the Company as Chief Executive Officer ("CEO") and President and resigned as a member of the Board. In connection with his departure, his outstanding restricted stock awards were forfeited, resulting in a reversal of previously recognized stock-based compensation expense of approximately $0.5 million, which is reflected in the table above for the first three quarters of fiscal 2026.

On May 1, 2026, the Company announced the appointment of Sharon Price John as CEO and President of the Company and a member of the Board, effective June 15, 2026. On June 15, 2026, in connection with Ms. John's appointment pursuant to the terms of her employment agreement, the Company granted Ms. John 62,204 shares of time-based restricted stock awards, 46,651 shares of performance-based restricted stock awards, and 46,651 shares of market-based restricted stock awards. The number of shares granted was based on the closing price of the Company's stock on the grant date, which was $41.80, with the time-based and performance-based restricted stock awards having a grant-date fair value of $41.80 per share and the market-based restricted stock awards having a grant-date fair value of $69.05 per share.

The market-based restricted stock awards cliff vest at the end of the three-year performance period ending December 30, 2028, subject to the performance of the Company's total shareholder return ("TSR") relative to a defined peer group over the three-year period. A Monte-Carlo simulation was utilized to determine the grant-date fair value of the market-based restricted stock awards in fiscal 2026, using the following assumptions: beginning TSR price of $32.14, grant-date share price of $41.80, simulation term of 2.5 years, expected volatility of 48.7%, and risk-free interest rate of 4.1%.

NOTE 9 – ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of Accumulated other comprehensive loss consisted of the following:

(dollars in thousands)	October 3, 2026	January 3, 2026	September 27, 2025
Cumulative foreign currency translation adjustments	$ (31,351)	$ (25,428)	$ (29,173)
Pension and post-retirement obligations[1][2][3]	632	1,066	1,066
Total accumulated other comprehensive loss	$ (30,719)	$ (24,361)	$ (28,107)

(1) Net of income taxes of $0.2 million, $0.3 million, and $0.3 million for the periods ended October 3, 2026, January 3, 2026, and September 27, 2025, respectively.

(2) In fiscal 2025, the Company substantially completed the process of settling its pension obligations under the frozen OshKosh B'Gosh, Inc. Pension Plan. In the first quarter of fiscal 2026, the Company distributed the surplus plan assets, net of final plan expenses and adjustments, in accordance with the terms of the plan and regulatory requirements.

(3) In the first quarter of fiscal 2026, the Company settled its post-retirement life insurance liabilities.

During the first quarter of fiscal 2026, the Company made a lump-sum payment to a third-party insurance provider to assume all remaining premium obligations related to its post-retirement life insurance arrangement. In connection with this settlement, $0.4 million of deferred gains on post-retirement life obligations (net of income taxes of $0.1 million) were reclassified from Accumulated other comprehensive loss to Other expense (income), net within the condensed consolidated statement of operations. During the third quarter of fiscal 2026, no amounts were reclassified from Accumulated other comprehensive loss to the condensed consolidated statement of operations.

During the third quarter of fiscal 2025, the Company substantially completed the process of settling its pension obligations under the frozen OshKosh B'Gosh, Inc. Pension Plan (the "pension plan"). As a result, the Company remeasured the funded status of the pension plan as of August 31, 2025. In the third quarter and first three quarters of fiscal 2025, a gain on pension obligations of $0.9 million (net of income taxes of $0.3 million) was recognized in Accumulated other comprehensive loss related to this remeasurement. Additionally, in the third quarter and first three quarters of fiscal 2025, $4.1 million of deferred losses on pension obligations (net of income taxes of $1.3 million) were reclassified from Accumulated other comprehensive loss to Pension plan settlement within the condensed consolidated statement of operations in connection with the settlement of the pension plan. In the first quarter of fiscal 2026, the Company distributed the surplus plan assets, net of final plan expenses and adjustments, in accordance with the terms of the plan and regulatory requirements.

NOTE 10 – FAIR VALUE MEASUREMENTS

Deferred Compensation Plan Investments

In support of The William Carter Company Deferred Compensation Plan (the "Deferred Compensation Plan"), the Company invested comparable amounts in marketable securities, principally equity-based mutual funds, to approximate the participants' investment return on employee deferrals of compensation. These investments were held in an irrevocable Rabbi Trust established to fund the Company's obligations under the Deferred Compensation Plan and their use was restricted to meeting those obligations.

In fiscal 2025, the Board approved the termination of the Deferred Compensation Plan, effective as of September 20, 2025. In October 2026, subsequent to the end of the third quarter of fiscal 2026, the Company liquidated the Rabbi Trust investments and settled the Deferred Compensation Plan obligations.

The Rabbi Trust investments were included in Prepaid expenses and other current assets on the Company's condensed consolidated balance sheets as of October 3, 2026 and January 3, 2026, and their aggregate fair values were $23.3 million and $21.7 million, respectively. As of September 27, 2025, the aggregate fair value of the Rabbi Trust investments was $21.0 million and was included in Other assets. The change in classification reflects the Company's intent, following the termination of the Deferred Compensation Plan, to liquidate the Rabbi Trust investments to fund the settlement of Deferred Compensation Plan obligations.

These investments are classified as Level 1 within the fair value hierarchy. The change in the aggregate fair values of marketable securities is due to the net activity of gains and losses and any contributions and distributions during the period. Gains on the investments in marketable securities were $0.4 million and $1.6 million for the third quarter and the first three quarters of fiscal 2026, respectively. Gains on the investments in marketable securities were $1.0 million and $1.5 million for the third quarter and the first three quarters of fiscal 2025, respectively. These amounts are included in Other expense (income), net on the Company's condensed consolidated statement of operations.

Borrowings

As of October 3, 2026, the Company had no outstanding borrowings under its ABL facility.

The fair value of the Company's senior notes was $579.3 million, $592.9 million, and $500.2 million at October 3, 2026, January 3, 2026, and September 27, 2025, respectively. The fair value of these senior notes was estimated using observable market inputs, which incorporate quoted market prices of comparable borrowings, the Company's credit risk, and current market conditions, and is therefore within Level 2 of the fair value hierarchy. The senior notes had a notional value and carrying value (gross of debt issuance costs) of $575.0 million, $575.0 million, and $500.0 million as of October 3, 2026, January 3, 2026, and September 27, 2025, respectively.

Goodwill, Intangible, and Long-Lived Tangible Assets

Some assets are not measured at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. These assets can include goodwill, indefinite-lived intangible assets, and other long-lived assets that have been reduced to fair value when impaired. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

NOTE 11 – INCOME TAXES

The Company's income tax provision and effective tax rates for the fiscal periods indicated were as follows:

	Fiscal quarter ended		Three fiscal quarters ended	
(dollars in thousands)	**October 3, 2026**	**September 27, 2025**	**October 3, 2026**	**September 27, 2025**
Income tax provision	$ 11,801	$ 3,241	$ 49,009	$ 10,308
Effective income tax rate	24.4 %	21.8 %	23.9 %	27.2 %

The Company's effective income tax rate was 24.4% for the third fiscal quarter ended October 3, 2026, compared to 21.8% for the third fiscal quarter ended September 27, 2025. The increase in the effective tax rate for the period was driven by a higher estimated annual effective tax rate, reflecting a larger proportion of income generated in higher tax jurisdictions, including income from IEEPA tariff refunds in the U.S., and net unfavorable discrete tax items compared to the prior-year period.

The Company's effective income tax rate was 23.9% for the first three fiscal quarters ended October 3, 2026, compared to 27.2% for the first three fiscal quarters ended September 27, 2025. The decrease in the effective tax rate was driven by discrete tax items recognized in the prior-year period, including incremental tax expense related to expiring stock-based compensation, which had a disproportionate impact on that period's rate given its lower level of pre-tax income. This was partially offset by a higher estimated annual effective tax rate, reflecting a larger proportion of income generated in higher tax jurisdictions.

As of October 3, 2026, the Company had gross unrecognized income tax benefits of $6.2 million, of which $5.2 million, if ultimately recognized, may affect the Company's effective income tax rate in the periods settled. The Company has recorded tax positions for which the ultimate deductibility is more likely than not, but for which there is uncertainty about the timing of such deductions.

NOTE 12 – EARNINGS PER SHARE

The following is a reconciliation of basic common shares outstanding to diluted common and common equivalent shares outstanding:

	Fiscal quarter ended		Three fiscal quarters ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Weighted-average number of common and common equivalent shares outstanding:				
Basic number of common shares outstanding	35,623,722	35,443,712	35,569,482	35,388,596
Dilutive effect of equity awards	12,505	146	7,957	348
Diluted number of common and common equivalent shares outstanding	35,636,227	35,443,858	35,577,439	35,388,944
Earnings per share:				
(dollars in thousands, except per share data)				
Basic net income per common share:				
Net income	$ 36,611	$ 11,593	$ 155,905	$ 27,578
Income allocated to participating securities	(842)	(305)	(4,103)	(1,118)
Net income available to common shareholders	$ 35,769	$ 11,288	$ 151,802	$ 26,460
Basic net income per common share	$ 1.00	$ 0.32	$ 4.27	$ 0.75
Diluted net income per common share:				
Net income	$ 36,611	$ 11,593	$ 155,905	$ 27,578
Income allocated to participating securities	(842)	(305)	(4,102)	(1,118)
Net income available to common shareholders	$ 35,769	$ 11,288	$ 151,803	$ 26,460
Diluted net income per common share	$ 1.00	$ 0.32	$ 4.27	$ 0.75
Anti-dilutive awards excluded from diluted earnings per share computation(*)	178,519	201,909	149,119	289,835

(*) The anti-dilutive shares excluded from diluted net income per common share primarily relate to out-of-the-money stock options and certain unvested restricted stock awards that were anti-dilutive in part due to unrecognized compensation costs.

The Company grants shares of its common stock in the form of restricted stock awards to certain key employees under the Company's Amended and Restated Equity Incentive Plan. Prior to vesting of the restricted stock awards, the grant recipients are entitled to receive non-forfeitable cash dividends if the Company declares and pays dividends on the Company's common stock. Accordingly, unvested shares of the Company's restricted stock awards are deemed to be participating securities for purposes of computing earnings per share ("EPS").

Beginning with restricted stock awards granted on or after May 13, 2026, grant recipients are entitled to receive forfeitable cash dividends if the Company declares and pays dividends on its common stock. Any such dividends accrue and are paid to the grant recipient only upon vesting of the underlying shares and are forfeited if the underlying award is forfeited. As a result, unvested restricted stock awards granted on or after May 13, 2026 are not deemed to be participating securities for purposes of computing EPS. Restricted stock awards granted prior to May 13, 2026 continue to be treated as participating securities.

NOTE 13 – ORGANIZATIONAL RESTRUCTURING

In fiscal 2025, the Company initiated an organizational restructuring of its offices-based workforce to right-size its cost structure and improve future profitability. In connection with this restructuring, the Company recorded charges of $9.8 million in Selling, general, and administrative expenses in fiscal 2025, primarily related to severance and other termination benefits.

As of January 3, 2026, the Company had an accrual of $8.8 million related to these actions recorded in Other current liabilities on the condensed consolidated balance sheets. During the first two quarters of fiscal 2026, the Company paid substantially all of the remaining severance and other termination benefits and completed the restructuring. The Company recorded no charges related to this restructuring during the third quarter or the first three quarters of fiscal 2026.

NOTE 14 – SEGMENT INFORMATION

The Company reports segment information based upon a "management approach." The management approach refers to the internal reporting that is used by management for making operating decisions and assessing the performance of the Company's reportable segments.

The Company has three operating and reportable segments: U.S. Retail, U.S. Wholesale, and International. The U.S. Retail segment consists of revenue primarily from sales of products in the United States through our retail stores, eCommerce websites, and mobile app. Similarly, the U.S. Wholesale segment consists of revenue primarily from sales in the United States of products to our wholesale partners. The International segment consists of revenue primarily from sales of products outside the United States, largely through our retail stores and eCommerce websites in Canada and Mexico, and sales to our international wholesale customers and licensees. The Company sells similar products in each of its three segments.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker evaluates the operating performance of the segments based upon each segment's net sales and segment operating income. Segment operating income includes net sales, royalty income, and related cost of goods sold and selling, general, and administrative expenses attributable to each segment. Segment operating income excludes unallocated corporate expenses and the impact of IEEPA tariff refund recoveries, as well as specific charges that are not directly attributable to segment operations, including operating model improvement costs, restructuring costs, leadership transition costs, specific intellectual property litigation costs, and impairment charges related to goodwill and indefinite-lived intangible assets. The Company does not evaluate performance or allocate resources based on segment asset data, and therefore total segment assets are not presented.

Certain costs, including incentive compensation for certain employees, and various other general corporate costs that are not specifically allocable to segments, are included in unallocated corporate expenses below.

Segment Performance

The table below presents certain segment information for the Company's reportable segments for the periods indicated:

	Fiscal quarter ended October 3, 2026			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Net sales	$ 362,624	$ 273,110	$ 116,722	$ 752,456
Cost of goods sold[(1)]	145,330	193,546	58,814	397,690
Selling expenses[(2)]	133,587	2,241	29,780	165,608
Distribution expenses[(3)]	26,883	15,810	7,188	49,881
Other segment items[(4)]	37,517	12,798	9,235	59,550
Segment operating income	$ 19,307	$ 48,715	$ 11,705	$ 79,727

(1) IEEPA tariff refund recoveries are excluded from segment operating income.

(2) Selling expenses include the costs of operating our retail stores and eCommerce channels, as well as wholesale sales management costs.

(3) Distribution expenses include payments to third-party shippers and handling costs to process product through our distribution facilities, including eCommerce fulfillment costs, and delivery to our wholesale customers and to our retail stores.

(4) Other segment items include royalty income and overhead costs that are attributable to our reportable segments and include allocated accounting, finance, human resources, and information technology expenses, occupancy costs, and other benefit and compensation programs, including performance-based compensation.

	Three fiscal quarters ended October 3, 2026			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Net sales	$ 999,549	$ 740,069	$ 309,442	$ 2,049,060
Cost of goods sold	413,637	543,928	157,932	1,115,497
Selling expenses	384,206	7,080	85,980	477,266
Distribution expenses	64,206	44,726	18,773	127,705
Other segment items	104,903	29,095	25,484	159,482
Segment operating income	$ 32,597	$ 115,240	$ 21,273	$ 169,110

Note: See footnotes above.

	Fiscal quarter ended September 27, 2025			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Net sales	$ 362,307	$ 283,805	$ 111,724	$ 757,836
Cost of goods sold	152,721	205,441	58,046	416,208
Selling expenses	130,217	2,245	27,930	160,392
Distribution expenses	28,819	16,681	7,370	52,870
Other segment items	40,574	15,440	9,206	65,220
Segment operating income	$ 9,976	$ 43,998	$ 9,172	$ 63,146

Note: See footnotes above.

	Three fiscal quarters ended September 27, 2025			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Net sales	$ 956,288	$ 726,899	$ 289,788	$ 1,972,975
Cost of goods sold	389,864	514,117	154,516	1,058,497
Selling expenses	378,985	7,054	78,411	464,450
Distribution expenses	66,279	47,092	18,508	131,879
Other segment items	105,108	32,267	25,789	163,164
Segment operating income	$ 16,052	$ 126,369	$ 12,564	$ 154,985

Note: See footnotes above.

