SECOND QUARTER / FIRST HALF 2026 BUSINESS UPDATE

JULY 31, 2026

SECOND QUARTER 2026 RESULTS

GAAP BASIS

in millions, except EPS	Q2 2026	*% of Net Sales*	Q2 2025	*% of Net Sales*	Change
Net sales	$615		$585		5%
Gross profit	413	*67.0%*	282	*48.1%*	46%
Royalty income, net	3	*0.5%*	3	*0.6%*	3%
SG&A	276	*44.9%*	281	*48.0%*	(2%)
Operating income	140	*22.7%*	4	*0.7%*	n/m
Interest expense	11	*1.8%*	8	*1.3%*	44%
Interest income	(8)	*(1.4%)*	(4)	*(0.7%)*	n/m
Other expense (income), net	-	*0.0%*	(1)	*(0.2%)*	n/m
Income before taxes	137	*22.2%*	2	*0.3%*	n/m
Income tax provision	32	*5.1%*	1	*0.2%*	n/m
Net income	$105	*17.1%*	$0.4	*0.1%*	n/m
Diluted EPS	$2.87		$0.01		n/m
Weighted-average shares outstanding	36		35		1%
EBITDA[1]	$152	*24.8%*	$19	*3.2%*	n/m

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

FIRST HALF 2026 RESULTS

GAAP BASIS

in millions, except EPS	1H 2026	% of Net Sales	1H 2025	% of Net Sales	Change
Net sales	$1,297		$1,215		7%
Gross profit	706	*54.5%*	573	*47.1%*	23%
Royalty income, net	8	*0.6%*	9	*0.7%*	(7%)
SG&A	546	*42.1%*	551	*45.4%*	(1%)
Operating income	168	*13.0%*	30	*2.5%*	n/m
Interest expense	23	*1.8%*	16	*1.3%*	47%
Interest income	(12)	*(0.9%)*	(7)	*(0.6%)*	58%
Other expense (income), net	-	*0.0%*	(1)	*(0.2%)*	n/m
Income before taxes	157	*12.1%*	23	*1.9%*	n/m
Income tax provision	37	*2.9%*	7	*0.6%*	n/m
Net income	$119	*9.2%*	$16	*1.3%*	n/m
Diluted EPS	$3.26		$0.43		n/m
Weighted-average shares outstanding	36		35		1%
EBITDA[1]	$194	*15.0%*	$58	*4.8%*	n/m

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

NON-GAAP ADJUSTMENTS[1]

in millions, except EPS

Second Quarter	2026				2025			
	Operating Income	% Net Sales	**Net Income**	**Diluted EPS**	**Operating Income**	% Net Sales	**Net Income**	**Diluted EPS**
As reported (GAAP)	**$140**	22.7%	**$105**	**$2.87**	**$4**	0.7%	**$0.4**	**$0.01**
Tariff reimbursement	(128)		(100)	(2.73)	-		-	-
Leadership transition costs	5		4	0.10	1		1	0.02
IP litigation	1		1	0.03	-		-	-
Operating model improvement costs	-		-	-	7		5	0.14
As adjusted	**$18**	2.9%	**$9**	**$0.26**	**$12**	2.0%	**$6.3**	**$0.17**

First Half	2026				2025			
	Operating Income	% Net Sales	**Net Income**	**Diluted EPS**	**Operating Income**	% Net Sales	**Net Income**	**Diluted EPS**
As reported (GAAP)	**$168**	13.0%	**$119**	**$3.26**	**$30**	2.5%	**$16**	**$0.43**
Tariff reimbursement	(128)		(100)	(2.73)	-		-	-
Leadership transition costs	5		4	0.10	7		7	0.18
IP litigation	1		1	0.03	-		-	-
Operating model improvement costs	-		-	-	10		7	0.21
As adjusted	**$47**	3.6%	**$24**	**$0.65**	**$47**	3.9%	**$30**	**$0.83**

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

ADJUSTED SECOND QUARTER 2026 RESULTS[1]

in millions, except EPS

	Q2 2026	% of Net Sales	Q2 2025	% of Net Sales	Change
Net sales	$615		$585		5%
Gross profit	285	46.3%	282	48.1%	1%
Royalty income, net	3	0.5%	3	0.6%	3%
SG&A	270	43.9%	273	46.7%	(1%)
Operating income	18	2.9%	12	2.0%	54%
Interest expense and other, net	7	1.1%	2	0.6%	n/m
Income before taxes	11	1.8%	9	1.6%	16%
Income tax provision	2	0.2%	3	0.5%	(51%)
Net income	$9	1.5%	$6	1.1%	49%
Diluted EPS	$0.26		$0.17		53%
Weighted-average shares outstanding	36		35		1%
EBITDA	$31	5.0%	$27	4.5%	16%

