



**FIRST
QUARTER 2025**

BUSINESS UPDATE
APRIL 25, 2025

carter's

OSHKOSH *B'gosh*

little planet.

SKIP*HOP

FIRST QUARTER 2025 RESULTS

GAAP BASIS

\$ in millions, except EPS

	First Quarter 2025	<i>% of Sales</i>	First Quarter 2024	<i>% of Sales</i>	Change
Net sales	\$630		\$661		(5%)
Gross profit	291	46.2%	315	47.6%	(8%)
Royalty income, net	5	0.8%	5	0.8%	2%
SG&A	270	42.9%	265	40.1%	2%
Operating income	26	4.1%	55	8.3%	(53%)
Interest expense & other, net	5	0.8%	5	0.8%	(7%)
Income before taxes	21	3.4%	50	7.6%	(57%)
Income tax provision	6		12		(51%)
Net income	\$16	2.5%	\$38	5.7%	(59%)
Diluted EPS	\$0.43		\$1.04		(59%)
Weighted-average shares outstanding	35		36		(2%)
EBITDA ¹	\$39	6.2%	\$70	10.5%	(44%)

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

NON-GAAP ADJUSTMENTS

- Adjustments to first quarter 2025 results are shown below
- No adjustments to first quarter 2024 results

\$ in millions, except EPS

	First Quarter 2025				
	Operating Income	% Net Sales	Pre-Tax Income	Net Income	Diluted EPS
As reported (GAAP)	\$26	4.1%	\$21	\$16	\$0.43
Leadership transition costs	6		6	6	0.16
Operating model improvement costs	3		3	2	0.07
As adjusted¹	\$35	5.6%	\$31	\$24	\$0.66



¹ See reconciliation to GAAP in Supplemental Information.
Note: Results may not be additive due to rounding.

WE ACHIEVED OUR FIRST QUARTER SALES & EARNINGS OBJECTIVES

\$ in millions, except EPS

	Q1 Results		Guidance ¹
Net sales	\$630	✓	\$615 - \$625
U.S. Retail	Down 4%	✓	Down MSD to HSD
U.S. Wholesale	Down 5%	✓	Down HSD
International	Down 5%	✓	Down MSD
Operating income²	\$35	✓	\$30 - \$35
<i>Operating margin²</i>	5.6%	✓	4.9% - 5.6%
Diluted EPS²	\$0.66	✓	\$0.45 - \$0.55