The table below presents a reconciliation of reportable segment operating income to Income before income taxes:

	Fiscal quarter ended		Three fiscal quarters ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Total segment operating income	$ 79,727	$ 63,146	$ 169,110	$ 154,985
Items not included in segment operating income:				
Tariff refund recovery[1]	—	—	127,669	—
Unallocated corporate expenses[2]	(22,794)	(23,767)	(65,635)	(68,465)
Leadership transition costs[3]	—	(500)	(4,726)	(7,694)
IP litigation costs[4]	(1,163)	—	(2,379)	—
Organizational restructuring[5]	—	(6,117)	—	(6,117)
Operating model improvement costs[6]	—	(3,669)	—	(13,469)
Consolidated operating income	$ 55,770	$ 29,093	$ 224,039	$ 59,240
Interest expense	11,826	7,173	34,895	22,849
Interest income	(4,797)	(2,573)	(16,536)	(10,007)
Other expense (income), net	329	882	766	(265)
Pension plan settlement[7]	—	8,777	—	8,777
Income before income taxes	$ 48,412	$ 14,834	$ 204,914	$ 37,886

(1) Related to $128 million of IEEPA tariff refund recoveries, excluding interest received, which are reflected as a reduction of Cost of goods sold in our condensed consolidated statement of operations.

(2) Unallocated corporate expenses include corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated accounting, finance, legal, human resources, and information technology expenses, occupancy costs for our corporate headquarters, and other benefit and compensation programs, including performance-based compensation.

(3) Related to costs associated with the retirement of Michael D. Casey, the Company's former Chief Executive Officer, in the first quarter of fiscal 2025 and costs related to the departure of Douglas C. Palladini, the Company's former Chief Executive Officer, in the second quarter of fiscal 2026. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(4) Reflects third-party legal defense costs incurred in connection with a specific intellectual property litigation matter not in the ordinary course of business described in Note 15, *Commitments and Contingencies,* to the condensed consolidated financial statements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(5) Related to charges for severance and other termination benefits as a result of organizational restructuring.

(6) Primarily related to third-party consulting costs to support operating model improvements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(7) Related to non-cash charges as a result of pension plan settlements.

Additional Data by Segment

The table below presents additional information for our reportable segments for the periods presented:

Depreciation and amortization expense

	Fiscal quarter ended		Three fiscal quarters ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
U.S. Wholesale	$ 1,819	$ 2,182	$ 5,637	$ 6,541
U.S. Retail	8,155	8,667	24,638	25,426
International	2,719	2,472	8,126	7,266
Unallocated corporate	182	445	1,122	1,345
Total	$ 12,875	$ 13,766	$ 39,523	$ 40,578

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and pending or threatened lawsuits in the normal course of business. The Company is a defendant in a legal matter related to allegations of intellectual property infringement. Given the inherent uncertainty of litigation, it is reasonably possible that the Company may incur a loss; however, the range of reasonably possible loss is not material to the Company's financial position, results of operations, or cash flows. The ultimate outcome of this matter, including the Company's estimate of the range of reasonably possible loss, is inherently uncertain, and the ultimate outcome of the litigation could be materially different from the Company's current estimates.

The Company's contractual obligations and commitments include obligations associated with leases, the ABL facility, senior notes, and employee benefit plans.

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

FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q 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 Form 10-Q. These risks and uncertainties include, but are not limited to, those disclosed in Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2026 and Part I, Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2026, and otherwise in our reports and filings with the Securities and Exchange Commission, as well as the following factors: 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; risks related to public health crises; risks related to the organizational restructuring plan, including, but not limited to, our ability to achieve the expected savings from the plan and to fully implement the plan; risks related to consumer tastes and preferences, as well as fashion trends; the failure to protect our intellectual property; the diminished value of our brands, potentially as a result of negative publicity or unsuccessful branding and marketing efforts; delays, product recalls, or loss of revenue due to a failure to meet our quality standards; risks related to uncertainty regarding the future of international trade agreements and the United States' position on international trade, as well as significant political, trade, and regulatory developments and other circumstances beyond our control; the roll-back of incremental tariffs imposed under the International Emergency Economic Powers Act (the "incremental tariffs") and any additional actions taken in response to their roll-back, including, but not limited to, tariffs imposed pursuant to Section 122 of the Trade Act of 1974 and tariffs imposed under Section 301 of the Trade Act of 1974; our ability to recover refunds of incremental tariff amounts or other tariff amounts paid; increased competition in the marketplace; ongoing political and economic conflicts that could impact our global and domestic operations, including, but not limited to, the conflict between the United States, Israel, and Iran; financial difficulties for one or more of our major customers; identification of locations and negotiation of appropriate lease terms for our retail stores; distinct risks facing our eCommerce business; failure to forecast demand for our products and our failure to manage our inventory; increased margin pressures, including increased cost of materials and labor and our inability to successfully increase prices to offset these increased costs; continued inflationary pressures with respect to labor and raw materials and global supply chain constraints that have, and could continue, to affect freight, transit, and other costs; fluctuations in foreign currency exchange rates; unseasonable or extreme weather conditions; risks associated with corporate responsibility issues; our foreign sourcing arrangements; a relatively small number of vendors supply a significant amount of our products; disruptions in our supply chain, including increased transportation and freight costs; our ability to effectively source and manage inventory; problems with our Braselton, Georgia distribution facility; pending and threatened lawsuits; a breach of our information technology systems and the loss of personal data or a failure to implement new information technology systems successfully; unsuccessful expansion into international markets; failure to comply with various laws and regulations; failure to properly manage strategic initiatives; retention of key individuals; acquisition and integration of other brands and businesses; failure to achieve sales growth plans and profitability objectives to support the carrying value of our intangible assets; our continued ability to meet obligations related to our debt; changes in our tax obligations, including additional customs, duties or tariffs; our continued ability to declare and pay a dividend; volatility in the market price of our common stock; and the cost or effort required for our shareholders to bring certain claims or actions against us, as a result of our designation of the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings. 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 Quarterly Report on Form 10-Q does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

OVERVIEW

We are North America's largest and most-enduring apparel company exclusively for babies and young children. Our core brands are *Carter's* and *OshKosh B'gosh* (or "*OshKosh*"), iconic and among the sector's most trusted names. Our exclusive *Carter's* brands, which consist of *Child of Mine*, *Just One You*, and *Simple Joys*, are developed for Walmart, Target, and Amazon. Our emerging brands include *Little Planet*, crafted with organic fabrics and sustainable materials, *Otter Avenue*, a toddler-focused apparel brand, and *Skip Hop*, baby essentials from tubs to toys.



Established in 1865, our *Carter's* brand is recognized and trusted by consumers for high-quality apparel and accessories for children in sizes newborn to 14.

Established in 1895, *OshKosh* is a well-known brand, trusted by consumers for high-quality apparel and accessories for children in sizes newborn to 14, with a focus on playclothes for toddlers and young children. We acquired *OshKosh* in 2005.

Established in 2003, the *Skip Hop* brand rethinks, reenergizes, and reimagines durable necessities to create higher value, superior quality, and award-winning products for parents, babies, and toddlers. We acquired *Skip Hop* in 2017.

Launched in 2021, the *Little Planet* brand focuses on sustainable clothing through the sourcing of mostly organic cotton as certified under the Global Organic Textile Standard ("GOTS"), a global textile processing standard for organic fibers. This brand includes a wide assortment of baby and toddler apparel, accessories, and sleepwear.

Launched in 2025, *Otter Avenue* is a toddler brand that focuses on functionality designed to encourage independence, while combining fun, sophistication, and fashion-forward styles. This brand includes a curated assortment of toddler apparel and accessories.

Additionally, *Child of Mine*, an exclusive *Carter's* brand, is sold at Walmart, *Just One You*, an exclusive *Carter's* brand, is sold at Target, and *Simple Joys*, an exclusive *Carter's* brand, is available on Amazon.

Our purpose is to embrace the wonder of childhood and uplift those shaping the future. We believe our brands are complementary to one another in product offering and aesthetic. Each brand is uniquely positioned in the marketplace and offers great value to families with young children. Our multichannel, global business model, which includes retail stores, eCommerce, mobile app, and wholesale distribution channels, as well as omni-channel capabilities in the United States and Canada, enables us to reach a broad range of consumers around the world.

As of October 3, 2026, our channels included 1,035 company-operated retail stores in North America, eCommerce websites, approximately 19,500 wholesale locations in North America, as well as our international wholesale accounts and licensees who operate in over 1,100 locations outside of North America in over 90 countries.

The following is a discussion of our results of operations and current financial condition. This should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this Form 10-Q and audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the 2025 fiscal year ended January 3, 2026.

Fiscal Periods

The Company operates on a 52 or 53 week fiscal calendar. Fiscal 2026 will end on January 2, 2027 and includes 52 weeks. Fiscal 2025 ended on January 3, 2026 and included 53 weeks. The fiscal quarters ended October 3, 2026 and September 27, 2025 each included 13 weeks.

Segments

We have three operating and reportable segments: U.S. Retail, U.S. Wholesale, and International. Our U.S. Retail segment consists of revenue primarily from sales of products in the United States through our retail stores, eCommerce websites, and mobile app. Our U.S. Wholesale segment consists of revenue primarily from sales in the United States of products to our wholesale customers. Our International segment consists of revenue primarily from sales of products outside the United States,

largely through our retail stores and eCommerce websites in Canada and Mexico, and sales to our international wholesale customers and licensees. The Company sells similar products in each of its three segments.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker evaluates the operating performance of the segments based upon each segment's net sales and segment operating income. Segment operating income includes net sales, royalty income, and related cost of goods sold and selling, general, and administrative expenses attributable to each segment. Segment operating income excludes unallocated corporate expenses and the impact of IEEPA tariff refund recoveries, as well as specific charges that are not directly attributable to segment operations, including operating model improvement costs, restructuring costs, leadership transition costs, specific intellectual property litigation costs, and impairment charges related to goodwill and indefinite-lived intangible assets.

Gross Profit and Gross Margin

Gross profit represents consolidated net sales less cost of goods sold. Gross margin is calculated as gross profit divided by consolidated net sales. Cost of goods sold includes the cost of products, as well as changes in inventory reserves and expenses related to the merchandising, design, and procurement of product, including inbound freight costs, purchasing and receiving costs, and inspection costs. Cost of goods sold also includes the costs of shipping eCommerce orders directly to end consumers. For omni-channel transactions, Cost of goods sold includes the costs of shipping product to end consumers or to retail stores. Our gross profit and gross margin may not be comparable to those of other entities that define their metrics differently.

Retail store occupancy costs, distribution expenses, and generally all other expenses other than interest and income taxes are included in Selling, general, and administrative ("SG&A") expenses. Distribution expenses included in SG&A primarily consist of payments to third-party shippers and handling costs to process product through the Company's distribution facilities, including eCommerce fulfillment costs, and delivery of product to wholesale customers and to our retail stores.

Comparable Sales Metrics

We present comparable sales metrics because we consider them an important supplemental measure of our U.S. Retail and International performance, and the Company uses such information to assess the performance of the U.S. Retail and International segments. Additionally, we believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of our business.

Our comparable sales metrics include sales for all stores and eCommerce sites that were open and operated by us during the comparable fiscal period, including stand-alone format stores that converted to multi-branded format stores and certain remodeled or relocated stores. A store or site becomes comparable following 13 consecutive full fiscal months of operations. If a store relocates within the same center with no business interruption or material change in square footage, the sales of such store will continue to be included in the comparable store metrics. If a store relocates to another center more than five miles away, or there is a material change in square footage, such store is treated as a new store. Stores that are closed during the relevant fiscal period are included in the comparable store sales metrics up to the last full fiscal month of operations. In fiscal years that include a 53rd week, we adjust the prior year comparable period to include a 53rd week so comparable sales reflect an equivalent number of weeks in each period.

The method of calculating sales metrics varies across the retail industry. As a result, our comparable sales metrics may not be comparable to those of other retailers.

Recent Developments

Reimagined Carter's Brand

In September 2026, the Company launched a comprehensive branding initiative, the first update to the *Carter's* brand identity in 25 years, which includes a new logo and brand promise, *"Let every child's light shine."* The new logo and brand promise began rolling out across *Carter's* channels in the third quarter of fiscal 2026, with additional retail, product, and packaging elements expected in fiscal 2027.

Executive Leadership Transition

On May 1, 2026, the Company announced that the Board of Directors (the "Board") appointed Sharon Price John as Chief Executive Officer ("CEO") & President of the Company and a member of the Board effective June 15, 2026. In connection with the appointment of Ms. John, Douglas C. Palladini departed the Company as CEO & President and resigned as a member of the Board effective April 28, 2026. Additional information regarding these management changes and related arrangements is included in the Company's Current Report on Form 8-K filed with the SEC on May 1, 2026.

Trade Policy

The Company's results of operations have been, and may continue to be, affected by several U.S. trade actions, as described below.

Russia Sanctions Tariffs

In September 2026, the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the "Russia Sanctioning Act") was enacted into law. Among other measures, the legislation authorizes the President to impose tariffs of up to 100% on goods imported into the United States from qualifying countries that purchase crude oil or natural gas originating in the Russian Federation. A country initially qualifies if it is among the five largest importers of Russian oil or gas and continues making new purchases 30 days after enactment, or if it is among the top five countries facilitating Russian-oil sanctions evasion. On October 16, 2026, President Trump formally issued waivers for sanctions and tariffs required under the Russia Sanctioning Act, delaying the implementation of additional tariffs. Per the Executive Order, the waivers are to remain in effect until further action is determined to be appropriate. As of the date of this filing, no tariffs have been imposed under the legislation with respect to the countries from which the Company sources its products, and the scope, timing, duration, and rates of any tariffs ultimately imposed, as well as the availability of any exclusions or waivers, remain uncertain.

Certain of the countries from which the Company sources a portion of its products purchase energy originating in the Russian Federation. If the waivers are withdrawn or tariffs are otherwise imposed under the Russia Sanctioning Act, products the Company imports from those countries into the United States could become subject to additional tariffs. The Company will continue monitoring developments and evaluating potential mitigation measures. No amounts related to the legislation have been recognized in the Company's condensed consolidated financial statements as of October 3, 2026.

IEEPA Tariff Refunds

During the first quarter of fiscal 2026, the U.S. Supreme Court ruled that tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were unlawful. During the second quarter of fiscal 2026, following the April 20, 2026 launch of U.S. Customs and Border Protection's Consolidated Administration and Processing of Entries ("CAPE") process, the Company submitted claims seeking approximately $130 million of refunds of previously paid IEEPA tariffs through the CAPE system.

The Company has elected to apply a gain contingency model in accordance with ASC 450-30, *"Gain Contingencies"* to account for recoveries of previously paid IEEPA tariffs. Under this model, a gain contingency is not recognized in the financial statements until the gain is realized or realizable. Any recovery, when recognized, is reflected as a reduction of Cost of goods sold for amounts related to goods already sold, or as a reduction of inventory to the extent the related goods remain on hand.