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

SECOND QUARTER 2026 SEGMENT RESULTS

in millions

	Net Sales			Operating Income			Operating Margin	
	2026	2025	$ Change	2026	2025	$ Change	2026	2025
U.S. Retail	$305	$300	$5	$4	$4	-	1.4%	1.3%
U.S. Wholesale	216	193	23	30	27	3	13.8%	14.0%
International	95	93	2	5	4	2	5.7%	3.9%
Total before Corporate expenses	615	585	30	39	34	5	6.4%	5.9%
Corporate expenses	-	-	-	(21)	(23)	1	(3.5%)	(3.9%)
Total[1]	**$615**	**$585**	**$30**	**$18**	**$12**	**$6**	**2.9%**	**2.0%**

[1] See reconciliation of segment operating income and operating margin to consolidated operating income and operating margin in Supplemental Information.
Note: Results may not be additive due to rounding.

SECOND QUARTER 2026 PERFORMANCE – U.S. RETAIL

2026 vs. 2025

Sales

- **Net sales +2% vs. LY**
  - Units +LSD, AUR comparable
  - Marketing investments drove increased consumer engagement; strong improvement in eCommerce traffic
  - Continued progress in new consumer acquisition; strongest growth in GenZ cohort
- **Continued comparable sales momentum**
  - +5.1% vs. 2025, fifth consecutive quarter of growth
  - Third consecutive quarter of growth on a two-year basis (+4.7%)
  - Positive store and eCommerce comp growth
  - eCommerce comp accelerated vs. Q1
  - Comp growth across all core age segments
- **Strength in Baby and destination categories, partially offset by soft performance of select seasonal product offerings**

Profitability

- **Operating margin 1.4% (+10 bps vs. LY)**
  - Comp sales performance and benefits from productivity initiatives
  - Partially offset by higher tariffs

U.S. RETAIL- eCOMMERCE GROWTH DRIVERS

eCommerce revenue grew double-digits in H1 FY26 — Digital investments driving improved consumer experience

Passwordless log in removes checkout friction

As of Q2, users can log in to carters.com with a quick SMS verification. Registered-consumer visits **+8%** vs. last year, reducing friction and improving conversion.

New “Wear It With” feature delivers easy outfitting

Shoppers who engage buy **+22% more units per transaction** as they "complete the look".

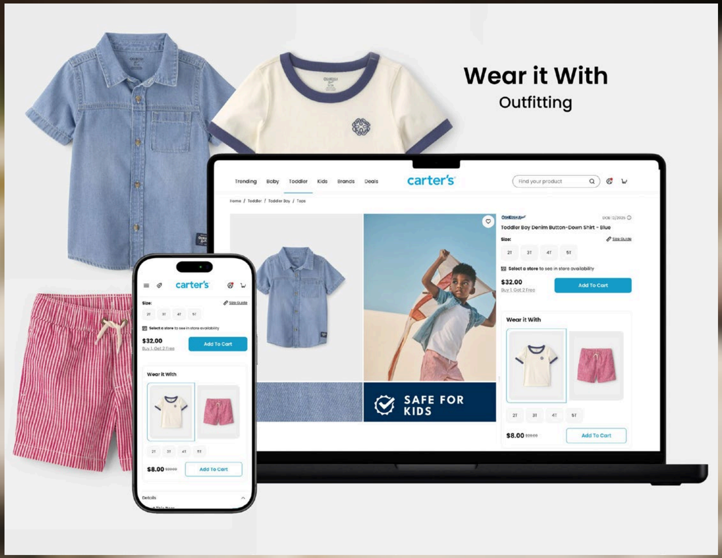
Product Reviews reimagined builds consumer trust

★★★★★ 4.8

Our industry-leading 4.8 star average is now more prominent with AI Overviews. Review-engaged shoppers convert **~2x** the average.

Consumer Care transformation elevates service

Improved AI chat now handles **30%+ of contacts** at 80% satisfaction, funding premium, high-touch care for our best consumers.



