



THE CHILDREN'S
PLACE

COMPANY OVERVIEW

THIRD QUARTER FISCAL 2023 RESULTS



- **Omni-channel** children's specialty **portfolio of brands** with an industry-leading **digital-first model**
- Strength of design, merchandising, and sourcing teams delivers an on-trend **superior product offering**, with a **strong value proposition**, across our portfolio of brands
- Industry-leading digital penetration, with focus on **mobile-first enabled transactions** and **optimizing interactions** with our customers through **enhanced brand marketing and personalization**
- **Customer centric Omni-channel focus**, supported by digital delivery, and driven by customer insights and strategy
- **Experienced and talented management team**, with an average tenure of over seven years, focused on execution and operational excellence



#1 PURE-PLAY CHILDREN'S SPECIALTY APPAREL RETAILER IN NORTH AMERICA

\$1.6B
in Annual Revenue

50%+ Planned
Digital Penetration

591 Stores in the
U.S. and Canada

Less than 30% of
Revenue from
Traditional Malls

Distribution in 16
Countries

Accelerated Amazon
Opportunity





FINANCIAL HIGHLIGHTS

	Q3 2023	% of Sales	Q3 2022	% of Sales	Q3 2019	% of Sales	23 vs. 22 Inc/(Dec)		23 vs. 19 Inc/(Dec)	
							%	BPS	%	BPS
Net Sales	\$480		\$509		\$525		-6%		-8%	
Gross Profit	162	33.7%	177	34.8%	198	37.8%	-8%	(110)	-18%	(410)
SG&A	103	21.4%	105	20.7%	117	22.2%	-2%	70	-12%	(80)
Depreciation	11	2.3%	12	2.4%	18	3.4%	-10%	(10)	-37%	(110)
Operating Income	48	10.0%	59	11.6%	63	12.1%	-19%	(160)	-25%	(210)
Interest	8	1.7%	4	0.7%	2	0.4%	110%	100	268%	130
Income Before Taxes	40	8.3%	55	10.9%	61	11.7%	-28%	(260)	-35%	(340)
Income Tax	(1)		12		14		-106%		-105%	
Net Income	\$41	8.5%	\$44	8.6%	\$47	9.0%	-7%	(10)	-14%	(50)
Diluted EPS	\$ 3.22		\$3.33		\$3.03		-3%		6%	
EBITDA	\$59	12.2%	\$72	14.1%	\$81	15.5%	-18%	(190)	-28%	(330)

Net Sales -5.7% to last year, -7.3% on comp basis:

- Impact of slowdown in consumer demand, resulting from inflation impacting our customer

Operating margin 10.0%, - 160 bps to last year

- Lower merchandise margins, due to higher than anticipated distribution and fulfillment expenses
- Fixed costs de-leverage on lower net sales

*Adjusted measures are non-GAAP and exclude expenses and income which we believe are not indicative of the performance of the core business. A reconciliation of GAAP and non-GAAP measures is provided in the Company's earnings releases which are available at <http://investor.childrensplace.com>.

	YTD 2023	% of Sales	YTD 2022	% of Sales	YTD 2019	% of Sales	23 vs. 22 Inc/(Dec)		23 vs. 19 Inc/(Dec)	
							%	BPS	%	BPS
Net Sales	\$1,147		\$1,252		\$1,358		-8%		-15%	
Gross Profit	346	30.2%	434	34.6%	488	36.0%	-20%	(440)	-29%	(580)
SG&A	314	27.3%	327	26.1%	359	26.5%	-4%	120	-13%	80
Depreciation	34	3.0%	39	3.1%	53	3.9%	-11%	(10)	-36%	(90)
Operating Income	(2)	-0.1%	68	5.4%	76	5.6%	-102%	(550)	-102%	(570)
Interest	21	1.9%	8	0.6%	6	0.5%	166%	130	250%	140
Income Before Taxes	(23)	-2.0%	60	4.8%	70	5.1%	-139%	(680)	-133%	(710)
Income Tax	(13)		13		14		-194%		-190%	
Net Income	(\$11)	-0.9%	\$47	3.7%	\$56	4.1%	-123%	(460)	-119%	(500)
Diluted EPS	(\$0.85)		\$3.48		\$3.53		-124%		-124%	
EBITDA	\$33	2.8%	\$107	8.5%	\$129	9.5%	-69%	(570)	-75%	(670)

Net Sales -8.4% to last year, -8.1% on comp basis:

- Impact of slowdown in consumer demand, resulting from the unprecedented inflation impacting our customer
- Increased promotional activity across the sector
- Impact of permanent store closures

Operating margin -0.1%, - 550 bps to last year

- Lower merchandise margins, due to accelerated liquidation of seasonal inventory, and higher input and supply chain costs
- Higher than planned distribution and fulfillment costs
- Fixed costs de-leverage on lower net sales