During the second quarter of fiscal 2026, the Company received refund payments from U.S. Customs and Border Protection totaling approximately $132 million, including interest, in connection with various adjudicated claims, and the related recovery has been recognized. The Company recorded approximately $128 million of the recovery as a reduction of Cost of goods sold and $4 million in Interest income. As of October 3, 2026, the Company's remaining unadjudicated IEEPA refund claims, which continue to be accounted for as gain contingencies, were approximately $2 million. Uncertainty remains regarding the timing, amount, and ultimate receipt of any further refunds, and accordingly no additional amounts have been recognized in the condensed consolidated financial statements for these remaining claims.

Section 122 and Section 301 Tariffs

In response to the ruling on IEEPA tariffs, the U.S. Administration imposed a new 10% global tariff under Section 122 of the Trade Act of 1974 ("Section 122"), effective February 24, 2026. In May 2026, the U.S. Court of International Trade issued a ruling finding the Section 122 tariffs unlawful, although this ruling is currently stayed pending appeal. The Section 122 tariffs imposed effective February 24, 2026 expired on July 24, 2026. Effective July 24, 2026, the U.S. Administration imposed additional tariffs under Section 301(b) of the Trade Act of 1974 ("Section 301") as a result of the Administration's investigations into forced labor practices of various foreign countries. These tariffs range from 10% to 12.5% and apply to imports from approximately 60 countries and territories. During the first three quarters of fiscal 2026, the Company paid approximately $53 million of incremental Section 122 and Section 301 tariffs related to imports from Vietnam, India, Bangladesh, Cambodia, and other countries. As of October 3, 2026, approximately $24 million of these tariffs remained capitalized within the Company's inventory balances.

In addition, the U.S. Administration is continuing its separate investigation, under Section 301(b), into excess capacity and production in manufacturing sectors in foreign countries, which could result in tariff levels comparable to those previously in

effect under the IEEPA tariffs. As of the date of this filing, no tariffs have been proposed or imposed as a result of the excess capacity investigation.

Because the Company sources substantially all of its apparel and other products from a global network of third-party suppliers, primarily located in Asia, any new or increased tariffs, quotas, embargoes, or other trade barriers have the potential to adversely affect its supply chain, cost structure, margins, and competitiveness. Retaliatory actions taken by impacted countries could further disrupt global trade and create additional inflationary pressures in raw materials and logistics.

Third Fiscal Quarter 2026 Financial Highlights

Unless otherwise stated, comparisons below are to the third quarter of fiscal 2025. References below to adjusted operating income, adjusted net income, and adjusted diluted net income per common share are non-GAAP financial measures; see "Reconciliation of Non-GAAP Financial Measures to GAAP Measures."

- Consolidated net sales decreased $5.4 million, or 0.7%, to $752.5 million.
    - U.S. Retail sales increased $0.3 million driven by higher average unit retail ("AUR"), partially offset by lower unit volume. Comparable net sales, including retail stores and eCommerce, increased 0.4% for the period.
    - U.S. Wholesale sales decreased $10.7 million, driven by lower sales of our exclusive *Carter's* brands, in part due to earlier demand for Fall product in the second quarter of fiscal 2026, and lower replenishment demand.
    - International sales increased $5.0 million, driven by growth in Canada and Mexico, as well as higher demand from our international partners.
- Consolidated gross profit increased $13.1 million, or 3.8%, to $354.8 million, reflecting a higher gross margin, partially offset by lower net sales. Consolidated gross margin increased 200 bps to 47.1%, primarily due to higher AUR and favorable channel mix, partially offset by higher average unit cost ("AUC") driven by investments in product make, higher product costs, and incremental tariff-related costs, which were partially mitigated by negotiated vendor cost concessions.
- Consolidated SG&A expenses decreased $13.8 million, or 4.3%, to $304.2 million. SG&A as a percentage of consolidated net sales ("SG&A rate") decreased 160 bps to 40.4%, driven by costs related to organizational restructuring and operating model improvements in the third quarter of fiscal 2025 that did not reoccur in the third quarter of fiscal 2026, reduced costs resulting from these previously implemented restructuring actions, lower distribution and transportation costs, and lower bad debt expense, partially offset by incremental marketing investments and inflationary pressure in retail store-related expenses.
- Consolidated operating income increased $26.7 million to $55.8 million and adjusted operating income increased $17.6 million, or 44.6%, to $56.9 million. Operating margin increased 360 bps to 7.4%, and adjusted operating margin increased 240 bps to 7.6%, driven by the factors discussed in detail below.
- Consolidated net income increased $25.0 million to $36.6 million, primarily due to the factors discussed in detail below, including the non-recurrence of a pre-tax non-cash pension settlement charge of $8.8 million in the third quarter of fiscal 2025. Adjusted net income increased $10.6 million, or 39.7%, to $37.5 million.
- Diluted net income per common share increased $0.68 to $1.00 and adjusted diluted net income per common share increased $0.29, or 39.2%, to $1.03.
- During the first three quarters of fiscal 2026, we opened 5 stores and closed 40 stores in the United States.
- As a result of our strong financial position and available liquidity, we returned $9.1 million in cash dividends to our shareholders in the third quarter of fiscal 2026.

RESULTS OF OPERATIONS

THIRD FISCAL QUARTER ENDED OCTOBER 3, 2026 COMPARED TO THIRD FISCAL QUARTER ENDED SEPTEMBER 27, 2025

The following table summarizes our results of operations.

	Fiscal quarter ended			
(dollars in thousands, except per share data)	**October 3, 2026**	**September 27, 2025**	**$ Change**	**% / bps Change**
Consolidated net sales	$ 752,456	$ 757,836	$ (5,380)	(0.7)%
Cost of goods sold	397,690	416,208	(18,518)	(4.4)%
Gross profit	354,766	341,628	13,138	3.8 %
Gross profit as % of consolidated net sales	*47.1 %*	*45.1 %*		*200 bps*
Royalty income, net	5,176	5,428	(252)	(4.6)%
Royalty income, net as % of consolidated net sales	*0.7 %*	*0.7 %*		—
Selling, general, and administrative expenses	304,172	317,963	(13,791)	(4.3)%
SG&A expenses as % of consolidated net sales	*40.4 %*	*42.0 %*		*(160) bps*
Operating income	55,770	29,093	26,677	91.7 %
Operating income as % of consolidated net sales	*7.4 %*	*3.8 %*		*360 bps*
Interest expense	11,826	7,173	4,653	64.9 %
Interest income	(4,797)	(2,573)	(2,224)	86.4 %
Other expense, net	329	882	(553)	(62.7)%
Pension plan settlement	—	8,777	(8,777)	nm
Income before income taxes	48,412	14,834	33,578	>100%
Income tax provision	11,801	3,241	8,560	>100%
Effective tax rate(*)	*24.4 %*	*21.8 %*		*260 bps*
Net income	$ 36,611	$ 11,593	$ 25,018	>100%
Basic net income per common share	$ 1.00	$ 0.32	$ 0.68	>100%
Diluted net income per common share	$ 1.00	$ 0.32	$ 0.68	>100%
Dividend declared and paid per common share	$ 0.25	$ 0.25	$ —	— %

(*) Effective tax rate is calculated by dividing the provision for income taxes by income before income taxes.

Note: Results may not be additive due to rounding. If applicable, percentage changes that are not considered meaningful are denoted with "nm".

Consolidated Net Sales

Consolidated net sales decreased $5.4 million, or 0.7%, to $752.5 million. The decrease in net sales was driven by the U.S. Wholesale segment, partially offset by increased net sales in the International segment. Unit volume decreased by a mid-single digit percentage, primarily driven by U.S. Wholesale. AUR increased by a mid-single digit percentage, primarily reflecting higher realized pricing in each of our segments. Changes in foreign currency exchange rates used for translation had a favorable effect on our consolidated net sales of $0.9 million.

Gross Profit and Gross Margin

Consolidated gross profit increased $13.1 million, or 3.8%, to $354.8 million, reflecting a higher gross margin, partially offset by lower net sales. Consolidated gross margin increased 200 bps to 47.1%, driven by higher AUR and favorable channel mix, partially offset by higher AUC. AUC increased by a low-single digit percentage, reflecting investments in product make, higher product costs, and higher incremental tariff-related costs, which were partially mitigated by negotiated vendor cost concessions. Incremental tariff-related costs, which represent tariff costs in excess of the duty rates in effect prior to the tariff actions initiated in fiscal 2025 and fiscal 2026, were unfavorable to the prior period by approximately $2 million.

Selling, General, and Administrative Expenses

Consolidated SG&A expenses decreased $13.8 million, or 4.3%, to $304.2 million and decreased as a percentage of consolidated net sales by 160 bps to 40.4%. The decrease in SG&A rate primarily reflects costs related to organizational restructuring and operating model improvements in the third quarter of fiscal 2025 that did not reoccur in the third quarter of fiscal 2026, reduced costs resulting from these previously implemented restructuring actions, lower distribution and transportation costs, and lower bad debt expense. These decreases were partially offset by incremental marketing investments and inflationary pressure in retail store-related expenses.

Operating Income

Consolidated operating income increased $26.7 million, or 91.7%, to $55.8 million and increased as a percentage of net sales by 360 bps to 7.4%, primarily due to the factors previously discussed.

Interest Expense

Consolidated interest expense increased $4.7 million, or 64.9%, to $11.8 million, reflecting the impact of the Company's fourth quarter of fiscal 2025 issuance of $575.0 million principal amount of 7.375% senior notes due 2031 and redemption of $500.0 million principal amount of 5.625% senior notes due 2027.

Interest Income

Consolidated interest income increased $2.2 million, or 86.4%, to $4.8 million, primarily driven by higher cash balances and short-term investments during the period.

Income Taxes

Consolidated income tax provision increased $8.6 million to $11.8 million and the effective tax rate increased to 24.4% from 21.8% in the prior period. The increase in the consolidated income tax provision was driven by higher pre-tax income, while the increase in the effective tax rate for the period was driven by a higher estimated annual effective tax rate, reflecting a larger proportion of income generated in higher tax jurisdictions, including income from IEEPA tariff refunds in the U.S., as well as net unfavorable discrete tax items compared to the prior-year period.

Net Income

Consolidated net income increased $25.0 million to $36.6 million, reflecting the factors discussed above and the non-recurrence of a non-cash pension settlement charge of $8.8 million recorded in the third quarter of fiscal 2025 related to the settlement of obligations under the frozen OshKosh B'Gosh Pension Plan.

Results by Segment - Third Quarter of Fiscal 2026 compared to Third Quarter of Fiscal 2025

The following table summarizes net sales by segment and segment operating income for the third quarter of fiscal 2026 and the third quarter of fiscal 2025:

	Fiscal quarter ended					
(dollars in thousands)	October 3, 2026	% of consolidated net sales	September 27, 2025	% of consolidated net sales	$ Change	% Change
Net sales:						
U.S. Retail	$ 362,624	48.2 %	$ 362,307	47.8 %	$ 317	0.1 %
U.S. Wholesale	273,110	36.3 %	283,805	37.4 %	(10,695)	(3.8)%
International	116,722	15.5 %	111,724	14.8 %	4,998	4.5 %
Consolidated net sales	$ 752,456	100.0 %	$ 757,836	100.0 %	$ (5,380)	(0.7)%
Segment operating income:		**Segment operating margin**		**Segment operating margin**		
U.S. Retail	$ 19,307	5.3 %	$ 9,976	2.8 %	$ 9,331	93.5 %
U.S. Wholesale	48,715	17.8 %	43,998	15.5 %	4,717	10.7 %
International	11,705	10.0 %	9,172	8.2 %	2,533	27.6 %
Total segment operating income	$ 79,727	10.6 %	$ 63,146	8.3 %	$ 16,581	26.3 %
Items not included in segment operating income:		**Consolidated operating margin**		**Consolidated operating margin**		
Unallocated corporate expenses[1]	$ (22,794)	n/a	$ (23,767)	n/a	$ (973)	(4.1)%
IP litigation costs[2]	(1,163)	n/a	—	n/a	n/a	n/a
Organizational restructuring[3]	—	n/a	(6,117)	n/a	n/a	n/a
Operating model improvement costs[4]	—	n/a	(3,669)	n/a	n/a	n/a
Leadership transition costs[5]	—	n/a	(500)	n/a	n/a	n/a
Consolidated operating income	$ 55,770	7.4 %	$ 29,093	3.8 %	$ 26,677	91.7 %

(1) Unallocated corporate expenses include corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated accounting, finance, legal, human resources, and information technology expenses, occupancy costs for our corporate headquarters, and other benefit and compensation programs, including performance-based compensation.

(2) Reflects third-party legal defense costs incurred in connection with a specific intellectual property litigation matter not in the ordinary course of business described in Note 15, *Commitments and Contingencies,* to the condensed consolidated financial statements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(3) Related to charges for severance and other termination benefits as a result of an organizational restructuring. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(4) Primarily related to third-party consulting costs to support operating model improvements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(5) Related to costs associated with the retirement of Michael D. Casey, the Company's former CEO. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

U.S. Retail

U.S. Retail segment net sales increased $0.3 million, or 0.1%, to $362.6 million, driven by higher AUR, partially offset by lower unit volume. AUR increased by a low-single digit percentage, reflecting higher regular pricing partially offset by increased promotional activity. Unit volume decreased by a low-single digit percentage driven by the impact of net store closures, as well as lower traffic and conversion.

Comparable net sales, including retail stores and eCommerce, increased 0.4% driven by higher average transaction size, reflecting higher AUR and higher units per transaction, partially offset by lower traffic and conversion. As of October 3, 2026, we operated 769 retail stores in the U.S. compared to 804 as of January 3, 2026, and 808 as of September 27, 2025.

U.S. Retail segment operating income increased $9.3 million, or 93.5%, to $19.3 million, primarily driven by an increase in gross profit of $7.7 million and a decrease in SG&A expenses of $2.2 million. Segment operating margin increased 250 bps to 5.3%, primarily driven by a 210 bps increase in gross margin and a 70 bps decrease in SG&A rate, partially offset by a 30 bps decrease in royalty income as a percentage of net sales. The increase in gross margin was driven by increased AUR discussed

above and a low-single digit percentage decrease in AUC. The decrease in SG&A rate reflected reduced costs resulting from previously implemented restructuring actions, lower store count, and lower distribution and transportation costs, partially offset by incremental marketing investments and inflationary pressure in store-related expenses.

U.S. Wholesale

U.S. Wholesale segment net sales decreased $10.7 million, or 3.8%, to $273.1 million, driven by lower sales of our exclusive *Carter's* brands, reflecting lower replenishment demand and the timing of Fall product shipments, a portion of which shifted into the second quarter of fiscal 2026. AUR increased by a mid-single digit percentage, primarily reflecting higher realized pricing. Unit volume decreased by a high-single digit percentage, primarily reflecting the lower exclusive brands' sales discussed above.

U.S. Wholesale segment operating income increased $4.7 million, or 10.7%, to $48.7 million, primarily due to an increase in gross profit of $1.2 million and a decrease in SG&A expenses of $3.3 million. Segment operating margin increased 230 bps to 17.8%, primarily driven by a 150 bps increase in gross margin and a 70 bps decrease in SG&A rate. The increase in gross margin was driven by higher AUR and favorable customer mix, partially offset by higher AUC. AUC increased by a low-single digit percentage primarily driven by investments in product make, product mix, and higher incremental tariff-related costs, which were partially mitigated by negotiated vendor cost concessions. The decrease in the SG&A rate reflected lower bad debt expense, partially offset by incremental marketing investments.