“Wear It With” on product pages enables you to buy a complete outfit from a single product page.

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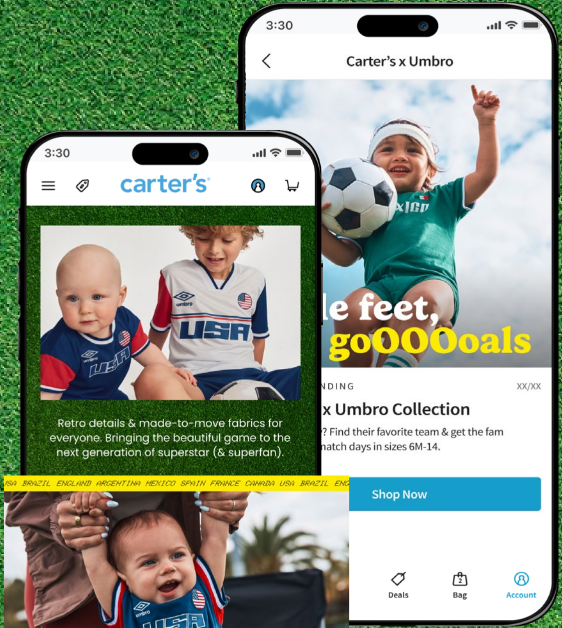
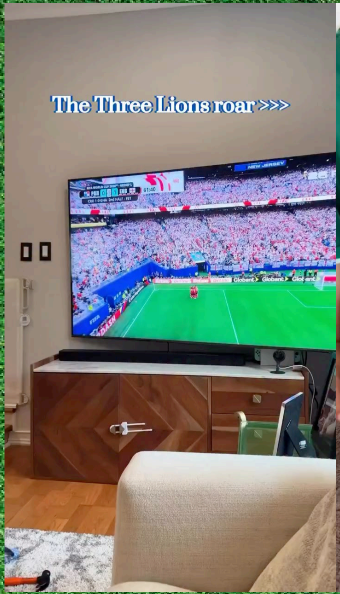
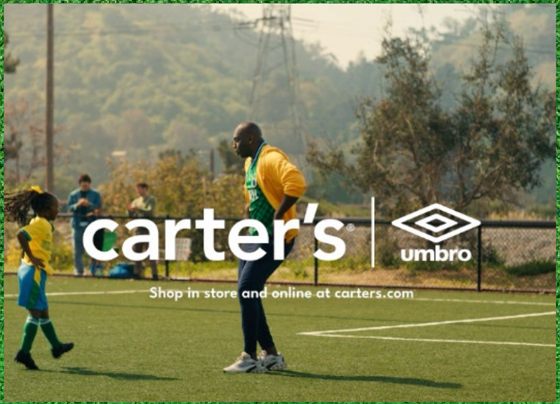
carter's | umbro





Personalization events

Carter's Cup - Atlanta



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SECOND QUARTER 2026 SEGMENT PERFORMANCE

2026 vs. 2025

U.S. WHOLESALE

- **Net sales: +12% (units +LSD)**
  - Exclusive Wholesale Brands growth
  - Earlier than planned demand for Fall product
  - *Little Planet* growth, including expanded distribution
  - Continued strength in Baby
- **Operating margin 13.8% (-20 bps vs. LY)**
  - Higher realized pricing, tariff mitigation initiatives, and expense leverage
  - Offset by higher tariff and investments in product make

INTERNATIONAL

- **Net sales: +3% (units -LSD)**
  Comparable in constant currency
  - Mexico total sales +22%
    - Retail comp ~flat; +9% in 1H
    - New store openings
    - Favorable FX impact
  - Canada total sales +1%
    - Retail comp +1.3%
    - Continued strength in Baby
- **Operating margin 5.7% (+180 bps vs. LY)**
    - Favorable product costs (FX)
    - Productivity savings

BALANCE SHEET & CASH FLOW

in millions

Balance Sheet (Q2 End)

	2026	2025
Cash	$654	$338
Accounts receivable, net	168	140
Inventory, net	578	619
Accounts payable	324	306
Long-term debt, net	568	499
Operating lease liabilities[1]	617	626

Cash Flow (First Half)

	2026	2025
Operating cash flow	$202	($8)
Capital expenditures	(13)	(26)
Free cash flow[2]	$189	($35)
Dividends	$18	$38
Share repurchases	-	-
Total capital distributed	$18	$38

- **Total liquidity $1.2 billion**
- **Inventories (7%) vs. LY**
  - Tariff impact on ending inventory: +$18 million
  - Inventory, excluding tariff impact, (10%) vs. LY
- **Long-term debt reflects senior notes refinancing in Q4 2025**

- **Improvement in operating cash flow reflects:**
  - Tariff recovery
  - Improved working capital
  - Favorable timing of interest payments vs. prior year
- **$18 million in dividends paid in first half**

[1] Sum of current and non-current operating lease liabilities. [2] Non-GAAP measure.