Driving Our Outperformance

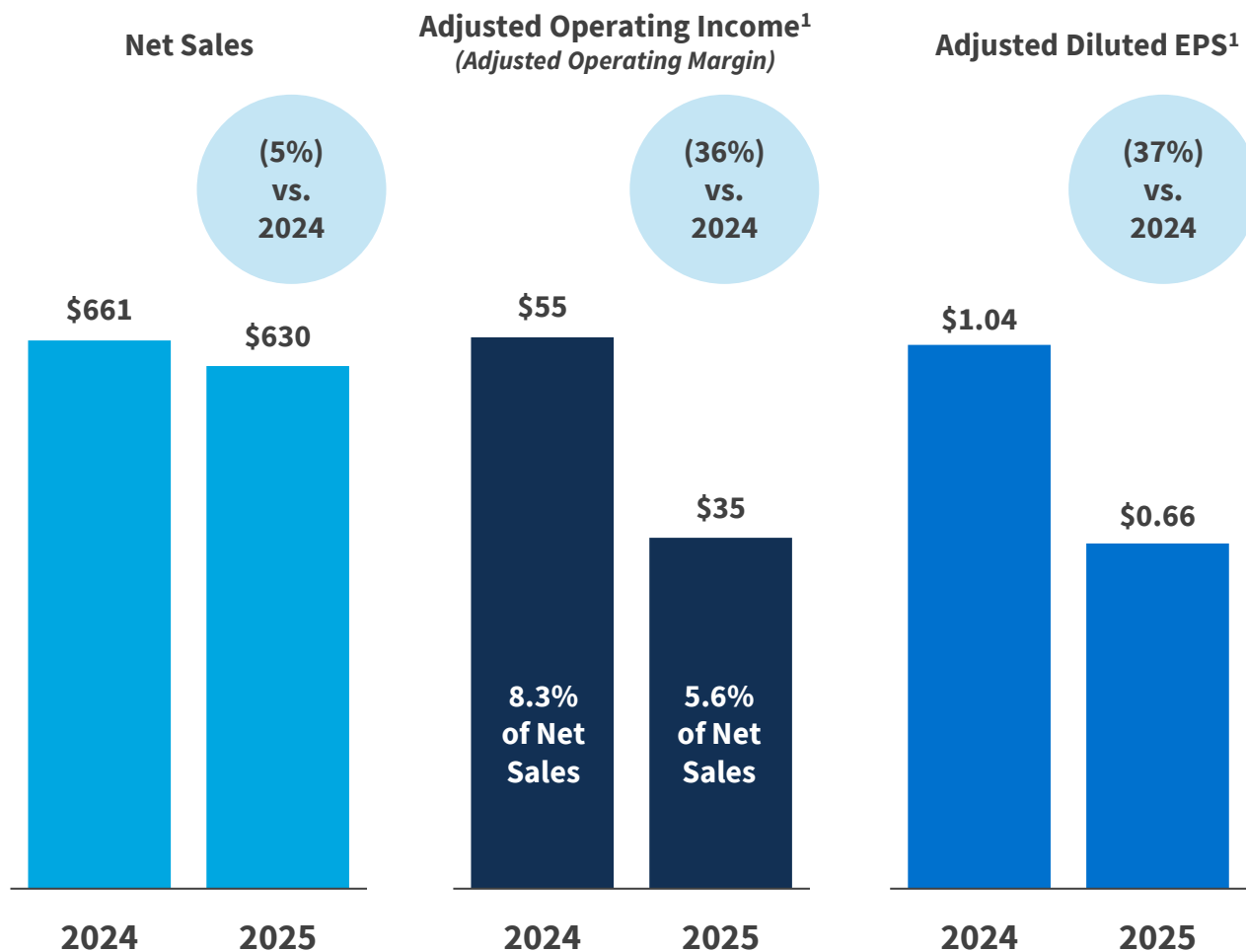
- **Sales**
 - Higher-than-planned U.S. Wholesale sales (largely timing)
- **EPS**
 - Favorable interest income
 - Lower effective tax rate



¹ Provided on Q4 2024 earnings call on 2/25/25. ² Adjusted basis; see reconciliation to GAAP in Supplemental Information.

FIRST QUARTER 2025 RESULTS

\$ in millions, except EPS



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

ADJUSTED FIRST QUARTER 2025 RESULTS¹

\$ in millions, except EPS

	First Quarter 2025	<i>% of Sales</i>	First Quarter 2024	<i>% of Sales</i>	Change
Net sales	\$630		\$661		(5%)
Gross profit	291	46.2%	315	47.6%	(8%)
Royalty income, net	5	0.8%	5	0.8%	2%
SG&A	261	41.4%	265	40.1%	(2%)
Operating income	35	5.6%	55	8.3%	(36%)
Interest expense & other, net	5	0.8%	5	0.8%	(7%)
Income before taxes	31	4.9%	50	7.6%	(39%)
Income tax provision	7		12		(42%)
Net income	\$24	3.8%	\$38	5.7%	(38%)
Diluted EPS	\$0.66		\$1.04		(37%)
Weighted-average shares outstanding	35		36		(2%)
EBITDA	\$49	7.7%	\$70	10.5%	(30%)

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

BUSINESS SEGMENT PERFORMANCE



FIRST QUARTER 2025 SEGMENT RESULTS

\$ in millions

	Net Sales			Operating Income			Operating Margin	
	2025	2024	Change	2025	2024	Change	2025	2024
U.S. Retail	\$294	\$308	(\$13)	\$2	\$14	(\$12)	0.8%	4.6%
U.S. Wholesale	250	264	(14)	55	63	(8)	22.1%	24.0%
International	85	90	(4)	-	2	(2)	(0.3%)	2.4%
Total before corporate expenses	630	661	(32)	57	80	(22)	9.1%	12.1%
Corporate expenses				(22)	(25)	3	(3.5%)	(3.7%)
Total¹	\$630	\$661	(\$32)	\$35	\$55	(\$20)	5.6%	8.3%

