

COMPANY OVERVIEW AS OF Q3 | 2021



SAFE HARBOR STATEMENT

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 30, 2021. 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 the CARES Act and other legislation related to the COVID-19 pandemic, and any changes to the CARES Act or such other 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 COVID-19 or other disease outbreaks, or 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.

COMPANY OVERVIEW

About Our Business

- **#1 pure play** children's specialty apparel retailer in North America, offering apparel, footwear, and accessories in sizes 0-22
- Strength of design, merchandising, and sourcing teams produces a superior product offering
- Experienced and talented management team, with an average tenure of over seven years, focused on execution and operational excellence
- Strong brand awareness and market share leader in specialty apparel children's retail

Size and Scale of Our Operations¹

703 stores in the United States, Canada and Puerto Rico

Growing e-commerce presence in the U.S. and Canada representing approximately **53%**

of sales in fiscal 2020 and approximately **44%** of sales for year-to-date fiscal 2021

221 international points of distribution in **17** countries



¹ As of October 30, 2021

INVESTMENT HIGHLIGHTS

Realizing the benefits of a multi-year business transformation strategy

How We Serve Our Customer

- Consistently **deliver trend-right product** with an **attractive value proposition** leveraging **deep knowledge** of core customer
- Leading digital customer experience, with focus on **mobile-first enabled transactions** and **optimizing interactions** with our customers through **enhanced brand marketing and personalization**
- Areas of focus: 1) **customer insights**, 2) **customer strategy** and 3) **digital delivery**, including **continuing to acquire and retain omni-channel customers**

Store Portfolio

- Accelerated fleet optimization initiatives – as of October 30, 2021 **closed 496 stores since 2013**, and approximately **50 additional store closures** targeted in fiscal 2021. As a result of **favorable lease negotiations**, the Company is now targeting **275 store closures** since the beginning of fiscal 2020, versus the previously announced target of 300 closures.
- After these closures, we are planning for **a steady state annual digital penetration of approximately 50%** and expect approximately **75%** of our total revenues to be generated **outside of our mall stores** in fiscal 2022



STRATEGIC INITIATIVES: THE PATH AHEAD

The pandemic has accelerated our long-standing transformation strategy by approximately five years with respect to digital transformation and fleet optimization

1 OUR #1 PRIORITY REMAINS SUPERIOR PRODUCT

- Our market share position, consistent styling, and strong value proposition give us confidence that our brand can thrive in all economic environments

2 SCALING DIGITAL TRANSFORMATION

- Supported by accelerated investments from fiscal 2017 to 2020, we achieved one of the highest digital penetrations in the retail industry at 53% of revenue for fiscal 2020
- We are implementing key initiatives to scale and optimize our infrastructure to support increased digital traffic given the continued rapid shift in our customers' shopping patterns to online shopping, a shift that has been accelerated by the COVID-19 pandemic

3 ACCELERATING FLEET OPTIMIZATION

- A long-term strategic focus on optimum lease term flexibility enabled us to significantly and strategically accelerate store closures, without financial penalty, to address the pandemic-driven consolidation of the brick and mortar channel
- The Company ended the quarter with 703 stores and square footage of 3.3 million, a decrease of 12.3% compared to the prior year
- This initiative has greatly reduced our reliance on our brick and mortar channel and we expect our mall-based store portfolio to represent less than 25% of revenue entering fiscal 2022

SUPERIOR PRODUCT

Highly talented design, merchandising, and sourcing teams are core strengths, delivering a superior product offering