International

International segment net sales increased $5.0 million, or 4.5%, to $116.7 million, driven by growth in Canada and Mexico, as well as higher demand from our international partners. In Canada, comparable net sales increased 1.7%, driven by higher AUR, partially offset by lower unit volume. In Mexico, net sales growth primarily reflected the contribution from new retail stores, increased comparable net sales, and favorable changes in foreign currency exchange rates used for translation.

International segment AUR increased by a mid-single digit percentage, driven by higher realized pricing, the favorable impact of foreign currency exchange rates, and favorable product mix. International segment unit volume decreased by a low-single digit percentage, primarily driven by Canada. Changes in foreign currency exchange rates used for translation had a $0.9 million favorable effect on International segment net sales.

As of October 3, 2026, we operated 189 stores and 77 stores in Canada and Mexico, respectively, compared to 192 and 72 as of January 3, 2026, and 192 and 65 as of September 27, 2025.

International segment operating income increased $2.5 million, or 27.6%, to $11.7 million, primarily due to an increase in gross profit of $4.2 million, partially offset by an increase in SG&A expenses of $1.8 million. Segment operating margin increased 180 bps to 10.0%, driven by a 160 bps increase in gross margin and a 20 bps decrease in the SG&A rate. The increase in gross margin was driven by higher AUR and favorable channel mix, partially offset by higher AUC. AUC increased by a low-single digit percentage, driven by higher product costs, partially offset by the favorable impact of foreign currency exchange rates on U.S. dollar-denominated product purchases. The decrease in the SG&A rate was driven by fixed cost leverage on increased net sales, reduced costs resulting from previously implemented restructuring actions, and lower distribution costs, partially offset by higher store-related costs and incremental marketing investments.

Unallocated Corporate Expenses

Unallocated corporate expenses include corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated accounting, finance, legal, human resources, and information technology expenses, occupancy costs for our corporate headquarters, and other benefit and compensation programs, including performance-based compensation.

Unallocated corporate expenses decreased $1.0 million, or 4.1%, to $22.8 million. Unallocated corporate expenses, as a percentage of consolidated net sales, decreased 10 bps to 3.0%, driven by reduced costs resulting from previously implemented restructuring actions and lower severance, relocation, and recruiting costs, partially offset by higher legal costs.

THREE FISCAL QUARTERS ENDED OCTOBER 3, 2026 COMPARED TO THREE FISCAL QUARTERS ENDED SEPTEMBER 27, 2025

The following table summarizes our results of operations.

	Three fiscal quarters ended			
(dollars in thousands, except per share data)	**October 3, 2026**	**September 27, 2025**	**$ Change**	**% / bps Change**
Consolidated net sales	$ 2,049,060	$ 1,972,975	$ 76,085	3.9 %
Cost of goods sold	987,822	1,058,497	(70,675)	(6.7)%
Gross profit	1,061,238	914,478	146,760	16.0 %
Gross profit as % of consolidated net sales	*51.8 %*	*46.4 %*		*540 bps*
Royalty income, net	13,158	14,008	(850)	(6.1)%
Royalty income, net as % of consolidated net sales	*0.6 %*	*0.7 %*		*(10) bps*
Selling, general, and administrative expenses	850,357	869,246	(18,889)	(2.2)%
SG&A expenses as % of consolidated net sales	*41.5 %*	*44.1 %*		*(260) bps*
Operating income	224,039	59,240	164,799	>100%
Operating income as % of consolidated net sales	*10.9 %*	*3.0 %*		*790 bps*
Interest expense	34,895	22,849	12,046	52.7 %
Interest income	(16,536)	(10,007)	(6,529)	65.2 %
Other expense (income), net	766	(265)	1,031	nm
Pension plan settlement	—	8,777	(8,777)	nm
Income before income taxes	204,914	37,886	167,028	>100%
Income tax provision	49,009	10,308	38,701	>100%
Effective tax rate(*)	*23.9 %*	*27.2 %*		*(330) bps*
Net income	$ 155,905	$ 27,578	$ 128,327	>100%
Basic net income per common share	$ 4.27	$ 0.75	$ 3.52	>100%
Diluted net income per common share	$ 4.27	$ 0.75	$ 3.52	>100%
Dividend declared and paid per common share	$ 0.75	$ 1.30	$ (0.55)	(42.3)%

(*) Effective tax rate is calculated by dividing the provision for income taxes by income before income taxes.

Note: Results may not be additive due to rounding. If applicable, percentage changes that are not considered meaningful are denoted with "nm".

Consolidated Net Sales

Consolidated net sales increased $76.1 million, or 3.9%, to $2.05 billion. The increase in net sales was driven by growth in each of our U.S. Retail, U.S. Wholesale, and International segments. AUR increased by a mid-single digit percentage, primarily reflecting higher realized pricing in each of our segments, as well as the favorable impact of changes in foreign currency exchange rates used for translation. Unit volume decreased by a low-single digit percentage driven by U.S. Wholesale, partially offset by growth in our U.S. Retail segment. Changes in foreign currency exchange rates used for translation had a favorable effect on our consolidated net sales of $8.9 million.

Gross Profit and Gross Margin

Consolidated gross profit increased $146.8 million, or 16.0%, to $1.06 billion, reflecting increased net sales and a higher gross margin. Consolidated gross margin increased 540 bps to 51.8%, driven by $128 million of IEEPA tariff refund recoveries, higher AUR, and favorable channel mix, partially offset by higher AUC. AUC, which excludes the impact of IEEPA tariff refund recoveries, increased by a high-single digit percentage, driven by incremental domestic and international tariff-related costs and investments in product make, partially offset by negotiated vendor cost concessions. Incremental tariff-related costs, which represent tariff costs in excess of the duty rates in effect prior to the tariff actions initiated in fiscal 2025 and fiscal 2026, were unfavorable to the prior period by approximately $80 million.

Selling, General, and Administrative Expenses

Consolidated SG&A expenses decreased $18.9 million, or 2.2%, to $850.4 million and decreased as a percentage of consolidated net sales by 260 bps to 41.5%. The decrease in SG&A rate was driven by fixed cost leverage on higher net sales, costs related to organizational restructuring and operating model improvements in the first three quarters of fiscal 2025 that did not reoccur in the first three quarters of fiscal 2026, lower leadership transition costs, and lower distribution costs. These were partially offset by incremental marketing investments and inflationary pressure in retail store-related expenses.

Operating Income

Consolidated operating income increased $164.8 million to $224.0 million and increased as a percentage of net sales by 790 bps to 10.9%, primarily due to the factors previously discussed.

Interest Expense

Consolidated interest expense increased $12.0 million, or 52.7%, to $34.9 million, reflecting the impact of the Company's fourth quarter of fiscal 2025 issuance of $575.0 million principal amount of 7.375% senior notes due 2031 and redemption of $500.0 million principal amount of 5.625% senior notes due 2027.

Interest Income

Consolidated interest income increased $6.5 million, or 65.2%, to $16.5 million, primarily driven by $4 million of interest recognized on IEEPA tariff refund recoveries and higher cash balances and short-term investments during the period.

Income Taxes

Consolidated income tax provision increased $38.7 million to $49.0 million, and the effective tax rate decreased 330 bps to 23.9%. The increase in the consolidated income tax provision was driven by higher pre-tax income, while the decrease in the effective tax rate was driven by discrete tax items recognized in the prior-year period, including incremental tax expense related to expiration of stock-based compensation awards, which had a disproportionate impact on that period's rate given its lower level of pre-tax income. This was partially offset by a higher estimated annual effective tax rate, reflecting a larger proportion of income generated in higher tax jurisdictions.

Net Income

Consolidated net income increased $128.3 million to $155.9 million, primarily due to the factors discussed above and the non-recurrence of a non-cash pension settlement charge of $8.8 million recorded in the first three quarters of fiscal 2025.

Results by Segment - First Three Quarters of Fiscal 2026 compared to First Three Quarters of Fiscal 2025

The following table summarizes net sales and segment operating income, by segment, for the first three quarters of fiscal 2026 and fiscal 2025:

	Three fiscal quarters ended					
(dollars in thousands)	October 3, 2026	% of consolidated net sales	September 27, 2025	% of consolidated net sales	$ Change	% Change
Net sales:						
U.S. Retail	$ 999,549	48.8 %	$ 956,288	48.5 %	$ 43,261	4.5 %
U.S. Wholesale	740,069	36.1 %	726,899	36.8 %	13,170	1.8 %
International	309,442	15.1 %	289,788	14.7 %	19,654	6.8 %
Consolidated net sales	$ 2,049,060	100.0 %	$ 1,972,975	100.0 %	$ 76,085	3.9 %
Segment operating income:		**Segment operating margin**		**Segment operating margin**		
U.S. Retail	$ 32,597	3.3 %	$ 16,052	1.7 %	$ 16,545	>100%
U.S. Wholesale	115,240	15.6 %	126,369	17.4 %	(11,129)	(8.8)%
International	21,273	6.9 %	12,564	4.3 %	8,709	69.3 %
Total segment operating income	$ 169,110	8.3 %	$ 154,985	7.9 %	$ 14,125	9.1 %
Items not included in segment operating income:		**Consolidated operating margin**		**Consolidated operating margin**		
Tariff refund recovery[1]	$ 127,669	n/a	$ —	n/a	n/a	n/a
Unallocated corporate expenses[2]	(65,635)	n/a	(68,465)	n/a	(2,830)	(4.1)%
Leadership transition costs[3]	(4,726)	n/a	(7,694)	n/a	n/a	n/a
IP litigation costs[4]	(2,379)	n/a	—	n/a	n/a	n/a
Organizational restructuring[5]	—	n/a	(6,117)	n/a	n/a	n/a
Operating model improvement costs[6]	—	n/a	(13,469)	n/a	n/a	n/a
Consolidated operating income	$ 224,039	10.9 %	$ 59,240	3.0 %	$ 164,799	>100%

(1) Related to $128 million of IEEPA tariff refund recoveries, excluding interest received, which are reflected as a reduction of Cost of goods sold in our condensed consolidated statement of operations.

(2) Unallocated corporate expenses include corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated accounting, finance, legal, human resources, and information technology expenses, occupancy costs for our corporate headquarters, and other benefit and compensation programs, including performance-based compensation.

(3) Related to costs associated with the retirement of Michael D. Casey, the Company's former CEO, in fiscal 2025 and costs related to the departure of Douglas C. Palladini, the Company's former CEO, in the second quarter of fiscal 2026. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(4) Reflects third-party legal defense costs incurred in connection with a specific intellectual property litigation matter not in the ordinary course of business, as described in Note 15, *Commitments and Contingencies,* to the condensed consolidated financial statements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(5) Related to charges for severance and other termination benefits as a result of an organizational restructuring. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

(6) Primarily related to third-party consulting costs to support operating model improvements. Amounts are reflected within Selling, general, and administrative expenses in our condensed consolidated statement of operations.

U.S. Retail

U.S. Retail segment net sales increased $43.3 million, or 4.5%, to $999.5 million. The increase in net sales was driven by higher unit volume and AUR. Unit volume increased by a low-single digit percentage driven by higher traffic, transactions, and units per transaction in both stores and eCommerce, partially offset by the sales impact of net store closures. AUR increased by a low-single digit percentage, reflecting higher pricing, partially offset by product mix, which reflects a higher proportion of opening price point product, and increased promotional activity. Comparable net sales, including retail stores and eCommerce, increased 5.0% driven by the factors mentioned above.

U.S. Retail segment operating income increased $16.5 million to $32.6 million, primarily due to an increase in gross profit of $19.5 million, partially offset by an increase in SG&A expenses of $2.7 million. Segment operating margin increased 160 bps

to 3.3%, driven by a 220 bps decrease in the SG&A rate, partially offset by a 60 bps decrease in gross margin. The decrease in gross margin was driven by a mid-single digit percentage increase in AUC, reflecting incremental tariff-related costs net of negotiated vendor cost concessions, partially offset by increased AUR. The decrease in the SG&A rate was driven by fixed cost leverage on higher net sales, reduced costs resulting from previously implemented restructuring actions, and lower distribution and transportation costs, partially offset by incremental marketing investments and inflationary pressure in retail store-related expenses.

U.S. Wholesale

U.S. Wholesale segment net sales increased $13.2 million, or 1.8%, to $740.1 million, driven by growth in our exclusive *Carter's* brands, partially offset by lower demand from certain customers and lower sales of excess product to our off-price wholesale channel customers. AUR increased by a high-single digit percentage, primarily reflecting higher realized pricing and the lower proportion of off-price sales. Unit volume decreased by a mid-single digit percentage, primarily reflecting the lower demand from certain customers and off-price sales discussed above.

U.S. Wholesale segment operating income decreased $11.1 million, or 8.8%, to $115.2 million, primarily due to a decrease in gross profit of $16.6 million, partially offset by a decrease in SG&A expenses of $6.1 million. Segment operating margin decreased 180 bps to 15.6%. The drivers of the decrease in operating margin were a 280 bps decrease in gross margin, partially offset by a 100 bps decrease in SG&A rate. The decrease in gross margin was driven by a low-double digit percentage increase in AUC, reflecting incremental tariff-related costs and investments in product make, net of negotiated vendor cost concessions. This was partially offset by higher AUR and favorable customer mix. The decrease in the SG&A rate was driven by fixed cost leverage on increased net sales, lower distribution costs, lower performance-based compensation expense, and lower bad debt expense, partially offset by incremental marketing investments.

International

International segment net sales increased $19.7 million, or 6.8%, to $309.4 million, driven by growth in Mexico and Canada, partially offset by lower sales to international partners. In Mexico, net sales growth reflected higher AUR and the contribution from new retail stores. Canadian comparable net sales, including retail stores and eCommerce, increased 2.3% driven by higher AUR. International segment AUR increased by a mid-single digit percentage driven by pricing and the favorable impact of foreign currency exchange rates. International segment unit volume increased by a low-single digit percentage. Changes in foreign currency exchange rates used for translation had an $8.9 million favorable effect on International segment net sales.

International segment operating income increased $8.7 million, or 69.3%, to $21.3 million, primarily due to an increase in gross profit of $16.2 million, partially offset by an increase in SG&A expenses of $7.5 million. Segment operating margin increased 260 bps to 6.9%, driven by a 230 bps increase in gross margin and a 30 bps decrease in the SG&A rate. The increase in gross margin was driven by higher AUR and favorable channel mix, partially offset by increased AUC. AUC increased by a low-single digit percentage driven by higher product costs, partially offset by the favorable impact of foreign currency exchange rates on U.S. dollar-denominated product purchases. The decrease in the SG&A rate was driven by fixed cost leverage on increased net sales and reduced costs resulting from previously implemented restructuring actions, partially offset by increased store-related costs.