¹ Measure 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 QUARTER 2025 PERFORMANCE – U.S. RETAIL

2025 vs. 2024

Sales

- Net sales in-line with plan (-4% vs. LY); units +2%
- Comparable sales -5% (better than forecast of decline MSD to HSD)
 - Meaningful acceleration in March (~50% of Q1 sales)
 - Targeted pricing investment and promotional strategies drove traffic and unit volume
 - Strongest eCommerce traffic and comp sales since Q4 2021

Wins

- Baby segment strongest performing (comp +4%)
- Improved customer retention and growth in new customers vs. LY

Opportunities

- Store traffic HSD decline
- Kid segment decline in-line with decreased inventory investment

Profitability

- Operating margin 0.8% (-380 bps vs. LY)
 - Lower pricing
 - Lower product costs
 - Expense deleverage

FIRST QUARTER SEGMENT PERFORMANCE

2025 vs. 2024

U.S. WHOLESALE

- **Net sales: -5% (units -2%)**
 - Sales planned down vs. LY, in part due to timing of shipments
 - Stronger than planned demand for *Skip Hop* products
 - Growth with *Skip Hop*, club customers and the off-price channel vs. LY
- **Operating margin 22.1% (-190 bps vs. LY)**
 - Lower pricing
 - Higher freight rates
 - Expense deleverage

INTERNATIONAL

- **Net sales: -5% (units +5%)**
 - Adverse FX translation (\$6M)
 - Local currency growth in Canada & markets outside of North America
- **Net sales constant currency +2%**
 - Canada: +4%
 - Mexico: -4% (DC transition impacted inventory flow)
- **Operating margin (0.3%) (-270 bps vs. LY)**
 - Net negative impact of FX
 - Spending leverage

BALANCE SHEET & CASH FLOW

\$ in millions

Balance Sheet (Q1 End)

	2025	2024
Cash	\$321	\$268
Accounts receivable, net	204	224
Inventory, net	474	473
Accounts payable	199	191
Long-term debt, net	498	498
Operating lease liabilities ¹	624	578

- **Total liquidity \$1.2 billion**
 - \$321 million cash
 - \$844 million borrowing capacity on revolving credit facility
- **Inventories comparable vs. LY**
 - Quality of inventory strong; low levels of aged inventory
- **No seasonal credit facility borrowings**

Cash Flow & Return of Capital (Q1)

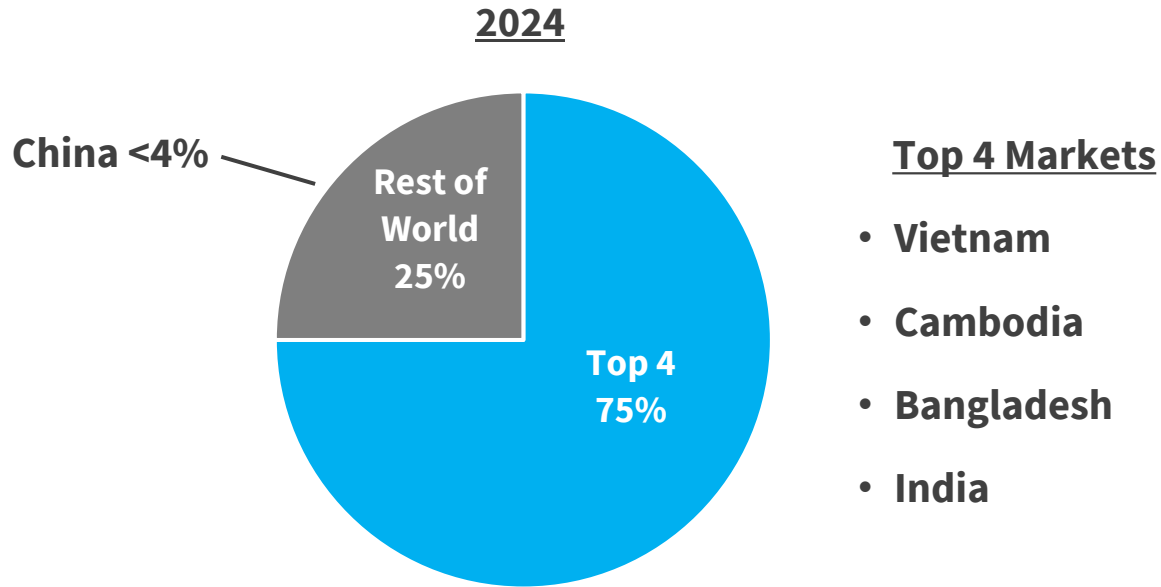
	2025	2024
Operating cash flow	(\$49)	(\$26)
Capital expenditures	(10)	(12)
Free cash flow ²	(\$59)	(\$38)
Dividends	\$29	\$29
Share repurchases	-	9
Total	\$29	\$38