ADJUSTED FIRST HALF 2026 RESULTS[1]

in millions, except EPS

	H1 2026	% of Net Sales	H1 2025	% of Net Sales	Change
Net sales	$1,297		$1,215		7%
Gross profit	579	44.6%	573	47.1%	1%
Royalty income, net	8	0.6%	9	0.7%	(7%)
SG&A	540	41.7%	534	44.0%	1%
Operating income	47	3.6%	47	3.9%	(1%)
Interest expense and other, net	16	1.2%	7	0.6%	n/m
Income before taxes	31	2.4%	40	3.3%	(23%)
Income tax provision	7	0.5%	10	0.8%	(30%)
Net income	$24	1.8%	$30	2.5%	(21%)
Diluted EPS	$0.65		$0.83		(22%)
Weighted-average shares outstanding	36		35		1%
EBITDA	$73	5.6%	$75	6.2%	(3%)

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

FIRST HALF 2026 SEGMENT RESULTS

in millions

	Net Sales			Operating Income			Operating Margin	
	2026	2025	$ Change	2026	2025	$ Change	2026	2025
U.S. Retail	$637	$594	$43	$13	$6	$7	2.1%	1.0%
U.S. Wholesale	467	443	24	67	82	(16)	14.2%	18.6%
International	193	178	15	10	3	6	5.0%	1.9%
Total before Corporate expenses	1,297	1,215	81	89	92	(2)	6.9%	7.6%
Corporate expenses	-	-	-	(43)	(45)	2	(3.3%)	(3.7%)
Total[1]	**$1,297**	**$1,215**	**$81**	**$47**	**$47**	(1)	**3.6%**	**3.9%**

[1] See reconciliation of segment operating income and operating margin to consolidated operating income and operating margin in Supplemental Information.
Note: Results may not be additive due to rounding.

2026
OUTLOOK

FISCAL YEAR 2026 OUTLOOK

52 WEEKS vs. 53 WEEKS 2025

NET SALES

- **Net sales: +2% to 3% growth** (FY2025: $2.898 billion)

U.S. Retail	U.S. Wholesale	International
Low single-digit growth *Comp sales up mid-single-digits*	Low single-digit growth	Mid single-digit growth

PROFITABILITY & CASH FLOW

Adjusted[1]			
Operating Income	**Diluted EPS**	**Operating Cash Flow**	**CapEx**
Low to mid single-digit growth *(FY2025: $176 million)*	**High single-digit to low double-digit decline** *(FY2025: $3.47)*	**~$230 million to $240 million**	**~$50 million**

KEY ASSUMPTIONS[2]

- **Earnings contributions weighted to the second half** (greater projected net tariff impacts and investment spending in the first half relative to the second half)
- **Lower gross margin rate** (incremental tariff costs partially offset by higher pricing, tariff mitigation actions, and productivity savings)
- **Low single-digit increase in SG&A** (organizational restructuring and store fleet rationalization savings offset by investments in demand creation, information technology, and cost inflation across the business)
- **Net interest expense ~$35 million** (increase reflects Q4 2025 Senior Notes refinancing)
- **Effective tax rate ~23%**
- **Average number of shares outstanding ~36 million**

[1] See prior year reconciliations to GAAP in Supplemental Information. [2] Comparisons vs. prior year unless otherwise noted.