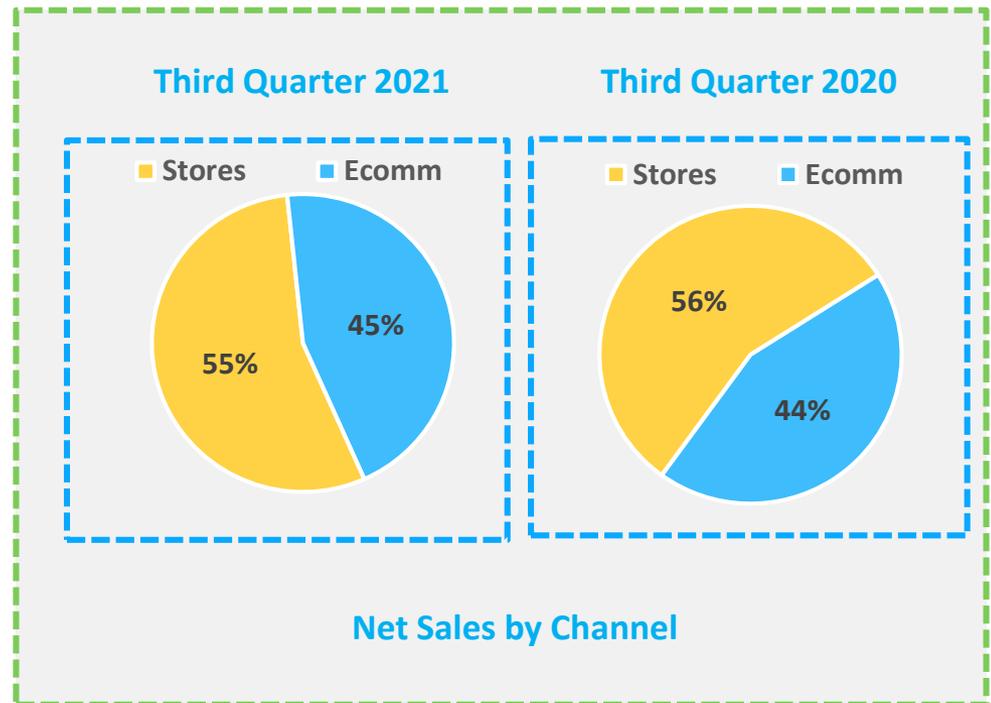
- Consistently strong customer response to differentiated product offering in all economic environments
- Trend-right and age-appropriate assortments
- Better able to service our customer by being in stock in key styles and sizes
- Balancing fashion and fashion basics with more frequent, wear now deliveries
- Relaunched the iconic Gymboree brand in February 2020 to better serve the needs of moms looking for elevated, playful collections for “bow-to-toe” outfitting
- Launched Sugar & Jade in November 2021, a new tween fashion brand that celebrates girls’ individuality and inspires girls to have fun with fashion and encourages them to “Be Ur True Self”



DIGITAL TRANSFORMATION

Our long-standing digital transformation strategy enabled us to quickly and effectively address the impacts of the COVID-19 pandemic