- **2025 operating cash flow reflects lower net income**
- **\$29 million in dividends paid in Q1 2025**

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

OUR GLOBAL SOURCING NETWORK

Finished Goods Sourcing Mix by Country



Highlights

- Well-diversified sourcing model; strong relationships with highly capable vendors
- Principal sourcing office located in Hong Kong
 - Regional offices in Vietnam, Cambodia, Bangladesh and China
 - Sourced >600 million manufactured pieces in 2024
- Limited western hemisphere young children's apparel manufacturing capacity
 - Minimal baby product production occurs in the U.S.

TARIFF RATE INCREASES AND POTENTIAL ACTIONS TO MITIGATE

2025 Estimated Annual Effective Tariff Rates¹

Country of Origin	Pre 4/2/25	Potential
Vietnam	15%	44%
Cambodia	13%	44%
Bangladesh	13%	35%
India	10%	25%
China	30%	125%

Significant Incremental Tariffs Proposed

Mitigating the Impact of Tariffs

- **Evaluating pricing**
- **Actioning:**
 - Cost sharing with vendors
 - Shifting country of origin mix
 - Modifying product configurations
 - Adjusting inventory management
 - Leveraging Foreign Trade Zones



¹ Company weighted average rates.

THANK YOU



SUPPLEMENTAL INFORMATION



RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS

\$ in millions, except EPS

First Quarter of Fiscal 2025	SG&A	% of net sales	Operating Income	% of net sales	Income Tax Provision	Net Income	Diluted EPS
As reported (GAAP)	\$270.3	42.9%	\$26.1	4.1%	\$5.8	\$15.5	\$0.43
Leadership transition costs (b)	(6.1)		6.1		0.3	5.8	0.16
Operating model improvement costs (c)	(3.2)		3.2		0.8	2.4	0.07
As adjusted (a)	\$261.0	41.4%	\$35.4	5.6%	\$6.9	\$23.8	\$0.66

- (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 costs associated with the transition of our former CEO, including accelerated vesting of outstanding time-based restricted stock awards.
- (c) Primarily related to third-party consulting costs.

Note: Results may not be additive due to rounding.

RECONCILIATION OF TOTAL SEGMENT OPERATING INCOME TO CONSOLIDATED OPERATING INCOME

\$ in millions

	Fiscal Quarter Ended			
	March 29, 2025		March 30, 2024	
		<i>% of net sales</i>		<i>% of net sales</i>
Total segment operating income ^(a)	\$57.4	9.1%	\$79.8	12.1%
Unallocated corporate expenses ^(b)	(22.0)		(24.8)	
Subtotal	\$35.4	5.6%	\$55.0	8.3%
Leadership transition costs ^(c)	(6.1)		-	
Operating model improvement costs ^(d)	(3.2)		-	
Consolidated operating income	\$26.1	4.1%	\$55.0	8.3%