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Q3 DIGITAL PENETRATION 57%

DIGITAL HIGHLIGHTS

+13%
Digital
Penetration
Growth YOY

+23%
Digital Traffic
Growth YOY

60%
Total US
Acquisition

80%
Mobile
Transaction
Penetration

MOBILE APP HIGHLIGHTS

+13%
US Mobile App
Sales Growth
YOY

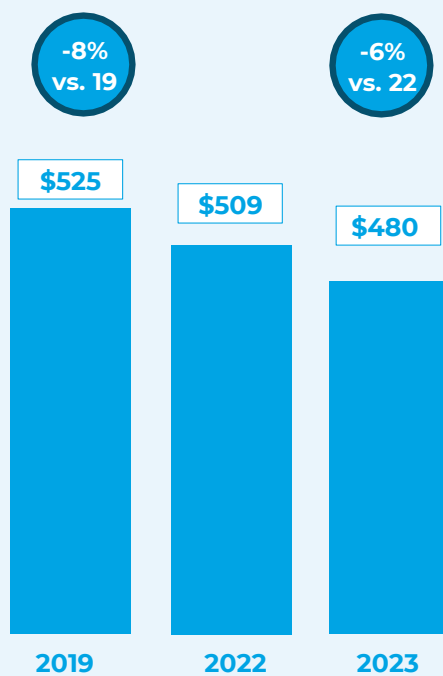
+21%
US Mobile App
Traffic Growth
YOY

+17%
Mobile App
Unique
Customers
Growth YOY

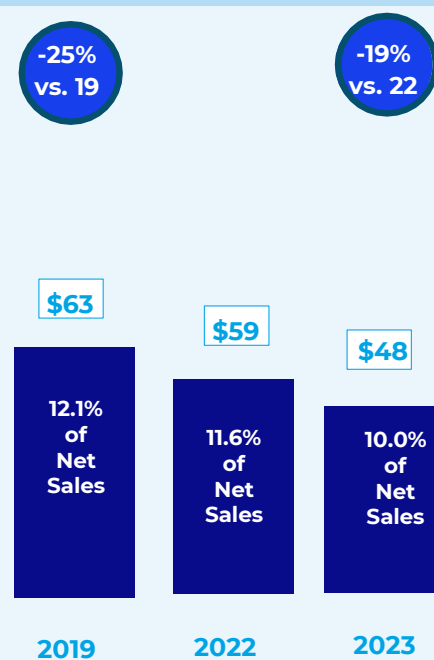


Q3 2023 ADJUSTED RESULTS

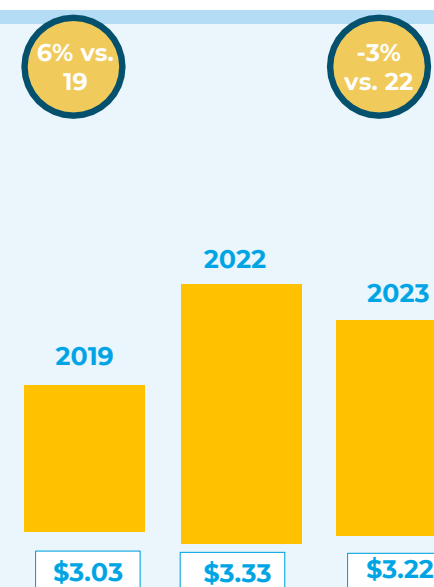
NET SALES (\$M)



ADJUSTED OPERATING INCOME (LOSS) (\$M)



ADJUSTED EARNINGS PER SHARE



BALANCE SHEET (3rd QTR)

	2023	2022
Cash	\$14	\$19
Accounts Receivable	52	49
Inventory	462	549
Revolver	359	265
Accounts Payable	183	221
Term Loan	50	50

CASH FLOW (3rd QTR)

	2023	2022
Operating Cash Flow	(\$10)	\$36
Capital Expenditures	(6)	(12)
Free Cash Flow	(\$16)	\$24
Share Repurchases	-	\$13

- Inventory **decreased 16%** as a result of lower average cost and inventory reduction initiatives.
- Accounts Payable **decreased 18%**, as a result of lower merchandise inventory.
- Cash and short-term investments of **\$14 million** with **\$359 million** outstanding on our Revolver.

- Used **\$10 million** in operating cash flow in Q3 2023.