Unallocated Corporate Expenses

Unallocated corporate expenses decreased $2.8 million, or 4.1%, to $65.6 million. Unallocated corporate expenses, as a percentage of consolidated net sales, decreased 30 bps to 3.2% driven by reduced costs resulting from previously implemented restructuring actions, lower performance-based compensation, and lower consulting costs.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES

We have provided non-GAAP adjusted cost of goods sold, gross profit, SG&A expenses, operating income, interest income, income tax provision, net income, and diluted net income per common share measures, which exclude certain items presented below. We believe that this information provides a meaningful comparison of our results and affords investors a view of what management considers to be our core performance, and we also, from time to time, use some of these non-GAAP measures, such as adjusted operating income, as performance metrics in awards under our annual and long-term incentive compensation plans. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the U.S. (GAAP). The most comparable GAAP measures are cost of goods sold, gross profit, SG&A expenses, operating income, interest income, income tax provision, net income, and diluted net income per common share, respectively. Adjusted cost of goods sold, gross profit, SG&A expenses, operating income, interest income, income tax provision, net income, and diluted net income per common share should not be considered in isolation or as a substitute for analysis of our results as reported in accordance with GAAP. Other companies may calculate adjusted cost of goods sold, gross profit, SG&A expenses, operating income, interest income, income tax provision, net income, and diluted net income per common share differently than we do, limiting the usefulness of the measures for comparisons with other companies.

	Fiscal quarter ended October 3, 2026								
(dollars in millions, except earnings per share)	Cost of Goods Sold	Gross Profit	SG&A Expenses	Operating Income	% Net Sales	Interest Income	Income Taxes	Net Income	Diluted Net Income per Common Share
As reported (GAAP)	**$ 397.7**	**$ 354.8**	**$ 304.2**	**$ 55.8**	**7.4 %**	**$ 4.8**	**$ 11.8**	**$ 36.6**	**$ 1.00**
IP litigation costs[1]	—	—	(1.2)	1.2		—	0.3	0.9	0.02
As adjusted	**$ 397.7**	**$ 354.8**	**$ 303.0**	**$ 56.9**	**7.6 %**	**$ 4.8**	**$ 12.1**	**$ 37.5**	**$ 1.03**

	Three fiscal quarters ended October 3, 2026								
(dollars in millions, except earnings per share)	Cost of Goods Sold	Gross Profit	SG&A Expenses	Operating Income	% Net Sales	Interest Income	Income Taxes	Net Income	Diluted Net Income per Common Share
As reported (GAAP)	**$ 987.8**	**$ 1,061.2**	**$ 850.4**	**$ 224.0**	**10.9 %**	**$ 16.5**	**$ 49.0**	**$ 155.9**	**$ 4.27**
Tariff refund recovery[2]	127.7	(127.7)	—	(127.7)		(4.0)	(31.6)	(100.1)	(2.74)
Leadership transition costs[3]	—	—	(4.7)	4.7		—	1.1	3.6	0.10
IP litigation costs[1]	—	—	(2.4)	2.4		—	0.6	1.8	0.05
As adjusted	**$ 1,115.5**	**$ 933.6**	**$ 843.2**	**$ 103.5**	**5.0 %**	**$ 12.5**	**$ 19.1**	**$ 61.2**	**$ 1.68**

(1) Reflects third-party legal defense costs incurred in connection with a specific intellectual property litigation matter not in the ordinary course of business described in Note 15, *Commitments and Contingencies,* to the condensed consolidated financial statements.

(2) Related to $132 million of IEEPA tariff refund recoveries, including $4 million of interest received.

(3) Related to costs associated with the departure of Douglas C. Palladini, the Company's former CEO, in the second quarter of fiscal 2026, and the related leadership transition, including executive recruiting costs.

Note: Results may not be additive due to rounding.

	Fiscal quarter ended September 27, 2025								
(dollars in millions, except earnings per share)	Cost of Goods Sold	Gross Profit	SG&A Expenses	Operating Income	% Net Sales	Interest Income	Income Taxes	Net Income	Diluted Net Income per Common Share
As reported (GAAP)	**$ 416.2**	**$ 341.6**	**$ 318.0**	**$ 29.1**	**3.8 %**	**$ 2.6**	**$ 3.2**	**$ 11.6**	**$ 0.32**
Organizational restructuring[1]	—	—	(6.1)	6.1		—	1.5	4.6	0.13
Operating model improvement costs[2]	—	—	(3.7)	3.7		—	0.9	2.8	0.08
Leadership transition costs[3]	—	—	(0.5)	0.5		—	0.1	0.4	0.01
Pension plan settlement[4]	—	—	—	—		—	2.1	6.7	0.18
Deferred compensation plan termination[5]	—	—	—	—		—	(0.8)	0.8	0.02
As adjusted	**$ 416.2**	**$ 341.6**	**$ 307.7**	**$ 39.4**	**5.2 %**	**$ 2.6**	**$ 7.1**	**$ 26.8**	**$ 0.74**

	Three fiscal quarters ended September 27, 2025								
(dollars in millions, except earnings per share)	Cost of Goods Sold	Gross Profit	SG&A Expenses	Operating Income	% Net Sales	Interest Income	Income Taxes	Net Income	Diluted Net Income per Common Share
As reported (GAAP)	**$ 1,058.5**	**$ 914.5**	**$ 869.2**	**$ 59.2**	**3.0 %**	**$ 10.0**	**$ 10.3**	**$ 27.6**	**$ 0.75**
Organizational restructuring[1]	—	—	(6.1)	6.1		—	1.5	4.6	0.13
Operating model improvement costs[2]	—	—	(13.5)	13.5		—	3.2	10.2	0.29
Leadership transition costs[3]	—	—	(7.7)	7.7		—	0.7	7.0	0.19
Pension plan settlement[4]	—	—	—	—		—	2.1	6.7	0.19
Deferred compensation plan termination[5]	—	—	—	—		—	(0.8)	0.8	0.02
As adjusted	**$ 1,058.5**	**$ 914.5**	**$ 842.0**	**$ 86.5**	**4.4 %**	**$ 10.0**	**$ 17.0**	**$ 56.9**	**$ 1.57**

(1) Related to charges for severance and other termination benefits as a result of organizational restructuring.

(2) Primarily related to third-party consulting costs to support operating model improvements.

(3) Related to costs associated with the retirement of Michael D. Casey, the Company's former CEO.

(4) Related to non-cash charges as a result of pension plan settlements.

(5) Related to the incremental income tax impact resulting from the announced termination of the Company's deferred compensation plan.

Note: Results may not be additive due to rounding.

LIQUIDITY AND CAPITAL RESOURCES

Our ongoing cash needs are primarily for working capital (consisting primarily of inventory), capital expenditures, employee compensation, interest on debt, the return of capital to our shareholders, and other general corporate purposes. We expect that our primary sources of liquidity will be cash and cash equivalents on hand, short-term investments, cash flow from operations, and available borrowing capacity under our secured asset-based revolving credit facility. We believe that our sources of liquidity are sufficient to meet our cash requirements for at least the next twelve months. However, these sources of liquidity may be affected by events described in the "Forward-Looking Statements" section of this Form 10-Q, including, but not limited to, our risk factors discussed under the heading "Risk Factors" in Part II, Item 1A. of this Quarterly Report on Form 10-Q, the risk factors discussed under the heading "Risk Factors" in our most recently filed Annual Report on Form 10-K, and in other reports filed with the Securities and Exchange Commission from time to time.

As discussed under the heading "Known or Anticipated Trends" in our most recently filed Annual Report on Form 10-K, the impacts of new tariffs and other trade measures have had and may continue to have an adverse impact on our cost structure and supply chain, which may impact our working capital needs in the near term. While recent developments, including those discussed in "Recent Developments" in this Quarterly Report on Form 10-Q, may affect our future exposure to these tariffs, the trade policy environment remains dynamic and the ultimate impacts are uncertain. We continue to evaluate and mitigate these impacts and may experience volatility in cash flows in the near term. However, we believe our sources of liquidity, including cash and available borrowing capacity under our secured asset-based revolving credit facility, will be sufficient to manage these developments.

In the third quarter of fiscal 2026, we invested $100.0 million of our U.S. cash balances in a laddered portfolio of certificates of deposit with original maturities of three, six, and nine months, to increase the yield earned on excess cash while preserving liquidity. As of October 3, 2026, $75.0 million of these certificates of deposit, which have original maturities greater than three months, are classified as Short-term investments, and the remaining $25.0 million is included in Cash and cash equivalents.

As of October 3, 2026, we had $451.0 million of cash and cash equivalents and $75.0 million of short-term investments. Cash and cash equivalents included $60.4 million held at financial institutions located outside of the United States. We do not expect any material restrictions on our ability to access or use cash held outside of the United States. We maintain cash deposits and certificates of deposit with major financial institutions in amounts that exceed the insurance coverage limits provided by the Federal Deposit Insurance Corporation in the United States and by similar insurers for deposits located outside the United States. To mitigate this risk, we utilize a policy of allocating cash deposits and certificates of deposit among major financial institutions that have been evaluated by us and third-party rating agencies as having acceptable risk profiles.

Balance Sheet

Net accounts receivable at October 3, 2026 were $228.9 million compared to $237.9 million at September 27, 2025 and $178.6 million at January 3, 2026. The decrease of $9.0 million, or 3.8%, at October 3, 2026 compared to September 27, 2025 primarily reflects the timing of wholesale customer shipments. Due to the seasonal nature of our operations, the net accounts receivable balance at October 3, 2026 is not comparable to the net accounts receivable balance at January 3, 2026.

Inventories at October 3, 2026 were $587.0 million compared to $656.1 million at September 27, 2025 and $544.6 million at January 3, 2026. The decrease of $69.1 million, or 10.5%, at October 3, 2026 compared to September 27, 2025 was driven by the timing of inbound inventory receipts and lower incremental tariffs imposed on products imported into the United States. Due to the seasonal nature of our operations, the inventory balance at October 3, 2026 is not comparable to the inventory balance at January 3, 2026.

Prepaid expenses and other current assets at October 3, 2026 were $74.5 million compared to $55.6 million at September 27, 2025 and $60.5 million at January 3, 2026. The increase of $18.9 million, or 34.0%, at October 3, 2026 compared to September 27, 2025 was primarily driven by the reclassification of the Rabbi Trust assets from long-term to current, reflecting their liquidation in the fourth quarter of fiscal 2026 in connection with the settlement of the related deferred compensation liabilities.

Accounts payable at October 3, 2026 were $254.4 million compared to $240.2 million at September 27, 2025 and $235.7 million at January 3, 2026. The increase of $14.1 million, or 5.9%, at October 3, 2026 compared to September 27, 2025 was driven by the timing of vendor payments. Due to the seasonal nature of our operations, the accounts payable balance at October 3, 2026 is not comparable to the accounts payable balance at January 3, 2026.

Other current liabilities at October 3, 2026 were $123.8 million compared to $110.9 million at September 27, 2025 and $133.8 million at January 3, 2026. The increase of $12.9 million, or 11.6%, at October 3, 2026 compared to September 27, 2025 was

primarily driven by the reclassification of deferred compensation liabilities from long-term to current, reflecting their settlement in the fourth quarter of fiscal 2026, and higher income taxes payable due to the timing of estimated income tax payments, partially offset by lower accrued performance-based compensation.

Other long-term liabilities at October 3, 2026 were $14.8 million compared to $34.0 million at September 27, 2025 and $19.4 million at January 3, 2026. The decrease of $19.3 million, or 56.6%, at October 3, 2026 compared to September 27, 2025 was primarily driven by the reclassification of deferred compensation liabilities from long-term to current, reflecting their settlement in the fourth quarter of fiscal 2026.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was $101.8 million for the first three quarters of fiscal 2026 compared to net cash used in operating activities of $136.3 million in the first three quarters of fiscal 2025. Our cash flow provided by operating activities is driven by net income and changes in our working capital. The increase in operating cash flow was primarily driven by $132 million of IEEPA tariff refund recoveries, including interest, and the timing of inbound inventory receipts.

Net Cash Used in Investing Activities

Net cash used in investing activities was $104.7 million for the first three quarters of fiscal 2026 compared to $42.7 million in the first three quarters of fiscal 2025. The increase in net cash used in investing activities was driven by $75.0 million of purchases of short-term investments, partially offset by lower capital expenditures, reflecting fewer retail store openings and remodels in the United States. We plan to invest approximately $50 million in capital expenditures in fiscal 2026, primarily for our distribution facilities, strategic information technology initiatives, and retail store openings in Mexico.

Net Cash Used in Financing Activities

Net cash used in financing activities was $31.3 million in the first three quarters of fiscal 2026 compared to $52.1 million in the first three quarters of fiscal 2025. The decrease in net cash used in financing activities was primarily driven by lower cash dividends distributed to shareholders during the period.

Share Repurchases

The Company did not repurchase and retire any shares of its common stock through open market transactions during the first three quarters of fiscal 2026 and 2025. The total remaining capacity under outstanding repurchase authorizations as of October 3, 2026 was approximately $599.0 million, based on settled repurchase transactions. The share repurchase authorizations have no expiration dates.

Future repurchases may occur from time to time in the open market, in privately negotiated transactions, or otherwise. The timing and amount of any repurchases will be at the discretion of the Company subject to restrictions under the Company's secured asset-based revolving credit facility and considerations given to market conditions, stock price, other investment priorities, excise taxes, and other factors.

Dividends

In each of the first three quarters of fiscal 2026, the Company's Board declared, and the Company paid, a cash dividend per common share of $0.25 (for an aggregate cash dividend per common share of $0.75 for the first three quarters of fiscal 2026). Additionally, in the first, second, and third quarters of fiscal 2025, the Board declared, and the Company paid, a cash dividend per common share of $0.80, $0.25, and $0.25, respectively (for an aggregate cash dividend per common share of $1.30 for the first three quarters of fiscal 2025). Our Board will evaluate future dividend declarations based on a number of factors, including restrictions under our secured asset-based revolving credit facility ("ABL facility"), business conditions, our financial performance, and other considerations.

Provisions in our ABL facility could have the effect of restricting our ability to pay cash dividends on, or make future repurchases of, our common stock, as further described in Note 6, *Long-Term Debt*, to the condensed consolidated financial statements.

Financing Activities

Secured Revolving Credit Facility

As of October 3, 2026 and January 3, 2026, we had no outstanding borrowings under our ABL facility, exclusive of $5.8 million and $6.3 million of outstanding letters of credit, respectively. As of September 27, 2025, we had no outstanding borrowings under our secured cash-flow-based revolving credit facility, exclusive of $6.9 million of outstanding letters of

credit. As of October 3, 2026, January 3, 2026, and September 27, 2025, there was approximately $540.5 million, $743.7 million, and $843.1 million available for future borrowing, respectively. Any outstanding borrowings under our ABL facility are classified as non-current liabilities on our condensed consolidated balance sheets due to contractual repayment terms under the ABL facility. However, these repayment terms also allow us to repay some or all of the outstanding borrowings at any time.

ABL Facility

On November 17, 2025, the Company, through its wholly owned subsidiary, The William Carter Company ("TWCC"), entered into a new five-year ABL facility of up to $750.0 million. The ABL facility replaced the Company's existing $850.0 million secured cash-flow-based revolving credit facility due April 2027. Borrowings under the ABL facility will mature, and lending commitments thereunder will terminate, in November 2030.

The ABL facility contains various covenants, including those that restrict the Company's ability and the ability of its restricted subsidiaries to incur certain indebtedness, pay dividends or make distributions or other restricted payments, or to grant certain liens on their respective property or assets, among other things. The ABL facility also includes a springing financial covenant, consisting of, if the excess availability falls below certain thresholds, a fixed charge coverage ratio not to be less than 1.00 to 1.00.