- (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, operating model improvement costs, executive transition costs, and impairment charges related to goodwill and indefinite-lived intangible assets, which were included in our previous measure of segment profitability. Prior period segment operating income for the fiscal quarter ended March 30, 2024 has been recast to conform to the current presentation.
- (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 costs associated with the transition of our former CEO, including accelerated vesting of outstanding time-based restricted stock awards.
- (d) 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		Four Fiscal Quarters Ended
	March 29, 2025	March 30, 2024	March 29, 2025
Net income	\$15.5	\$38.0	\$163.0
Interest expense	7.8	7.9	31.2
Interest income	(3.1)	(3.1)	(11.1)
Tax expense	5.8	11.9	39.2
Depreciation and amortization	13.3	14.8	56.4
EBITDA	\$39.3	\$69.6	\$278.7
Adjustments to EBITDA			
Leadership transition costs ^(a)	\$6.1	\$ -	\$6.1
Operating model improvement costs ^(b)	3.2	-	3.2
Organizational restructuring ^(c)	-	-	1.8
Intangible asset impairment ^(d)	-	-	30.0
Partial pension plan settlement ^(e)	-	-	0.9
Total adjustments	9.3	-	42.1
Adjusted EBITDA	\$48.6	\$69.6	\$320.8

(a) Related to costs associated with the transition of our former CEO, including accelerated vesting of outstanding time-based restricted stock awards.

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

(c) Net expenses related to organizational restructuring.

(d) Non-cash impairment charge on the *OshKosh* indefinite-lived tradename asset.

(e) Non-cash charge for partial settlement of the OshKosh B'Gosh Pension Plan.

Note: Results may not be additive due to rounding.

FIRST QUARTER RECONCILIATION OF ADJUSTED NET INCOME ALLOCABLE TO COMMON SHAREHOLDERS

	Fiscal Quarter Ended	
	March 29, 2025	March 30, 2024
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	35,312,090	35,860,740
Dilutive effect of equity awards	1,923	3,843
Diluted number of common and common equivalent shares outstanding	35,314,013	35,864,583

\$ in thousands, except EPS	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
	March 29, 2025	March 30, 2024	March 29, 2025	March 30, 2024
Basic net income per common share:				
Net income	\$15,539	\$38,033	\$23,750	\$38,033
Income allocated to participating securities	(285)	(691)	(468)	(691)
Net income available to common shareholders	\$15,254	\$37,342	\$23,282	\$37,342
Basic net income per common share	\$0.43	\$1.04	\$0.66	\$1.04
Diluted net income per common share:				
Net income	\$15,539	\$38,033	\$23,750	\$38,033
Income allocated to participating securities	(285)	(691)	(468)	(691)
Net income available to common shareholders	\$15,254	\$37,342	\$23,282	\$37,342
Diluted net income per common share	\$0.43	\$1.04	\$0.66	\$1.04

(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 \$8.2 million in after-tax expenses from these results for the fiscal quarter ended March 29, 2025.

Note: Results may not be additive due to rounding.

NET SALES CONSTANT CURRENCY RECONCILIATION

\$ in millions

	Fiscal Quarter Ended					
	Reported Net Sales March 29, 2025	Impact of Foreign Currency Translation	Constant- Currency Net Sales March 29, 2025	Reported Net Sales March 30, 2024	Reported Net Sales % Change	Constant- Currency Net Sales % Change
Consolidated net sales	\$629.8	\$(6.4)	\$636.2	\$661.5	(4.8)%	(3.8)%
International segment net sales	\$85.3	\$(6.4)	\$91.7	\$89.7	(4.9)%	2.2%

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 March 30, 2024	789	186	52	1,027
Openings	34	8	12	54
Closings	(19)	(3)	(2)	(24)
Store count at December 28, 2024	804	191	62	1,057
Openings	5	-	3	8
Closings	(7)	-	(1)	(8)
Store count at March 29, 2025	802	191	64	1,057

FORWARD LOOKING STATEMENTS

Statements in this presentation that are not historical fact and use predictive words such as “estimates”, “outlook”, “guidance”, “expect”, “believe”, “intend”, “designed”, “target”, “plans”, “may”, “will”, “are confident” and similar words are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed in this presentation. 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 March 29, 2025 and Part I, Item 1A. “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 28, 2024, 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 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; increased competition in the marketplace; 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 presentation does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.