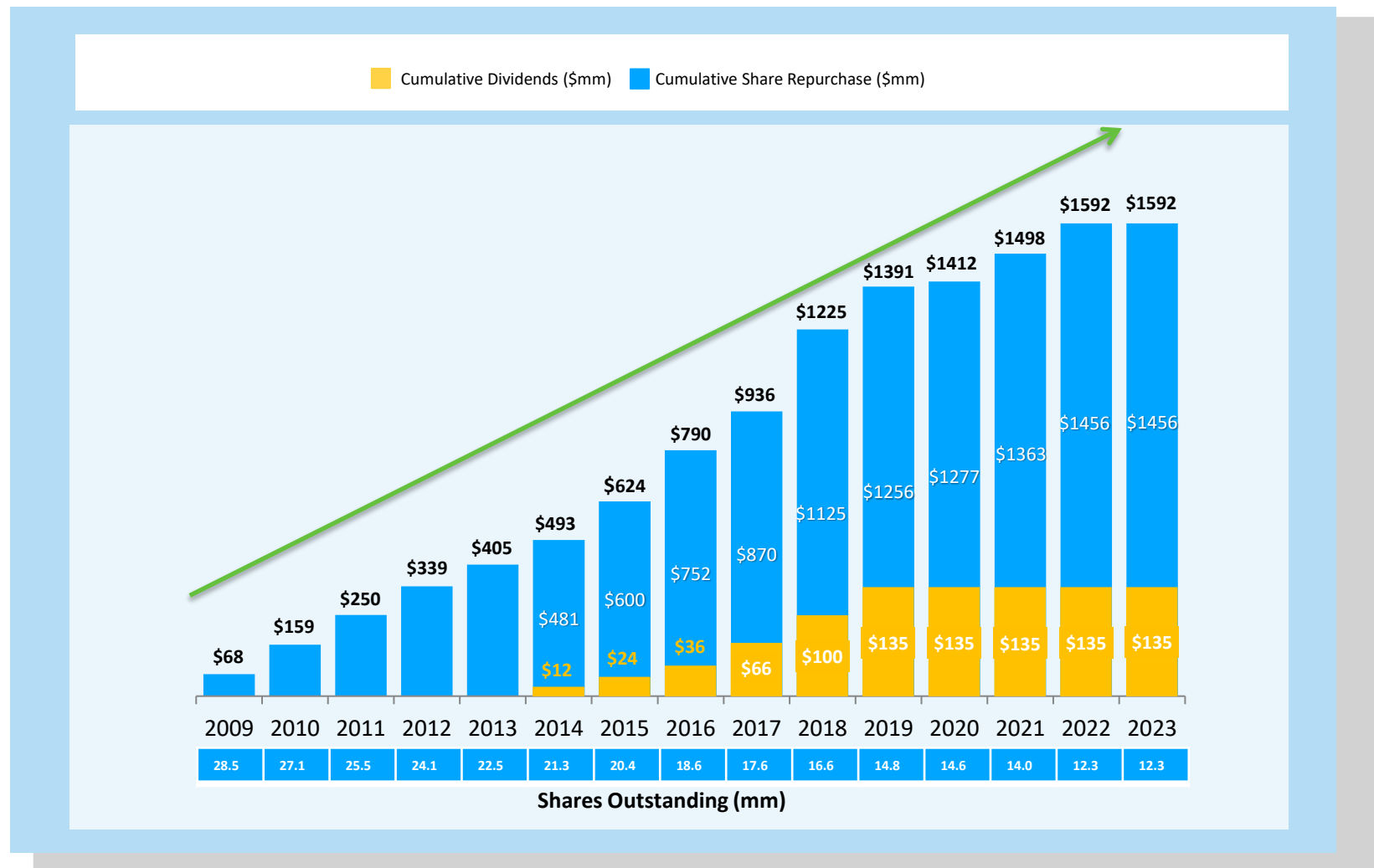
Our outlook reflects:

- Increased fulfillment and distribution costs are expected to continue given the higher labor costs and planned increase in shipments.
- Continued headwinds from the macroeconomic environment
- Outsized impact of inflation on our core customer
- Strong growth in Wholesale channel with Amazon
- Lower occupancy expenses, resulting from favorable lease negotiations, permanent store closures, and expense reductions
- Planned marketing investments

\$ in millions

FOURTH QUARTER**2023****Guidance****2022****(% vs. 2022)****Net Sales****\$460 - \$465****\$456***1% to 2%***Adjusted
Operating Income****Approx. 2.0% - 3.0%****-13.4%****Adjusted
Diluted EPS****\$0.25 to \$0.45****(\$3.87)**