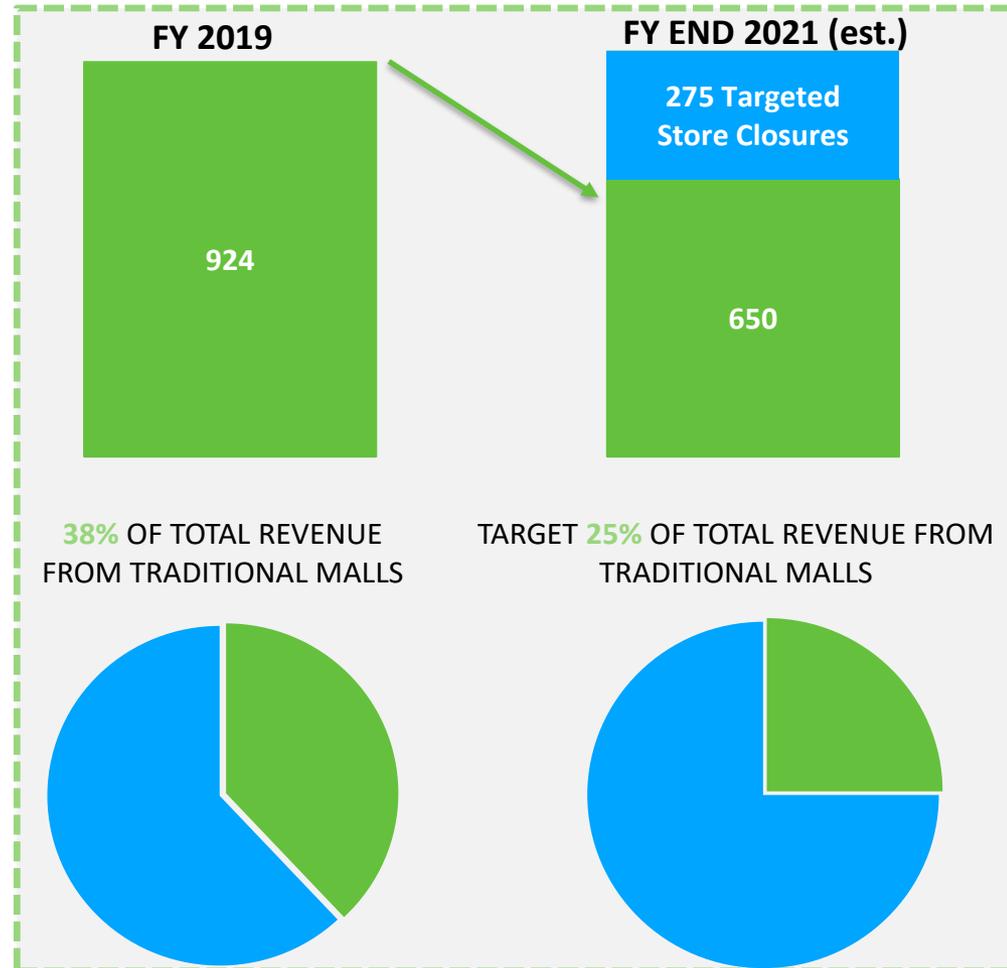
- The pre-existing conditions in our industry – **the shift to online shopping and the consolidation of brick and mortar stores** – have been in place for some time
- The continued impact of COVID-19 has **resulted in further acceleration of the shift to digital**, putting pressure on the already-stressed brick and mortar channel, **resulting in an opportunity to strategically accelerate store closures**
- **The strategic decision to invest \$50M in 2017-2019 to accelerate our digital transformation** and build from scratch our omni-channel capabilities provided us with the platform and infrastructure **to operate at a high level during the pandemic** with the ability to handle the surge in digital demand and order fulfillment



STORE FLEET OPTIMIZATION

Our strong transfer rate for permanently closed stores reinforces our decision to strategically accelerate store closures in 2020 and 2021

- Our sales transfer rate increased from 20% in fiscal 2019 to approximately **30%** in fiscal 2020 and has remained at that level in fiscal 2021
- **271 store closures** from 2013 to 2019, **225 additional stores** since the onset of the pandemic, including **47** in fiscal 2021 year-to-date, and targeting approximately **50 additional closures** in the remainder of fiscal 2021
- Average lease term of less than **2 years**, with over **80% of our portfolio coming due** for lease action through the end of fiscal 2022
- Lease flexibility gave us the opportunity to strategically **secure rent abatements for 2020 and rent reductions** going forward