The availability under the ABL facility was $540.5 million and $743.7 million as of October 3, 2026 and January 3, 2026, respectively. Availability is determined using borrowing base calculations of eligible inventory, accounts receivable, and intellectual property balances, less availability reserves, current outstanding borrowings under the ABL facility, and outstanding letters of credit. Availability may fluctuate throughout the year principally based on changes in eligible inventory and accounts receivable balances. As of October 3, 2026, the borrowing rate for a term Secured Overnight Financing Rate ("SOFR") loan would have been 5.16%, which includes an excess availability-based adjustment of 1.25%.

As of October 3, 2026, the Company was in compliance with its covenants and requirements under the ABL facility.

Senior Notes

As of October 3, 2026, the Company had $575.0 million principal amount of senior notes outstanding, bearing interest at a rate of 7.375% per annum, and maturing on February 15, 2031. On our condensed consolidated balance sheets, the $575.0 million of outstanding senior notes as of October 3, 2026 is reported net of $6.9 million of unamortized debt issuance-related costs.

On November 13, 2025, TWCC issued the $575.0 million principal amount of senior notes due 2031. TWCC received net proceeds from the offering of the senior notes of approximately $567.0 million, after deducting underwriting fees and other expenses, which TWCC used to redeem the senior notes discussed below and for other general corporate purposes. Approximately $8.0 million, including both bank fees and other third-party expenses, was capitalized in connection with the issuance and is being amortized over the term of the senior notes.

On November 27, 2025, TWCC redeemed $500.0 million principal amount of senior notes, bearing interest at a rate of 5.625% per annum, and originally maturing on March 15, 2027. Pursuant to the optional redemption provisions described in the indenture dated as of March 14, 2019, TWCC paid the outstanding principal plus accrued and unpaid interest.

Seasonality

We experience seasonal fluctuations in our sales and profitability due to the timing of certain holidays and key retail shopping periods, which generally has resulted in lower sales and gross profit in the first half of our fiscal year versus the second half of the fiscal year. Accordingly, our results of operations during the first half of the year may not be indicative of the results we expect for the full year.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting policies and estimates are described under the heading "Critical Accounting Policies and Estimates" in Item 7 of our most recent Annual Report on Form 10-K for the 2025 fiscal year ended January 3, 2026. Our critical accounting policies and estimates are those policies that require management's most difficult and subjective judgments and may result in the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include: revenue recognition and accounts receivable allowance, inventory, goodwill and other indefinite-lived intangible assets, accrued expenses, loss contingencies, accounting for income taxes, foreign currency, employee benefit plans, and stock-based compensation arrangements. There have been no material changes in these critical accounting policies and estimates from those described in our most recent Annual Report on Form 10-K.

Goodwill and Indefinite-lived Intangible Assets

In the fourth quarter of fiscal 2025, the Company performed an annual quantitative impairment test on the goodwill ascribed to each of the Company's reporting units and on the value of its indefinite-lived intangible tradename assets as of January 3, 2026. The assumptions used in the quantitative impairment test of the goodwill of our reporting units include projected revenue growth and profitability, terminal growth rates, discount rates, market multiples, and applicable control premiums. The assumptions used in the quantitative impairment test of our indefinite-lived intangible tradename assets include projected revenue growth and profitability, terminal growth rates, discount rates, and royalty rates.

Based upon this assessment, there were no impairments on the value of goodwill or indefinite-lived intangible tradename assets. The annual assessment indicated that the fair value of assets for the U.S. Wholesale, U.S. Retail, and Other International reporting units exceeded its carrying values by at least 25%. The fair value of assets for the Canada reporting unit exceeded its carrying value by approximately 8%. The assessment indicated that the fair value of our indefinite-lived tradename assets exceeded the carrying values by at least 35%.

Sensitivity tests on the Canada reporting unit showed that a 100 bps increase in the discount rate, a 50 bps decrease in the long-term revenue growth rate, a 250 bps decrease in revenue growth rates, or a 50 bps decrease in operating margins would not change the conclusion and would not result in an impairment charge.

The Company believes that the assumptions used in the impairment tests are reasonable and supportable as of October 3, 2026, and therefore, there were no impairment charges recorded in the third quarter or first three quarters of fiscal 2026. As of October 3, 2026, the carrying value of the goodwill ascribed to the Canada reporting unit was $37.2 million.

The degree of uncertainty associated with the assumptions used in our impairment tests is elevated in the current macroeconomic environment due to evolving trade policies. The Company continues to monitor these macroeconomic conditions, including the potential impacts from new tariffs or trade restrictions, which could adversely affect the financial performance of our reporting units and indefinite-lived intangible tradename assets. Should these conditions lead to a significant decline in projected financial results, there could be impairment charges to these assets mentioned above, to the goodwill ascribed to our other reporting units, or to our other indefinite-lived intangible tradename assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency and Interest Rate Risks

In the operation of our business, we have market risk exposures including those related to foreign currency risk and interest rates. These risks, and our strategies to manage our exposure to them, are discussed below.

Currency Risk

We contract to purchase product from third parties, primarily in Asia. While these contracts are stated in U.S. dollars, there can be no assurance that the cost for the future production of our products will not be affected by exchange rate fluctuations between the U.S. dollar and the local currencies of these contracted manufacturers. Due to the number of currencies involved, we cannot quantify the potential impact that future currency fluctuations may have on our results of operations in future periods.

The financial statements of our foreign subsidiaries that are denominated in functional currencies other than the U.S. dollar are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for revenues and expenses. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive loss.

Our foreign subsidiaries typically record sales denominated in currencies other than the U.S. dollar, which are then translated into U.S. dollars using weighted-average exchange rates. The changes in foreign currency exchange rates used for translation in

the third quarter of fiscal 2026, compared to the third quarter of fiscal 2025, had a $0.9 million favorable effect on our consolidated net sales. Changes in foreign currency exchange rates used for translation in the first three quarters of fiscal 2026, compared to the first three quarters of fiscal 2025, had an $8.9 million favorable effect on our consolidated net sales.

Fluctuations in exchange rates between the U.S. dollar and other currencies may affect our results of operations, financial position, and cash flows. Transactions by our foreign subsidiaries may be denominated in a currency other than the entity's functional currency. Foreign currency transaction gains and losses also include the impact of intercompany loans with foreign subsidiaries that are marked to market. In our condensed consolidated statement of operations, these gains and losses are recorded within Other expense (income), net. Foreign currency transaction gains and losses related to intercompany loans with foreign subsidiaries that are of a long-term nature are accounted for as translation adjustments and are included in Accumulated other comprehensive loss.

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our ABL facility, which carries variable interest rates. As of October 3, 2026, there were no variable rate borrowings outstanding under the ABL facility. As a result, the impact of a hypothetical 100 bps increase in the effective interest rate would not result in a material amount of additional interest expense over a twelve-month period.

Other Risks

We enter into various purchase order commitments with our suppliers. We can cancel these arrangements, although in some instances we may be subject to a termination charge reflecting a percentage of work performed prior to cancellation.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of October 3, 2026.

Changes in Internal Control over Financial Reporting

The principal executive officer and principal financial officer also conducted an evaluation of the Company's internal control over financial reporting ("Internal Control") to determine whether any changes in Internal Control occurred during the fiscal quarter ended October 3, 2026 that have materially affected, or which are reasonably likely to materially affect, Internal Control.

There were no changes in the Company's Internal Control that materially affected, or were reasonably likely to materially affect, such control over financial reporting during the fiscal quarter ended October 3, 2026.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to various claims and pending or threatened lawsuits in the normal course of our business. The Company is not currently a party to any legal proceedings that it believes would have a material adverse effect on its financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to the risk factors described in our Form 10-K for the 2025 fiscal year ended January 3, 2026.

Our business could be negatively impacted by political and economic risks, including from the conflict between the United States, Israel, and Iran and related geopolitical instability, that we are exposed to as a result of our global operations.

We are subject to general political and economic risks in connection with our global operations, including political instability (both in the United States and globally, including the ongoing conflict between Russia and Ukraine and the related economic and retaliatory measures), frequent hostilities between Israel and Hamas, persistent conflict in the Red Sea region, terrorist attacks, and changes in diplomatic and trade relationships, any of which may have a significant adverse effect on our business, financial condition, and results of operations. Economic uncertainty in the United States and abroad has led to growing concerns about the systemic impact of rising energy costs, geopolitical issues, or the availability and cost of credit and higher interest rates, which could further lead to increased market volatility, decreased consumer confidence, and diminished growth expectations in the U.S. economy and abroad. As our customers react to global economic conditions, we have seen and may see customers reduce spending on our products and take additional precautionary measures to limit or delay expenditures and preserve capital and liquidity, thereby adversely affecting our customers' ability or willingness to purchase our products.

In addition, in late February 2026, the United States and Israel launched coordinated military strikes against Iran, which retaliated with missile attacks across the region. Although we do not have material operations in the Middle East, the ongoing conflict and any further escalation, including additional military actions, retaliatory measures, sanctions, disruptions to trade or transportation routes, cyberattacks, or other governmental or market responses, has caused, and could continue to cause, significant disruptions of global energy supplies and increases in global energy prices, heightened inflationary pressures on our input costs and supply chain, negative effects on global supply chains, energy markets, commodity prices, currency exchange rates, financial markets and overall macroeconomic conditions, and adversely impact customer spending patterns in markets in which we operate. While we expect the impacts of conflict between the United States, Israel, and Iran to continue to have an effect on our business, financial condition, and results of operations, we are unable to predict the extent or nature of these impacts at this time.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchases

The following table provides information about share repurchases during the third quarter of fiscal 2026:

Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs[2]	Approximate dollar value of shares that may yet be purchased under the plans or programs[3]
July 5, 2026 through August 1, 2026	—	$ —	—	$ 598,966,271
August 2, 2026 through August 29, 2026	18,496	$ 39.90	—	$ 598,966,271
August 30, 2026 through October 3, 2026	—	$ —	—	$ 598,966,271
Total	18,496		—	

(1) All the shares purchased represent shares of our common stock surrendered by our employees to satisfy required tax withholding upon the vesting of restricted stock awards between August 2, 2026 and August 29, 2026.

(2) The Company did not repurchase shares in open market transactions during the third quarter of fiscal 2026. Refer to the open market repurchases as disclosed in Note 7, *Common Stock*, to our accompanying unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(3) Under share repurchase authorizations approved by our Board of Directors, which have no expiration dates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

ITEM 4. MINE SAFETY DISCLOSURES

N/A

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the fiscal quarter ended October 3, 2026, none of the Company's directors or officers, as defined in Section 16 of the Exchange Act, adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined under Item 408(a) of Regulation S-K.

Elimination of Series A Junior Participating Preferred Stock

On September 22, 2025, the Board adopted a limited duration shareholder rights plan and declared a dividend of one right (a "Right") for each outstanding share of common stock of the Company. Each Right entitled its holder to purchase from the Company one ten-thousandth of a share of Series A Junior Participating Preferred Stock, subject to the terms of the Shareholder Rights Agreement, dated as of September 22, 2025, by and between the Company and Equiniti Trust Company, LLC, as rights agent (the "Rights Agreement").

On September 21, 2026, the Rights expired in accordance with the terms of the Rights Agreement. Accordingly, on October 27, 2026, the Company filed with the Secretary of State of the State of Delaware a Certificate of Elimination to eliminate the Series A Junior Participating Preferred Stock, which had been designated for potential use in connection with the Rights Agreement, from the Company's Amended and Restated Certificate of Incorporation. As a result, all shares designated as Series A Junior Participating Preferred Stock were eliminated and returned to the status of authorized, unissued shares of preferred stock, without designation.

The foregoing description of the Certificate of Elimination does not purport to be complete and is subject to and qualified in its entirety by reference to the full text of the Certificate of Elimination, which is included as Exhibit 3.3 hereto, and is incorporated by reference herein.

Leadership Evolution

On October 30, 2026, the Company announced the evolution of its leadership change, consisting of the following appointments:

- Chief Product Officer: Maria Gemzell, who is expected to join the Company in early 2027;
- Chief Commercial Officer: Allison Peterson;
- Chief Strategy and Business Development Officer: Emily Evert; and
- Chief Brand Officer: Sarah Crockett.

In addition, the Company announced the following changes to its leadership team:

- the Company is commencing a search for a standalone Chief Operating Officer, and Richard Westenberger, who is currently serving as Chief Operating Officer and Chief Financial Officer, has decided to step down as Chief Operating Officer (to be effective upon the Company's appointment of a new Chief Operating Officer). Mr. Westenberger will continue to serve as Chief Financial Officer;
- Julie D'Emilio, Chief Sales Officer, has decided to retire from Carter's. Ms. D'Emilio's last day as Chief Sales Officer is October 30, 2026 and Ms. D'Emilio will serve as an advisor through year-end to assist with the transition; and
- Karen Smith, Chief Supply Chain Officer, will retire from Carter's in March 2027 after serving Carter's for almost five years and more than 35 years in the apparel industry. Ms. Smith informed the Company of her decision in February 2026 and will continue to serve in her role through her retirement date to assist with the transition.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit Number	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Carter's, Inc.	8-K	3.1	May 23, 2017	
3.2	Amended and Restated By-Laws of Carter's, Inc.	8-K	3.1	November 13, 2025	
3.3	Certificate of Elimination of Series A Junior Participating Preferred Stock of the Company, dated October 27, 2026				X
10.1 *	Form of Carter's Employment Agreement (October 2026)				X
31.1	Rule 13a-15(e)/15d-15(e) and 13a-15(f)/15d-15(f) Certification.				X
31.2	Rule 13a-15(e)/15d-15(e) and 13a-15(f)/15d-15(f) Certification.				X
32	Section 1350 Certification.				X
101.INS	XBRL Instance Document - the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	The cover page from this Quarterly Report on Form 10-Q formatted as Inline XBRL				X

* Indicates a management contract or compensatory plan.

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.

CARTER'S, INC.

October 30, 2026 /s/ SHARON PRICE JOHN

Sharon Price John
Chief Executive Officer & President
(Principal Executive Officer)

October 30, 2026 /s/ RICHARD F. WESTENBERGER

Richard F. Westenberger
Chief Financial Officer & Chief Operating Officer
(Principal Financial & Accounting Officer)

Exhibit 3.3

CERTIFICATE OF ELIMINATION

OF

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF

CARTER'S, INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Carter's, Inc., a Delaware corporation (the "***Corporation***"), hereby certifies as follows:

1. Pursuant to Section 151 of the General Corporation Law of the State of Delaware (the "***DGCL***") and the authority conferred upon the Corporation's Board of Directors (the "***Board***") in accordance with the Corporation's Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws, the Board adopted the following resolutions with respect to the Corporation's Series A Junior Participating Preferred Stock, which resolutions have not been amended or rescinded:

WHEREAS, effective September 22, 2025, the Board authorized the issuance of a series of 15,000 shares of Series A Junior Participating Preferred Stock, par value $0.01 per share (the "***Series A Preferred Stock***"); and

WHEREAS, the Board deems it advisable and in the best interests of the Corporation and its stockholders to eliminate the Series A Preferred Stock.