Consistent track record returning excess cash to shareholders

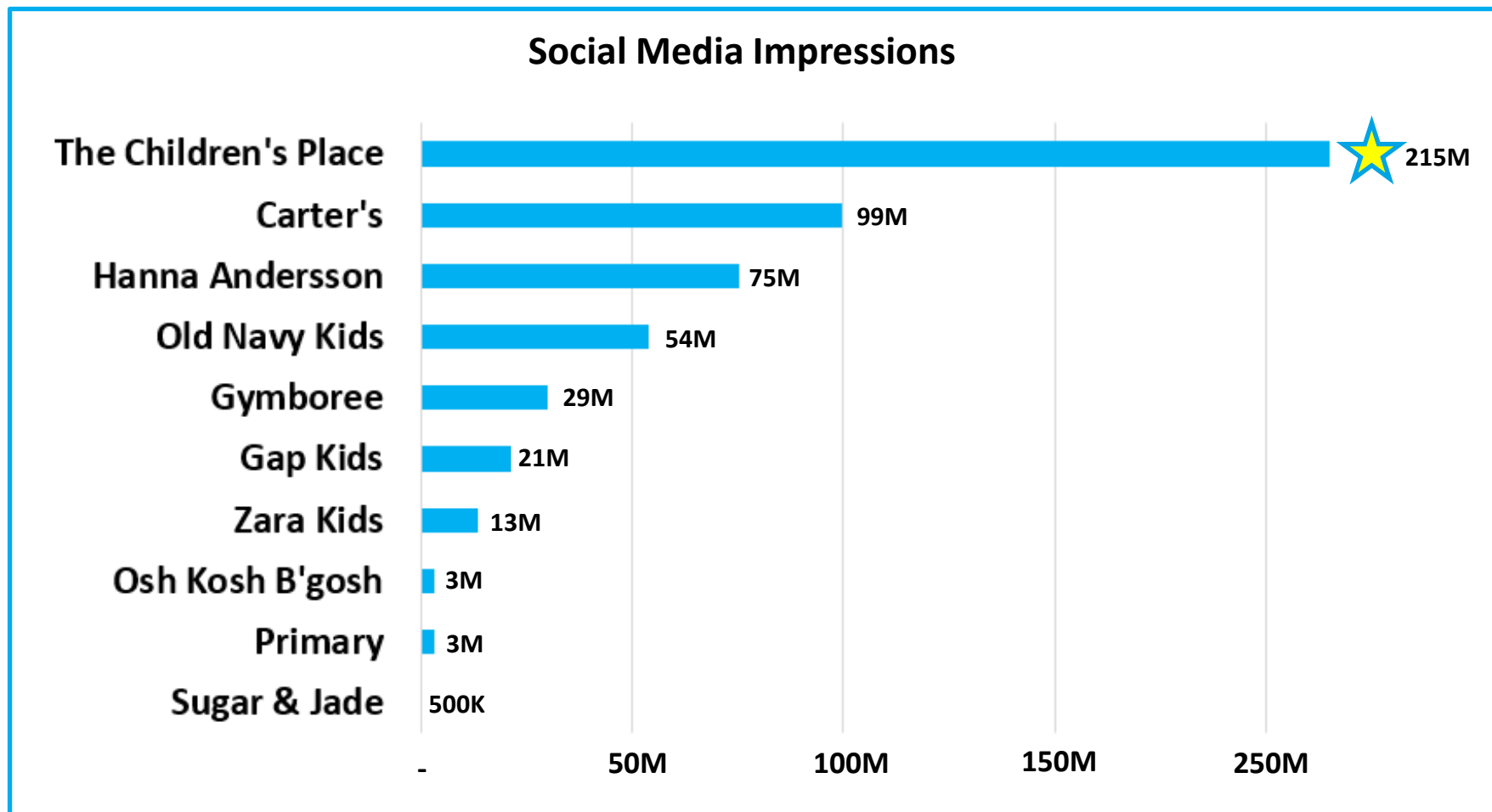




MARKETING

THE CHILDREN'S PLACE PORTFOLIO OF BRANDS DOMINATED THE CHILDRENS CATEGORY ACROSS SOCIAL MEDIA IN Q3

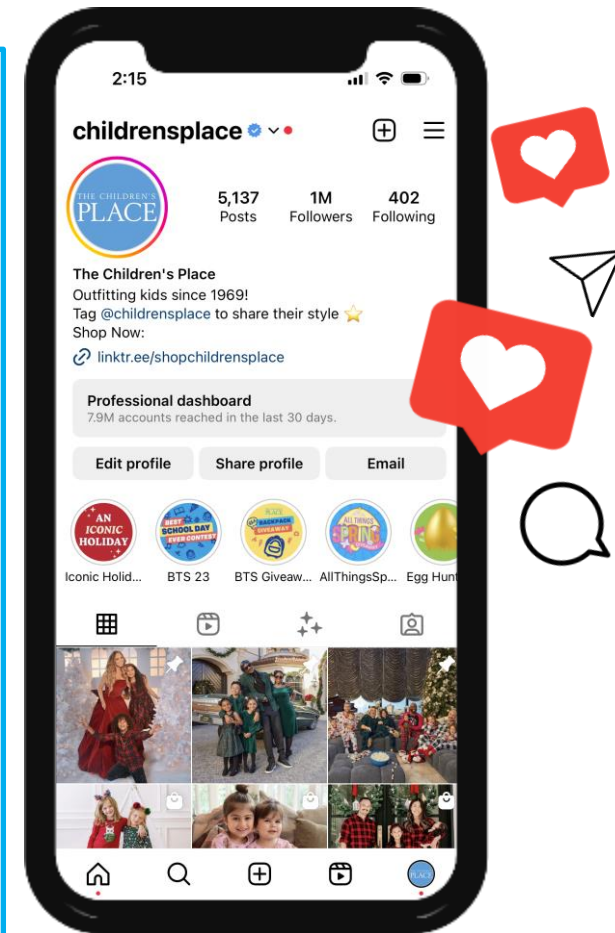
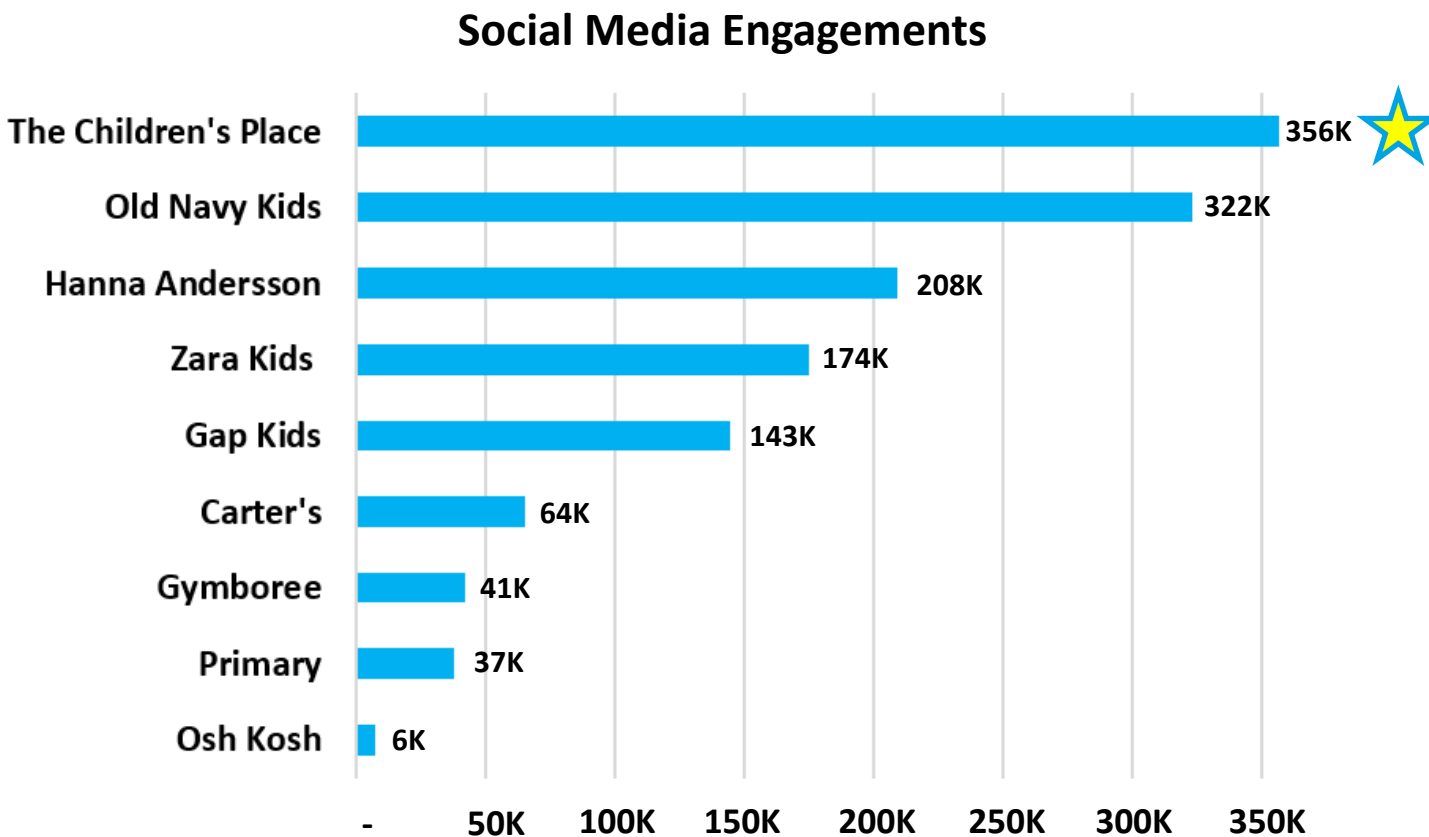
The Children's Place, Inc. brands **went viral in Q3** across Facebook, Instagram, and X, **totaling over 245M brand social media impressions.**



Source: Instagram, Facebook, X (July 30 – October 28) as of 11/2/23.

THE CHILDREN'S PLACE PORTFOLIO OF BRANDS DROVE STRONG ORGANIC SOCIAL INTERACTIONS

Significant organic social followership across Facebook, Instagram, and X, drove over 395K social interactions across The Children's Place social media accounts.



THE CHILDREN'S PLACE

Source: Instagram, Facebook, X (July 30 – October 28) as of 11/2/23.

The Children's Place partnered with former Boy Band members, AJ McLean, Lance Bass, Joey Fatone and Wanya Morris, Snoop Dogg and Mariah Carey in a three-part holiday campaign appealing to and celebrating the brand's core millennial mom customer.

This nostalgic campaign rolled out in three parts and with each phase, we saw an incredible response from our millennial-dominated customer base. Each launch was revealed with its own campaign video featuring the superstar(s) and their families.