THIRD QUARTER 2026 OUTLOOK

NET SALES

- **Net sales: ~$750 million** (Q3 2025: $758 million)

U.S. Retail	U.S. Wholesale	International
Low single-digit growth *Comp sales up low-single-digits*	High single-digit decline	Mid to high single-digit growth

PROFITABILITY[1]

Adjusted Operating Income	Adjusted Diluted EPS
~$50 million *(Q3 2025: $39 million)*	**~$0.85** *(Q3 2025: $0.74)*

KEY ASSUMPTIONS[2]

- **Higher gross margin rate** (greater mix of U.S. Retail sales and the anniversary of higher tariffs, which began in Q3 2025)
- **Comparable SG&A expense** (organizational restructuring savings offset by investments in demand creation and other cost inflation across the business)
- **Net interest expense ~$9 million** (increase reflects Q4 2025 Senior Notes refinancing)
- **Average number of shares outstanding ~36 million**

[1] See prior year reconciliations to GAAP in Supplemental Information. [2] Comparisons vs. prior year unless otherwise noted.


THANK YOU

SUPPLEMENTAL INFORMATION

RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS

$ in millions, except EPS

Second Quarter Fiscal 2026	Cost of Goods Sold	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Interest Income	Income Tax Provision	Net Income	Diluted EPS
As reported (GAAP)	**$202.9**	**$412.6**	*67.0%*	**$276.1**	*44.9%*	**$139.8**	*22.7%*	**$8.5**	**$31.7**	**$105.0**	**$2.87**
Tariff refund recovery (b)	127.7	(127.7)		-		(127.7)		(4)	(31.6)	(100.1)	(2.73)
Leadership transition costs (c)	-	-		(4.7)		4.7		-	1.1	3.6	0.10
IP litigation (d)	-	-		(1.2)		1.2		-	0.3	0.9	0.03
As adjusted (a)	**$330.6**	**$284.9**	*46.3%*	**$270.2**	*43.9%*	**$18.1**	*2.9%*	**$4.5**	**$1.5**	**$9.4**	**$0.26**

First Half of Fiscal 2026	Cost of Goods Sold	Gross Profit	% of net sales	SG&A	% of net sales	Operating Income	% of net sales	Interest Income	Income Tax Provision	Net Income	Diluted EPS
As reported (GAAP)	**$590.1**	**$706.5**	*54.5%*	**$546.2**	*42.1%*	**$168.3**	*13.0%*	**$11.7**	**$37.2**	**$119.3**	**$3.26**
Tariff refund recovery (b)	127.7	(127.7)		-		(127.7)		(4.0)	(31.6)	(100.1)	(2.73)
Leadership transition costs (c)	-	-		(4.7)		4.7		-	1.1	3.6	0.10
IP litigation (d)	-	-		(1.2)		1.2		-	0.3	0.9	0.03
As adjusted (a)	**$717.8**	**$578.8**	*44.6%*	540.2	*41.7%*	**46.5**	*3.6%*	**7.7**	**7.0**	**23.7**	**$0.65**

(a) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present SG&A, operating income, income taxes, net income, and net income on a diluted share basis excluding the adjustments discussed above. The Company believes these adjustments provide a meaningful comparison of the Company's results and afford investors a view of what management considers to be the Company's core performance. The adjusted, non-GAAP financial measurements included in this earnings release should not be considered as an alternative to net income or as any other measurement of performance derived in accordance with GAAP. The adjusted, non-GAAP financial measurements are presented for informational purposes only and are not necessarily indicative of the Company's future condition or results of operations.

(b) Related to $128 million of IEEPA tariff recoveries, excluding interest received, which are reflected as a reduction of Cost of goods sold.

(c) 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.

(d) Related legal defense costs arising from intellectual property litigation not in the ordinary course of business.

Note: Results may not be additive due to rounding.

RECONCILIATION OF TOTAL SEGMENT OPERATING INCOME TO CONSOLIDATED OPERATING INCOME

$ in millions

	Fiscal Quarter Ended				Two Fiscal Quarters Ended			
	July 4, 2026		June 28, 2025		July 4, 2026		June 28, 2025	
		% of net sales		*% of net sales*		*% of net sales*		*% of net sales*
Total segment operating income [a]	**$39.4**	*6.4%*	**$34.4**	*5.9%*	**$89.4**	*6.9%*	**$91.8**	*7.6%*
Unallocated corporate expenses [b]	(21.3)		(22.7)		(42.8)		(44.7)	
Subtotal	**$18.1**	*2.9%*	**$11.7**	*2.0%*	**$46.5**	*3.6%*	**$47.1**	*3.9%*
Tariff refund recovery [c]	127.7		-		127.7		-	
Leadership transition costs [d]	(4.7)		(1.1)		(4.7)		(7.2)	
IP litigation [e]	(1.2)		-		(1.2)		-	
Operating model improvement costs [f]	-		(6.6)		-		(9.8)	
Consolidated operating income	**$139.8**	*22.7%*	**$4.0**	*0.7%*	**$168.3**	*13.0%*	**$30.1**	*2.5%*

(a) In fiscal 2024, the Company changed its measure of segment profitability to 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 as well as specific charges that are not directly attributable to segment operations, including restructuring costs and impairment charges related to goodwill and indefinite-lived intangible assets, which were included in our previous measure of segment profitability.