NOW, THEREFORE, BE IT RESOLVED, that none of the authorized shares of Series A Preferred Stock are outstanding, and none will be issued subject to the Certificate of Designations of Series A Preferred Stock previously filed with the Secretary of State of the State of Delaware with respect to such Series A Preferred Stock (the "***Certificate of Designations***");

RESOLVED FURTHER, that the President and Chief Executive Officer, Chief Financial Officer, or General Counsel and Secretary of the Corporation (each, an "***Authorized Officer***") be, and each of them individually hereby is, authorized and directed to take any and all actions as any of such Authorized Officers deem necessary and appropriate to eliminate such Series A Preferred Stock, including to execute and file, or cause to be executed and filed, a Certificate of Elimination of the Series A Preferred Stock (the "***Certificate of Elimination***") with the Secretary of State of the State of Delaware; and

RESOLVED FURTHER, that when the Certificate of Elimination setting forth these resolutions becomes effective, it shall have the effect of eliminating from the Corporation's Amended and Restated Certificate of Incorporation, all matters set forth in the Certificate of Designations with respect to such Series A Preferred Stock, and all of the shares

that were designated as Series A Preferred Stock shall be returned to the status of authorized, unissued preferred shares of the Corporation, without designation.

2. This Certificate of Elimination shall be effective as of October 27, 2026 (the "***Effective Date***").

3. In accordance with Section 151 of the DGCL, as of the Effective Date, all matters set forth in the Certificate of Designations with respect to the Series A Preferred Stock, previously filed with the Secretary of State of the State of Delaware on September 22, 2025, are hereby eliminated.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly Authorized Officer this 27th day of October 2026.

CARTER'S, INC.

By: /s/ Richard F. Westenberger
Name: Richard F. Westenberger
Title: Chief Financial Officer & Chief Operating Officer

Exhibit 10.1

Employment Agreement

This Employment Agreement ("Agreement") is made as of [DATE], (the "Effective Date"), by and between The William Carter Company (the "Company") and [NAME] ("Executive").

WHEREAS, the Company has determined that given the key nature of Executive's position, the interests of the Company will be best served by entering into an agreement with respect to certain aspects of the employment relationship and by providing Executive the assurance of severance pay and benefits in the event that Executive's employment is terminated in specified circumstances.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Position and Duties. During employment, Executive shall serve as [TITLE] of the Company and shall have the normal duties, responsibilities and authority of such position, subject to any limitations imposed by the bylaws of the Company and to the power of the Company's Board of Directors (the "Board") and other senior officers of the Company or its Company Affiliates to expand or limit such duties, responsibilities and authority and to override actions of Executive. Executive shall devote Executive's best efforts and Executive's full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company. Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, business like and efficient manner.

2. Base Salary and Bonus Opportunity. During the term of Executive's employment hereunder, Executive's base salary shall be at an annual rate of [●] $[●] and prorated for any partial years of employment. The base salary shall be subject to periodic review for possible increase by the Board , in its discretion. Base salary shall be payable by the Company in installments in accordance with the Company's general payroll practices as in effect from time to time. During the term of Executive's employment hereunder, Executive shall participate in the Company's Amended and Restated Annual Incentive Compensation Plan (the "Bonus Plan"), as in effect from time to time, in accordance with the terms of such Bonus Plan. Executive's target bonus for fiscal year [●] shall be equivalent to ([●]%) of base salary.

3. Term and Termination. Executive's employment hereunder shall continue until terminated in accordance with this Section 3.

(a) Executive's employment shall terminate automatically in the event of Executive's death.

(b) The Company may terminate Executive's employment hereunder, upon notice to Executive, in the event that Executive becomes disabled during Executive's employment hereunder. For purposes of this agreement, "disabled" means any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of Executive's duties and responsibilities hereunder (notwithstanding the provision of any reasonable accommodation) for one hundred eighty (180) days during any period of three hundred and sixty-five (365) consecutive calendar days. The Board may designate another employee to act in Executive's place during any period of Executive's

disability (and such designation shall not constitute Good Reason, as such term is defined in Section 12). If any question shall arise as to whether during any period Executive is disabled, Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to determine whether Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive. If such question shall arise and Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on Executive.

(c) The Company may terminate Executive's employment hereunder (i) for Cause (as defined in Section 12) at any time upon notice to Executive setting forth in reasonable detail the nature of such Cause, or (ii) at any time, without Cause, upon notice to Executive.

(d) Executive may terminate employment hereunder (i) for Good Reason (as defined and in accordance with the timing and procedural requirements set forth in Section 12) or (ii) without Good Reason at any time upon sixty (60) days' prior written notice, which notice period (or any portion thereof) may be waived by the Company without any further payment to Executive.

4. Payments and Benefits Upon Termination.

(a) In the event of termination of employment, however so caused, the Company will pay Executive (i) any base salary earned but not paid during the final payroll period of Executive's employment through the date of termination of employment (the "Separation Date"); (ii) pay for any vacation time earned but not used through the Separation Date, as reflected in Company records; and (iii) any business expenses incurred by Executive but unreimbursed on the Separation Date, provided that such expenses and any required substantiation are submitted consistent with the terms of Company policy and that such expenses are reimbursable under Company policy (clauses (i), (ii) and (iii) together, "Final Compensation"). Other than business expenses described in Section 4(a)(iii) (which shall be paid in accordance with Company policy, Final Compensation shall be paid to Executive (or Executive's designated beneficiary or estate) within thirty (30) days following the Separation Date, or as otherwise required by applicable law. The Company shall not have any further obligations to Executive, except as set forth in Section 4(b) below.

(b) In the event that the Company terminates Executive's employment other than for Cause (as defined in Section 12), or Executive terminates employment for Good Reason (as defined in Section 12), in addition to Final Compensation, the Company will provide Executive the following (clauses (i) through (iv), in the aggregate, the "Severance Benefits"), provided that Executive meets all eligibility requirements for such Severance Benefits as set forth in this Agreement:

(i) the Company will continue to pay Executive's base salary, at the same rate as was in effect on the Separation Date, for the period of [●] following the Separation Date. Subject to Sections 5 and 6 below, such payments shall be in the form of salary continuation, payable in accordance with the normal payroll practices of the Company for its executives, with the first payment, which shall be retroactive to the day immediately following the Separation Date, being due and payable on the Company's next regular payday for executives that follows the expiration of sixty (60) calendar days from the Separation Date.

(ii) the Company will pay Executive a pro-rata bonus for the fiscal year in which the Separation Date occurs, determined following the end of such fiscal. The amount of any such bonus shall be determined by multiplying the amount of the bonus that would have been paid to Executive pursuant to the Company's Bonus Plan had

Executive remained employed for the full fiscal year (which determination shall disregard any individual performance goals which may have been set for Executive pursuant to the Company's Bonus Plan, and shall be based solely on the extent to which Company performance goals have been met) by a fraction, the numerator of which is the number of days Executive was employed during the fiscal year in which the Separation Date occurs and the denominator of which is three hundred and sixty-five (365) (the "Pro-Rata Bonus"). The Pro-Rata Bonus will be payable at the time provided for, and in accordance with the provisions of, the Bonus Plan, but in no event earlier than January 1st or later than December 31st of the year following the year in which the Separation Date occurs.

(iii) provided that Executive and Executive's dependents are eligible to continue participation in the Company's group medical plans following the Separation Date under the federal law commonly known as "COBRA" and elect to do so in a timely manner, then, until the earlier of (A) [●] following the Separation Date, (B) the date Executive becomes eligible for coverage under the medical plan of another employer, regardless of whether such coverage is actually elected(in which case, Executive shall promptly notify the Company in writing, but in no event later than ten (10) days following such event), or (C) the date Executive otherwise ceases to be eligible to continue participation in the Company's medical plan under COBRA, the Company will cover the employer portion of premiums for the coverage at the same rate as if Executive remained an active employee of the Company. The premium contributions will be made directly to the Benefits administrator in this case, resulting in Executive being charged a lower monthly rate for COBRA coverage.

(c) In the event that within two (2) years following a Change of Control (as defined in Section 12), the Company terminates Executive's employment other than for Cause (as defined in Section 12), or Executive terminates employment for Good Reason (as defined in Section 12) (such termination, a "Qualifying Termination") in addition to Final Compensation and the Severance Benefits provided pursuant to Section 4(b) of this Agreement, the Company will provide Executive the following benefits ("Additional Severance Benefits"), provided that Executive meets all eligibility requirements for such Additional Severance Benefits as set forth in this Agreement:

(i) the Company will continue to pay Executive's Base Salary, at the same rate as was in effect on the Separation Date, for an additional period of [●], following the completion of the salary continuation payments provided for in Section 4(b)(i) above. Subject to Sections 5 and 6 below, such payments shall be in the form of salary continuation, payable in accordance with the normal payroll practices of the Company for its executives.

5. Conditions to Eligibility, Exclusivity of Benefits, Offset.

(a) Any obligation of the Company to provide Executive the Severance Benefits or the Additional Severance Benefits, in each case, is conditioned on (i) Executive signing and returning to the Company (without revoking) a timely and effective release of claims in the form provided by the Company by the deadline specified therein, which in all events shall be no later than the fifty-third (53rd) calendar day following the date of termination (any such release submitted by such deadline, the "Release of Claims"), (ii) Executive maintaining complete compliance with Executive's obligations to the Company and its Company Affiliates during employment, including without limitation under Sections 8, 9, 10 and 11 of this Agreement, and (iii) Executive's continued compliance with Executive's obligations to the Company and its Company Affiliates that survive termination of Executive's employment, including without limitation under Sections 8, 9, 10 and 11 of this Agreement. The Release of Claims required for Severance Benefits and Additional Severance Benefits creates legally

binding obligations on the part of Executive and the Company therefore advises Executive to seek the advice of an attorney before signing the Release of Claims. It is expressly agreed and understood that no Severance Benefits or Additional Severance Benefits shall be required to be paid or provided unless and until the foregoing Release of Claims requirement is satisfied. Notwithstanding anything to the contrary in this Agreement, if the Release of Claims deadline straddles two (2) calendar years, no Severance Benefits or Additional Severance Benefits shall be paid to Executive until the second (2nd) calendar year (with any missed Severance Payments or Additional Severance Benefits being paid to Executive on the Company's first normal payroll date occurring in the second (2nd) calendar year).

(b) In the event the Company determines after conclusion of Executive's employment, that Executive had engaged in any conduct that would constitute "Cause" as defined herein, or that clawback of Executive's Severance Benefits and/or Additional Severance Benefits is required pursuant to rules promulgated by the U.S. Securities and Exchange Commission and listing standards applicable to the Company, the Company may cease payment of all Severance Benefits and Additional Severance Benefits and shall likewise be entitled to the immediate forfeiture and recapture of all Severance Benefits and Additional Severance Benefits paid to Executive prior to its discovery of the same. For the avoidance of doubt, if Executive fails to satisfy the conditions for the receipt of the Severance Benefits, Executive shall not be entitled to any Additional Severance Benefits hereunder.

(c) Executive agrees that the Severance Benefits and Additional Severance Benefits to be provided in accordance with the terms and conditions of this Agreement are exclusive and Executive acknowledges and agrees that Executive will not be eligible to participate in or receive benefits under any other plan, program, or policy of the Company or any of its Company Affiliates providing for severance or termination pay or benefits, including but not limited to the Company's Severance Pay Plan. Executive also agrees that the Severance Benefits and Additional Severance Benefits shall be reduced by any other payments or benefits to which Executive is entitled under applicable law as a result of termination of employment, including without limitation any federal, state or local law with respect to plant closing, mass layoffs or group benefits plan continuation following termination or the like.

6. 409A Compliance.

(a) Separation from Service. For purposes of this Agreement, references to termination of employment, Separation Date (as defined in Section 4(a) of this Agreement), retirement, separation from service and similar or correlative terms mean a "separation from service" (as defined at Section 1.409A-l(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-l(h)(3) of the Treasury Regulations. A termination of employment for Good Reason or by the Company without Cause under this Agreement is intended to satisfy the meaning of "involuntary separation from service" (as defined in Section 1.409A-l(n) of the Treasury Regulations).

(b) Section 409A Exemption. Without limiting the generality of the foregoing, so much of Executive's Severance Benefits and Additional Severance Benefits as does not exceed the "exempt amount" as hereinafter defined shall in no event be paid later than by December 31 of the second (2nd) calendar year following the calendar year in which the involuntary separation from service occurs. For purposes of the immediately preceding sentence, Executive's "exempt amount" means the lesser of (i) Executive's total separation pay, if any, or (ii) the lesser of (A) two (2) times the applicable limit under Section 401(a)(17) of the Internal Revenue Code of 1986 as amended (the "Code") for the year in which the involuntary separation from service occurs, or (B) two (2) times Executive's annualized compensation determined under applicable Treasury Regulations by reference to Executive's annual rate of pay for the calendar

year preceding the calendar year in which the separation from service occurs. For purposes of the Treasury Regulations under Section 409A of the Code, each payment described in this Section shall be treated as a separate payment. Any amounts that exceed the exempt amount will be paid in accordance with the schedule of payments in Section 6(c).

(c) Specified Employee. If at the time of separation from service Executive is a specified employee as hereinafter defined, any and all amounts payable in connection with such separation from service that constitute deferred compensation subject to Section 409A of the Code, as determined by the Company in its sole discretion, and that would (but for this sentence) be payable within six (6) months following such separation from service, shall instead, to the extent required by Section 409A of the Code, be paid on the date that follows the date of such separation from service by six (6) months and one (1) day. For purposes of the preceding sentence, the term "specified employee" means an individual who is determined by the Company to be a specified employee as defined in subsection (a)(2)(B)(i) of Section 409A of the Code. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A of the Code, any of the special elective rules prescribed in Section l.409A-l(i) of the Treasury Regulations for purposes of determining "specified employee" status. Any such written election shall be deemed part of this Agreement.

(d) 409A Compliance. Notwithstanding any other provision hereunder, this Agreement and all compensation payments hereunder are intended to comply with, or be exempt from, the requirements of Section 409A of the Code, including the regulations, notices and exemptive provisions thereunder, and shall be construed and administered accordingly. In no event shall the Company have any liability relating to any payment or benefit under this Agreement failing to comply with, or be exempt from, the requirements of Section 409A of the Code.

7. Effect of Termination.

(a) Except as otherwise expressly provided in Sections 4(b)(iii)above or as may be required by applicable law, Executive's participation in all employee benefit plans of the Company will terminate, in accordance with the terms of those plans, based on the Separation Date.

(b) Other than the Severance Benefits and Additional Severance Benefits, Executive shall have no further rights to any other compensation or benefits on or after the termination of employment.

(c) Provisions of this Agreement shall survive any termination of Executive's employment if so provided herein or if necessary or desirable to fully accomplish the purposes of other surviving provisions, including without limitation Executive's obligations under Sections 8, 9, 10 and 11 hereof.