8.9B+

Media
Impressions



1.4K

Media
Placements

4M+

Video Views



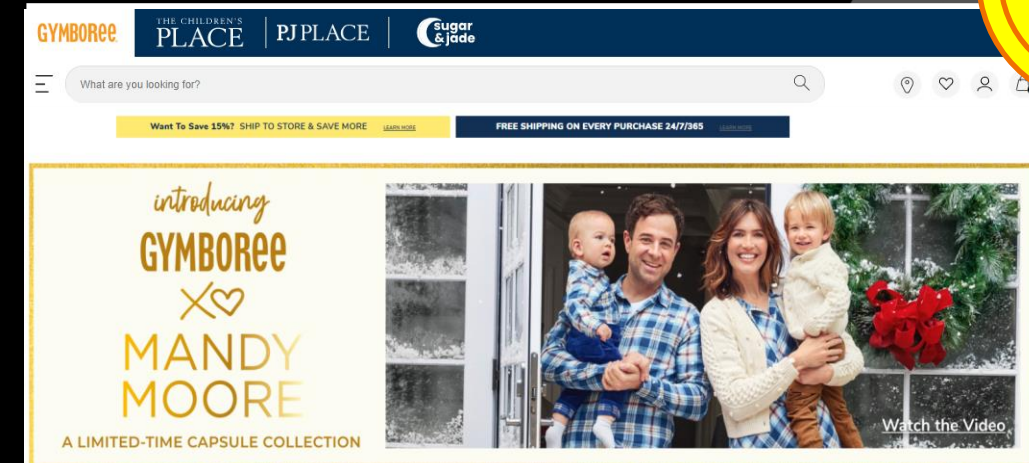
750K

Social
Engagements



Gymboree's Brand Ambassador, Mandy Moore, partnered with us again this season in an unprecedented capacity – as the designer of our newest collection, XO Mandy Moore! The content-rich campaign was supported through all consumer touchpoints, including a full-funnel media strategy and celebrity gifting.

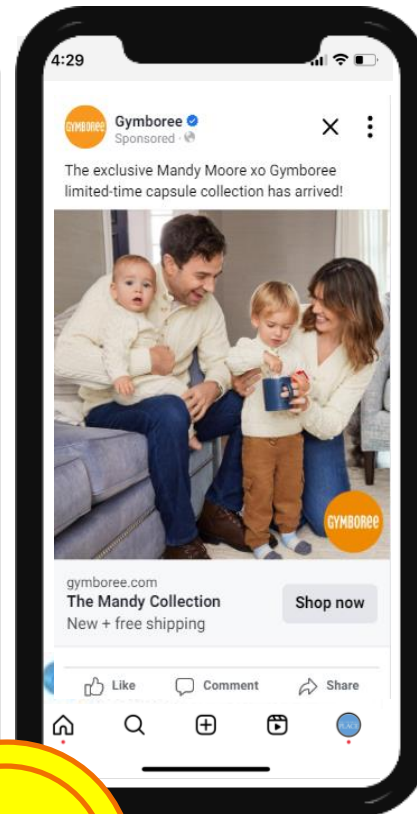
440+
Media
Placements



2B+
Media
Impressions



125K+
Social
Engagements



amazon



Q3 Results

- The significant time and resources that we have dedicated toward building our Amazon marketplace since the beginning of the pandemic have resulted in **another outstanding quarter**.
- Coming off of our **biggest back-to-school season ever on Amazon** we participated in the October Prime Day event resulting in **TCP's largest week on Amazon in our history**.
 - The Children's Place Kids' Family Matching Festive Christmas Pajama Sets were **highlighted as one of the top 3 creator favorite deals in Amazons Prime Day Press Release**.
- The **Gymboree brand continues to exceed expectations** on Amazon delivering another strong quarter.
- Ad **Campaigns featuring celebrities** and influencers continue to be our **top performing ad units** driving both brand awareness and conversion.