(b) 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.

(c) Related to $128 million of IEEPA tariff recoveries, excluding interest received, which are reflected as a reduction of Cost of goods sold.

(d) 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.

(e) Related legal defense costs arising from intellectual property litigation not in the ordinary course of business.

(f) Primarily related to third-party consulting costs.

Note: Results may not be additive due to rounding.

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

$ in millions	Fiscal Quarter Ended		Two Fiscal Quarters Ended		Four Fiscal Quarters Ended
	July 4, 2026	**June 28, 2025**	**July 4, 2026**	**June 28, 2025**	**July 4, 2026**
Net income	$105.0	$0.4	$119.3	$16.0	$195.1
Interest expense	11.3	7.9	23.1	15.7	41.6
Interest income	(8.5)	(4.3)	(11.7)	(7.4)	(17.8)
Tax expense	31.7	1.3	37.2	7.1	52.2
Depreciation and amortization	13.0	13.6	26.6	26.8	55.1
EBITDA	**$152.5**	**$18.8**	**$194.5**	**$58.1**	**$326.2**
Adjustments to EBITDA					
Tariff refund recovery [a]	$ (127.7)	-	$ (127.7)	-	$ (127.7)
Leadership transition costs [b]	4.7	1.1	4.7	7.2	5.6
IP litigation [c]	1.2	-	1.2	-	1.2
Operating model improvement costs [d]	-	6.6	-	9.8	4.4
Organizational restructuring [e]	-	-	-	-	9.8
Loss on extinguishment of debt [f]	-	-	-	-	1.7
Pension plan settlement [g]	-	-	-	-	8.8
Total adjustments	(121.7)	7.7	(121.7)	17.0	(96.2)
Adjusted EBITDA	**$30.8**	**$26.5**	**$72.8**	**$75.1**	**$230.0**

(a) Related to $128 million of IEEPA tariff recoveries, excluding $4 million of interest received.
(b) 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.
(c) Related legal defense costs arising from intellectual property litigation not in the ordinary course of business.
(d) Primarily related to third-party consulting costs.
(e) Related to charges for severance and other termination benefits as a result of organizational restructuring.
(f) Related to redemption of the $500 million senior notes due 2027 and cash-flow based revolving credit facility.
(g) Non-cash charge for settlement of the OshKosh B'Gosh Pension Plan.

Note: Results may not be additive due to rounding.

SECOND QUARTER RECONCILIATION OF ADJUSTED NET INCOME ALLOCABLE TO COMMON SHAREHOLDERS

	Fiscal Quarter Ended	
Weighted-average number of common and common equivalent shares outstanding:	July 4, 2026	June 28, 2025
Basic number of common shares outstanding	35,591,295	35,409,988
Dilutive effect of equity awards	8,865	-
Diluted number of common and common equivalent shares outstanding	35,600,160	35,409,988

	Fiscal Quarter Ended			
$ in thousands, except EPS	As reported on a GAAP Basis		As adjusted (a)	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Basic net income per common share:				
Net income	$104,958	$446	$9,411	$6,302
Income allocated to participating securities	(2,846)	(231)	(229)	(231)
Net income available to common shareholders	$102,112	$215	$9,182	$6,071
Basic net income per common share	$2.87	$0.01	$0.26	$0.17
Diluted net income per common share:				
Net income	$104,958	$446	$9,411	$6,302
Income allocated to participating securities	(2,845)	(231)	(229)	(231)
Net income available to common shareholders	$102,113	$215	$9,182	$6,071
Diluted net income per common share	$2.87	$0.01	$0.26	$0.17

(a) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present per share data excluding the adjustments discussed above. The Company has excluded $95.5 million in after-tax benefits from these results for the fiscal quarter and two fiscal quarters ended July 4, 2026. Additionally, the Company has excluded $5.9 million and $14.1 million in after-tax expenses from these results for the fiscal quarter and two fiscal quarters ended June 28, 2025, respectively.