8. Confidential Information.

(a) Executive acknowledges that the Company and its Company Affiliates continually develop trade secrets and Confidential Information (as defined in Section 12 below), that Executive may have in the past and may in the future develop trade secrets and/or Confidential Information for the Company or its Company Affiliates, and that Executive may learn of trade secrets and Confidential Information during the course of employment. Executive acknowledges that the information obtained or created by Executive while employed by the Company or any Company Affiliate concerning the business or affairs of the Company or any Company Affiliate is the exclusive property of the Company or such Company Affiliate. Executive shall comply with the policies and procedures of the Company and its Company

Affiliates for protecting trade secrets and Confidential Information. For purposes of this Agreement, the term "Confidential Information" does not include information that Executive can demonstrate (a) was in Executive's possession prior to Executive's initial employment with the Company or any Company Affiliate, provided that such information is not subject to another confidentiality agreement with, or other obligation of confidentiality to, the Company or any other party, (b) is generally known by the public and became generally known by the public other than as a result of any act by Executive, or (c) became available to Executive on a non-confidential basis from a third party, provided that such third party is not known by Executive to be bound by a confidentiality agreement with, or other obligation of secrecy to, the Company or another party or is not otherwise prohibited from providing such information to Executive by a contractual, legal or fiduciary obligation. Executive agrees that Executive will not disclose trade secrets or Confidential Information to any person (other than employees of the Company or any of its Company Affiliates or any other person expressly authorized by an appropriate officer of the Company to receive trade secrets or Confidential Information). Executive shall not use for Executive's own account trade secrets or any Confidential Information, other than for a legitimate business purpose for the Company or its Company Affiliates. Executive acknowledges and agrees that Executive's obligations under this Agreement with respect to trade secrets shall remain in effect for as long as such information shall remain a trade secret under applicable law, and that Executive's obligations with regard to Confidential Information shall remain in effect while employed by the Company and for three (3) years after the Separation Date, regardless of the reason for termination of employment.

(b) Executive shall deliver to the Company on the Separation Date, or at any other time the Company's [Board/Chief Executive Officer] may request in writing, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof, including electronic copies), whether or not containing trade secrets or Confidential Information or Work Product, which Executive may then possess or have under Executive's control. Executive shall not retain a copy of any Confidential Information or Work Product in any form for any purpose.

9. Work Product. Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports and all similar or related information which relate to the Company's or any of its Company Affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by Executive while employed with the Company ("Work Product") belong to the Company or such Company Affiliate. Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) Executive's full right, title and interest in and to all Work Product. Executive will promptly disclose such Work Product to the Company's [Board/Chief Executive Officer]and perform all actions reasonably requested by the Company's [Board/Chief Executive Officer] (whether during or after the Employment Period) to assign the Work Product to the Company and to otherwise establish and confirm such ownership.

10. Non-Competition, Non-Solicitation, Non-Disparagement, Compliance.

(a) Executive acknowledges that in the course of Executive's employment with the Company or its Company Affiliates, Executive has become and will become in the future familiar with the trade secrets and other Confidential Information of the Company and its Company Affiliates and that Executive's services will be of special, unique and extraordinary value to the Company. Therefore, Executive agrees that, during Executive's employment and for a period of [twenty-four (24) months] following the Separation Date, regardless of the basis or timing of termination (the "Restricted Period"), Executive shall not, directly or indirectly, provide services in a Restricted Capacity (as defined below) in the Restricted Territory (as defined below) to any person or entity with respect to any product or service of such person or entity which competes with any aspect of the Business of the Company or any of its Company

Affiliates with respect to which Executive has had access to Confidential Information or customer goodwill as a result of Executive's employment or other association with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) For purposes of this Agreement,

1. the "Business of the Company or any of its Company Affiliates" shall include the wholesale and retail sale (including without limitation, electronic commerce) of children's apparel and related accessories;

2. "Restricted Territory" means the territory where Executive provided services on behalf of the Company or any of its Company Affiliates during Executive's employment, which Executive acknowledges to extend throughout each state in the United States;

3. "Restricted Capacity" means the provision of services to a competitor of the Company which is the same or comparable to the services Executive provided to the Company or any of its Company Affiliates or in which the Confidential Information, trade secrets or customer goodwill which Executive created or to which Executive had access during Executive's employment with the Company or any of its Company Affiliates would give that competitor an unfair competitive advantage.

(c) During the Restricted Period, Executive shall not, directly or indirectly through another entity, (i) induce or attempt to induce any employee of the Company or any of its Company Affiliates to leave the employ of such person, (ii) solicit or encourage any independent contractor providing services to the Company or any of its Company Affiliates to terminate or diminish its relationship with them; or (iii) induce or attempt to induce any customer, supplier, licensee or other person having a business relationship with the Company or any of its Company Affiliates (the "Service Recipients") to cease doing business with the Company or such Company Affiliate or seek to persuade any such Service Recipient to conduct with any other person or entity any business or activity which is conducted or could be conducted with the Company; provided, however, that the restrictions in clause (iii) shall apply (A) only with respect to those Service Recipients who have been such at any time within the immediately preceding two (2) year period or whose business has been solicited on behalf of the Company or any of its Company Affiliates within said two (2) year period, other than by form letter, blanket mailing or published advertisement, and (B) only if Executive had a business relationship with such Service Recipient as a result of Executive's employment, or otherwise had access to Confidential Information as a result of Executive's employment which would assist in the solicitation of such Service Recipient; and provided further that the restrictions in clauses (i) and (ii) shall apply only to employees and independent contractors who have provided services to the Company or any of its Company Affiliates within the two (2) years preceding the Separation Date.

(d) Notification. Until forty-five (45) days after the conclusion of the Restricted Period, Executive shall give notice to the Company of each new business activity Executive plans to undertake, at least fourteen (14) days prior to beginning such an activity. Executive shall provide the Company with such pertinent information concerning such business activity as the Company may reasonably request in order to determine Executive's continued compliance with obligations under Sections 8, 9, 10 and 11 hereof.

(e) Non-Disparagement. Executive agrees that Executive will not disparage the Company or any of its Company Affiliates, or any of their respective management, products or services and will not do or say anything that could reasonably be expected to disrupt the good morale of the employees of the Company or otherwise harm the business interests or reputation of the Company; provided, however, that nothing in this Agreement shall preclude Executive from providing truthful testimony in any court or regulatory action or proceeding or otherwise making good faith statements in connection with legal investigations or other proceedings. Executive understands and agrees that this restriction shall continue to apply during the Restricted Period, howsoever caused.

(f) Compliance. Executive agrees at all times during the pendency of Executive's employment to comply with all state and federal laws, and conduct himself or herself with the highest degree of fidelity to the Company, committing no acts of theft, embezzlement, misappropriation, insider trading or other forms of misconduct contrary to the interests of the Company.

11. Enforcement of Covenants. Executive acknowledges that Executive has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon Executive pursuant to Sections 8, 9, 10 and 11 hereof. Executive agrees without reservation that each of the restraints contained herein is necessary for the reasonable and proper protection of the goodwill, Confidential Information, trade secrets, and other legitimate interests of the Company and its Company Affiliates; that each and every one of those restraints is reasonable in respect to subject matter, length of time and geographic area; and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by these restraints. Executive further acknowledges that, were Executive to breach any of the covenants contained in Sections 8, 9, 10 or 11 hereof, the damage to the Company would be irreparable. Executive therefore agrees that in the event of the breach or a threatened breach by Executive of any of the provisions of Sections 8, 9, 10 or 11 hereof, the Company, in addition and supplementary to other rights and remedies existing in its favor (including pursuant to Section 3(c) hereof), may apply to any court of law or equity of competent jurisdiction for specific performance or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). The parties further agree that if, at the time of enforcement of Sections 8, 9, 10 or 11, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall revise the restrictions contained herein to cover the maximum period, scope and area permitted by law. Executive agrees that the Restricted Period shall be tolled, and shall not run, during any period of time in which Executive is in violation of the terms thereof, in order that the Company and its Company Affiliates shall have all of the agreed-upon temporal protection recited herein. No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of Executive's employment relationship with the Company, shall operate to extinguish Executive's obligation to comply with Sections 8, 9, 10 and 11 hereof.

12. Definitions. As used in this Agreement, the following terms shall have the meaning set forth below:

(a) "Affiliate" means with respect to any specified Person, any other Person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession,

directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise).

(b) "Carter's" means Carter's, Inc., a Delaware corporation.

(c) "Cause" means (a) conviction of Executive for a felony, or the entry by Executive of a plea of guilty or *nolo contendere* to a felony, (b) a material breach by Executive of Sections 8, 9, 10 or 11 of this Agreement, (c) the commission of an act of fraud or other act involving dishonesty which such act of dishonesty is materially injurious to the Company or any Company Affiliate, (d) the willful and continued refusal by Executive to substantially perform Executive's duties for the Company or any of its Company Affiliates (other than any such refusal resulting from Executive's incapacity due to mental illness or physical illness or injury), or gross negligence in the performance of such duties, after a demand for substantial performance is delivered to Executive by the Company's [Board/Chief Executive Officer], or (e) the willful engaging by Executive in gross misconduct injurious to the Company or any of its Company Affiliates.

(d) "Change of Control" means (i) any transaction or series of related transactions in which any Person who is not a Company Affiliate, or any two or more such Persons acting as a Group, and all Affiliates of such Person or Persons, who prior to such time did not own shares of the Common Stock of Carter's representing fifty percent (50%) or more of the voting power at elections for the Board of Directors of Carter's, shall (A) acquire, whether by purchase, exchange, tender offer, merger, consolidation, recapitalization or otherwise, or (B) otherwise be the owner of (as a result of a redemption of shares of the Common Stock of Carter's or otherwise) shares of the Common Stock of Carter's or its subsidiaries (or shares in a successor corporation by merger, consolidation or otherwise) such that following such transaction or transactions, such Person or Group and their respective Affiliates beneficially own fifty percent (50%) or more of the voting power at elections for the Board of Directors of Carter's or the Company or any successor corporation, or (ii) the sale or transfer of all or substantially all the assets of either the Company or Carter's.

(e) "Common Stock" means the common stock of Carter's, Inc., a Delaware corporation, par value $.01 per share.

(f) "Company Affiliate" means Carter's, Inc. and its subsidiaries.

(g) "Confidential Information" means any and all information of the Company and its Company Affiliates, other than trade secrets, that is not generally known by others with whom they compete or do business, or with whom they plan to compete or do business and any and all information, publicly known in whole or in part or not, which, if disclosed by the Company or any of its Company Affiliates would assist in competition against them. Confidential Information includes without limitation such information relating to (i) the development, research, testing, manufacturing, marketing and financial activities of the Company and its Company Affiliates, (ii) the products and services offered by the Company or any of its Company Affiliates, (iii) the costs, sources of supply, financial performance and strategic plans of the Company and its Company Affiliates, (iv) the identity and special needs of the customers of the Company and its Company Affiliates and (v) the people and organizations with whom the Company and its Company Affiliates have business relationships and the nature and substance of those relationships. Confidential Information also includes information that the Company or any of its Company Affiliates has received, or may receive hereafter, belonging to others or which was received by the Company or any of its Company Affiliates with any understanding, express or implied, that it would not be disclosed.

(h) "Good Reason" means, unless Executive shall have consented in writing thereto, any of the following:

(i) a material reduction in Executive's title, duties, or responsibilities, as compared to such title, Base Salary and target annual incentive compensation opportunity, duties, or responsibilities on the Effective Date;

(ii) the relocation of Executive's principal place of employment by more than fifty (50) miles without Executive's written consent (provided, that for the avoidance of doubt, any change in location within the greater Atlanta metropolitan area shall not be a material change); or

(iii) any material breach of this Agreement by the Company;

provided, however, that Executive shall not have the right to terminate Executive's employment for "Good Reason" unless Executive shall have given thirty (30) days prior written notice to the Board of Directors of the Company within thirty (30) days following the first occurrence (for Executive) of the alleged condition in which Executive sets forth in reasonable detail the circumstances that Executive believes constitute "Good Reason" pursuant to the preceding clauses (i) through (iii) and the Company shall not have reasonably remedied the matter within said thirty (30) day period; it shall not constitute "Good Reason" unless Executive separates from service not later than ninety (90) days following the end of the Company's thirty (30) day cure period; and provided, further, however that the fact that the Company does or does not so remedy said matter shall not be deemed an admission by the Company that such circumstances constitute "Good Reason".

(i) "Group" means any two or more Persons who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring or holding securities of the Company or its Company Affiliates.

(j) "Person" means any individual, partnership, corporation, association, limited liability company, trust, joint venture, unincorporated organization or entity, or any government, governmental department or agency or political subdivision thereof.

13. Withholding. All payments by the Company under this Agreement shall be reduced by all taxes and other amounts which the Company is required to withhold under applicable law.

14. Miscellaneous

(a) This Agreement is not a contract of employment for a definite term and does not otherwise restrict Executive's right, or that of the Company, to terminate Executive's employment, with or without notice or Cause.

(b) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings, written or oral, with respect thereto; provided, however, that this Agreement shall not supersede or otherwise terminate any effective assignment Executive has made of any invention or other intellectual property to the Company or any of its Company Affiliates on or before the date of execution of this Agreement; nor shall this Agreement supersede or otherwise terminate any rights or remedies of the Company or any of its Company Affiliates arising from

Executive's obligations pursuant to any agreement with respect to confidentiality, non-competition, non-solicitation or the like in effect prior to the date of execution of this Agreement or under applicable law, all of which assignments and rights shall remain in full force and effect.

(c) No modification or amendment of this Agreement shall be valid unless in writing and signed by Executive and a duly authorized representative of the Company. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

(d) Neither the Company nor Executive may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, that in the event that the Company shall hereafter affect a reorganization, consolidate with, or merge into any entity or transfer all or substantially all of its properties or assets to any entity, the Company may assign its rights and obligations under this Agreement to such entity. This Agreement shall inure to the benefit of and be binding upon Executive and the Company, and each of their respective successors, executors, administrators, heirs and permitted assigns.

15. Choice of Law. This Agreement will be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to any choice or conflict of law provision or rule (whether of the State of Georgia or any other jurisdiction) that would cause the application of the laws of any other jurisdiction. By executing this Agreement, the parties hereby irrevocably submit to the jurisdiction of the state and federal courts located in the State of Georgia for the purpose of any action or dispute between the parties to this Agreement arising in whole or in part under or in connection with this Agreement or the subject matter of this Agreement (other than an action brought to enforce a judgment by any such court), hereby waive and agree not to assert any defense that venue in such courts is improper, invalid or inconvenient (or any similar defense) and agree not to commence any action or dispute arising in whole or in part under or in connection with this Agreement in any court other than the above-named Georgia courts.

[The remainder of this page has been left blank intentionally. Signature page follows.]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by a duly authorized representative, and by Executive, as of the Effective Date.

EXECUTIVE:	THE COMPANY:
_____	By: _____
[NAME]	Name:
	Title:

Exhibit 31.1

CERTIFICATION

I, Sharon Price John, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carter's, Inc.;

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.

October 30, 2026

/s/ SHARON PRICE JOHN

Sharon Price John
Chief Executive Officer & President

Exhibit 31.2

CERTIFICATION

I, Richard F. Westenberger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carter's, Inc.;

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.

October 30, 2026

/s/ RICHARD F. WESTENBERGER

Richard F. Westenberger
Chief Financial Officer & Chief Operating Officer

Exhibit 32

CERTIFICATION

Each of the undersigned in the capacity indicated hereby certifies that, to his or her knowledge, this Report on Form 10-Q for the fiscal quarter ended October 3, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of Carter's, Inc.

October 30, 2026 /s/ SHARON PRICE JOHN

Sharon Price John
Chief Executive Officer & President

October 30, 2026 /s/ RICHARD F. WESTENBERGER

Richard F. Westenberger
Chief Financial Officer & Chief Operating Officer

The foregoing certifications are being furnished solely pursuant to 18 U.S.C. § 1350 and are not being filed as part of the Report on Form 10-Q or as a separate disclosure document.