HOL 2023 COLLECTIONS



THE CHILDREN'S
PLACE

**CELEBRATE
IN COLOR!**

HOL 2023 COLLECTION





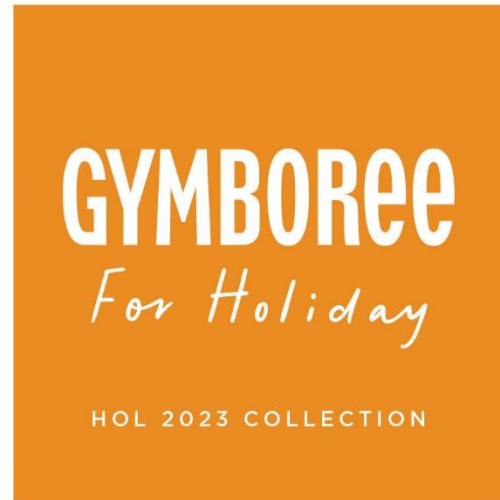
THE CHILDREN'S PLACE

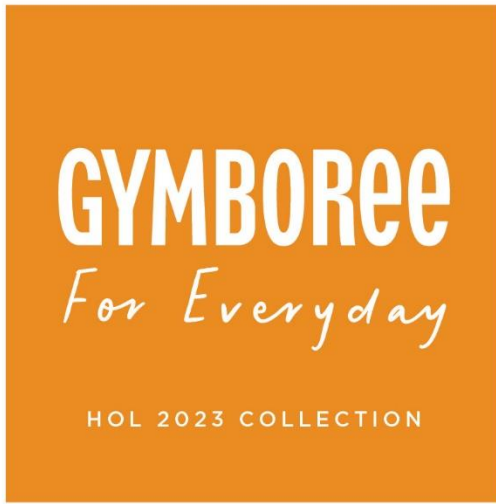
WHAT TO
WEAR!

WHAT TO
GIFT!

HOL 2023 COLLECTION









HOL 2023 COLLECTION























Strategy: ESG Focus Areas

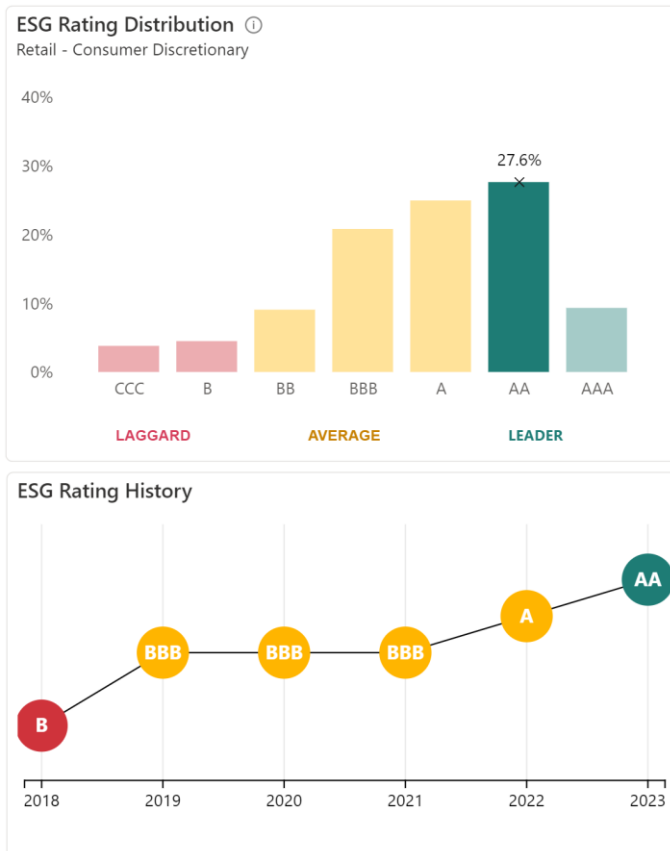
Our **2030 ESG roadmap** encompasses our **16 key focus areas** across environment, social and governance. We utilize international frameworks and recognized standards such as the Sustainability Accounting Standards Board (SASB) guidelines for apparel and footwear, Global Reporting Initiative (GRI) standards, Task Force on Climate-related Financial Disclosures (TCFD) and UN Sustainable Development Goals (SDGs) to guide our areas of focus.

Environment						
	Climate & Energy	Raw Materials	Chemical Management	Water Stewardship	Waste	Circularity
	Reducing GHG emissions across our operations and global supply chain	Increasing the use of more sustainable materials in our products	Supporting implementation of responsible chemical management and wastewater systems	Working with vendors to reduce water consumption in manufacturing and processing	Diverting the amount of our waste sent to landfill	Helping to avert product and material disposal through reuse and recycling
Social						
	Workplace Health & Safety	Talent	Diversity, Equity & Inclusion	Community	Supply Chain Compliance	Worker Well-Being
	Safeguarding our associates and customers	Investing in the people that make our business possible	Building an inclusive environment where all people feel welcome and valued	Supporting children and families in need	Helping to improve the lives of third-party factory workers and to protect their rights in the workplace	Moving beyond the factory walls to improve the well-being of workers and their families
Governance						
	Board Composition	Board Oversight & Risk Management	Ethics & Integrity	Cybersecurity & Privacy		
	Continuing Board refreshment, prioritizing relevant experience and diversity	Operationalizing expanded Committee responsibilities to enhance oversight of ESG	Operating in an ethical and responsible manner in all aspects of our business	Protecting our proprietary information and the information we receive about our customers, associates and other third-party partners		