Note: Results may not be additive due to rounding.

FIRST HALF RECONCILIATION OF ADJUSTED NET INCOME ALLOCABLE TO COMMON SHAREHOLDERS

Weighted-average number of common and common equivalent shares outstanding:	Two Fiscal Quarters Ended July 4, 2026	Two Fiscal Quarters Ended June 28, 2025
Basic number of common shares outstanding	35,542,362	35,361,039
Dilutive effect of equity awards	5,093	605
Diluted number of common and common equivalent shares outstanding	35,547,455	35,361,644

	Two Fiscal Quarters Ended			
$ in thousands, except EPS	As reported on a GAAP Basis		As adjusted (a)	
	July 4, 2026	June 28, 2025	July 4, 2026	June 28, 2025
Basic net income per common share:				
Net income	$119,294	$15,985	$23,747	$30,052
Income allocated to participating securities	(3,332)	(866)	(617)	(866)
Net income available to common shareholders	$115,962	$15,119	$23,130	$29,186
Basic net income per common share	$3.26	$0.43	$0.65	$0.83
Diluted net income per common share:				
Net income	$119,294	$15,985	$23,747	$30,052
Income allocated to participating securities	(3,332)	(866)	(617)	(866)
Net income available to common shareholders	$115,962	$15,119	$23,130	$29,186
Diluted net income per common share	$3.26	$0.43	$0.65	$0.83

(a) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present per share data excluding the adjustments discussed above. The Company has excluded $95.5 million in after-tax benefits from these results for the fiscal quarter and two fiscal quarters ended July 4, 2026. Additionally, the Company has excluded $5.9 million and $14.1 million in after-tax expenses from these results for the fiscal quarter and two fiscal quarters ended June 28, 2025, respectively.

Note: Results may not be additive due to rounding.

NET SALES CONSTANT CURRENCY RECONCILIATION

$ in millions

	Fiscal Quarter Ended					
	Reported Net Sales July 4, 2026	Impact of Foreign Currency Translation	Constant-Currency Net Sales July 4, 2026	Reported Net Sales June 28, 2025	Reported Net Sales % Change	Constant-Currency Net Sales % Change
Consolidated net sales	$615.5	$2.4	$613.1	$585.3	5.2%	4.7%
International segment net sales	$95.3	$2.4	$92.9	$92.8	2.7%	0.1%

	Two Fiscal Quarters Ended					
	Reported Net Sales July 4, 2026	Impact of Foreign Currency Translation	Constant-Currency Net Sales July 4, 2026	Reported Net Sales June 28, 2025	Reported Net Sales % Change	Constant-Currency Net Sales % Change
Consolidated net sales	$1,296.6	$8.0	$1,288.6	$1,215.1	6.7%	6.0%
International segment net sales	$192.7	$8.0	$184.8	$178.1	8.2%	3.8%

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

Note: Results may not be additive due to rounding.

STORE COUNT RECONCILIATION

	U.S	Canada	Mexico	Total
Store count at January 3, 2026	**804**	**192**	**72**	**1,068**
Openings	3	0	1	4
Closings	(9)	(1)	0	(10)
Store count at April 4, 2026	**798**	**191**	**73**	**1,062**
Openings	1	0	1	2
Closings	(20)	(1)	(1)	(22)
Store count at July 4, 2026	**779**	**190**	**73**	**1,042**

FORWARD LOOKING STATEMENTS & OTHER INFORMATION

Statements in this press release that are not historical fact and use predictive words such as “estimates”, “outlook”, “guidance”, “expect”, “believe”, “intend”, “designed”, “target”, “plans”, “may”, “will”, “opportunities”, “are confident” and similar words are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed in this press release. These risks and uncertainties include, but are not limited to, those disclosed in Part II, Item 1A. “Risk Factors” of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 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 press release does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

The Company’s outlook (and related assumptions) for the third quarter 2026 include an anticipated non-GAAP adjustment related to IP litigation costs of approximately $1 million. The Company’s full-year fiscal 2026 outlook (and related assumptions) includes an anticipated non-GAAP adjustment related to leadership transition costs and IP litigation costs of approximately $8 million and a recovery of previously paid import duties of $132 million.

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