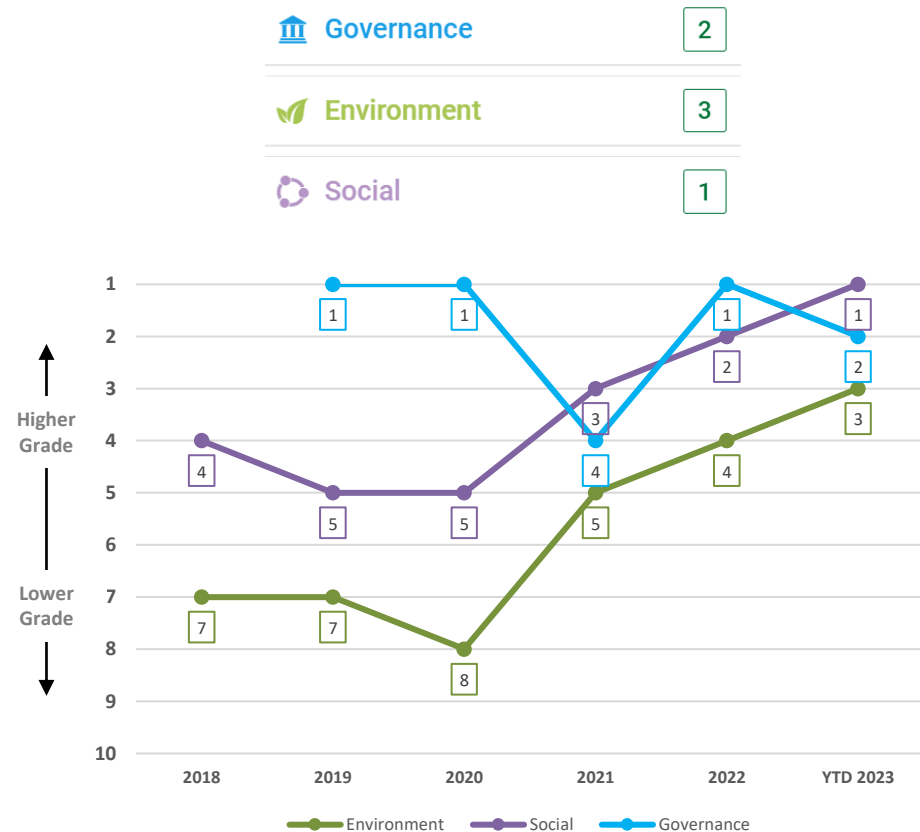
Recognition: ESG Grades for Institutional Investors

We published our **2022 ESG Report** in July 2023 detailing our strategic approach to ESG, including our commitments, goals and progress to date. In Q3 2023, The Children's Place received **Environment and Social score increases** from the ESG rating firms Institutional Shareholder Services (ISS) and MSCI. Grades reflect a company's ESG performance against its industry peers and help institutional investors evaluate the company's long term ESG risks and opportunities.

MSCI



ISS ESG



Community: Helping Children and Families in Need

With family at the root of our brand, we are dedicated to giving back to those in need. Throughout the year, we proudly partner with charities across the country, donating to families impacted by poverty and supporting important causes that strive to improve our communities.

Since 2017, we have partnered with **IronMatt** to support children battling pediatric brain tumors. We were excited to continue our annual sponsorship of a table at the **IronMatt Dinner & Auction** on **September 21** with special guest speakers Dima Negodiuk and his family. The Negodiuk Family came to Brooklyn from Ukraine in 2022 after their son, Mark, was diagnosed with a pediatric brain tumor two days before the war broke out. Over the past eight months, we have helped the family get settled by sending them pajamas and multiple gift cards, in addition to the roughly **\$35,000 in gifts cards and 190 pairs of PJs** we donate annually to IronMatt families throughout the United States.



The Negodiuk Family



We were thrilled to launch a new partnership with **St. Jude Children's Research Hospital** by sponsoring a corporate team for the **St. Jude Walk/Run** on **October 8**. Our team was able to raise **\$13,000** to support St. Jude's commitment to advancing cures and means of prevention for pediatric catastrophic diseases through research and treatment.



THANK YOU

FORWARD LOOKING STATEMENTS

This presentation contains or may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives and adjusted net income per diluted share. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its annual report on Form 10-K for the fiscal year ended January 29, 2022. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by changes in economic conditions, the risks related to the COVID-19 pandemic, including the impact of the COVID-19 pandemic on our business or the economy in general (including decreased customer traffic, schools adopting remote and hybrid learning models, closures of businesses and other activities causing decreased demand for our products and negative impacts on our customers' spending patterns due to decreased income or actual or perceived wealth, and the impact of legislation related to the COVID-19 pandemic, including any changes to such legislation), the risk that the Company's strategic initiatives to increase sales and margin are delayed or do not result in anticipated improvements, the risk of delays, interruptions and disruptions in the Company's global supply chain, including resulting from the COVID-19 pandemic or other disease outbreaks, foreign sources of supply in less developed countries, more politically unstable countries, or countries where vendors fail to comply with industry standards or ethical business practices, including the use of forced, indentured or child labor, the risk that the cost of raw materials or energy prices will increase beyond current expectations or that the Company is unable to offset cost increases through value engineering or price increases, various types of litigation, including class action litigations brought under consumer protection, employment, and privacy and information security laws and regulations, the imposition of regulations affecting the importation of foreign-produced merchandise, including duties and tariffs, and the uncertainty of weather patterns. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