THIRD QUARTER ADJUSTED 2021 RESULTS

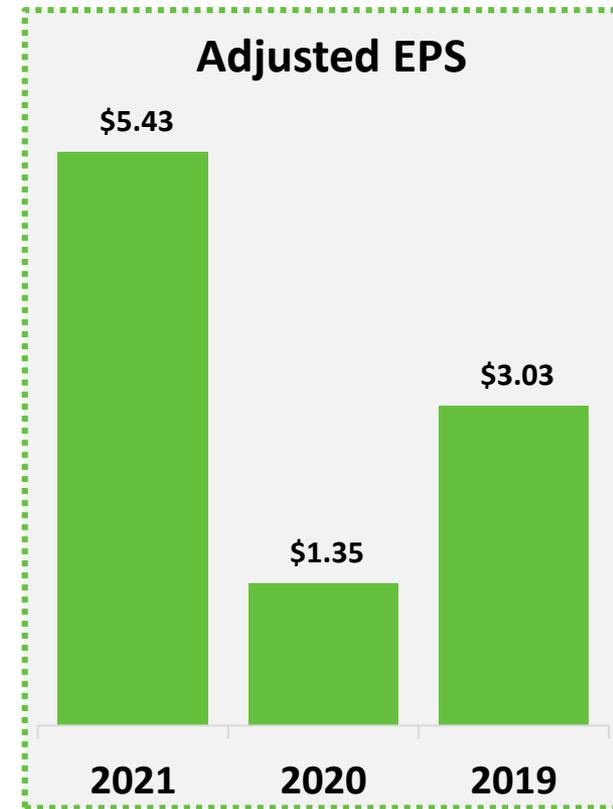
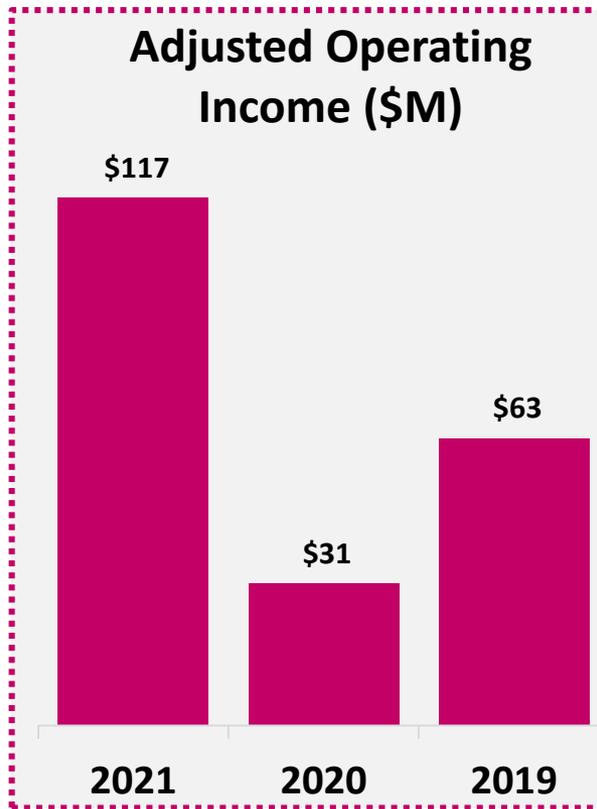
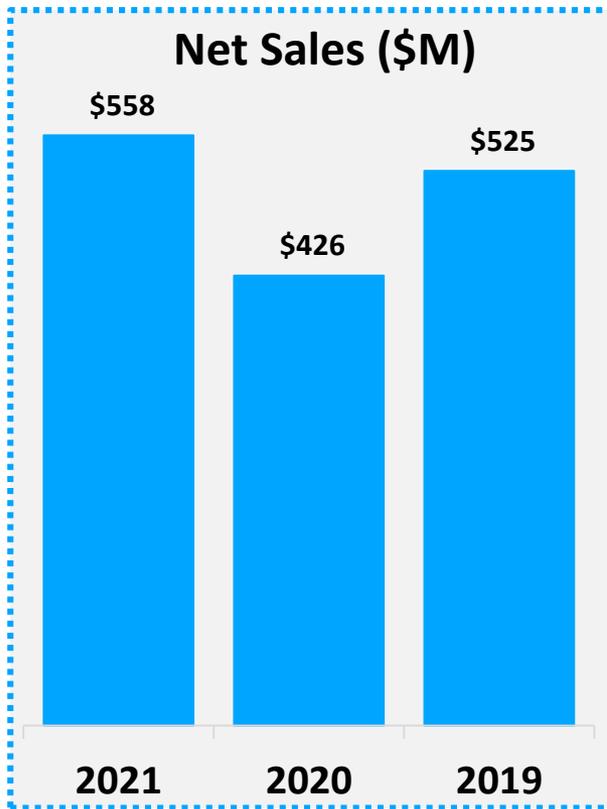
Our operating results reflect net sales, gross margin, operating margin, and EPS all at record levels. Our record results were primarily driven by strong customer response to our product assortment, significantly higher merchandise margins in both our digital and stores channels as a result of strategic pricing and promotional changes, leverage of fixed expenses resulting from the increase in net sales, and lower occupancy expenses. Comparable retail sales were 36.2% for the quarter.

<u>Adjusted Results</u>	Q3 <u>2021*</u>		Q3 <u>2020*</u>		<u>B/(W)</u>
	<u>% Sales</u>		<u>% Sales</u>		
Net Sales	\$558.2		\$425.6		31.2%
Gross Profit	245.0	43.9%	149.8	35.2%	868 Bps
SG&A	114.8	20.6%	103.5	24.3%	375 Bps
Depreciation	<u>13.7</u>	<u>2.5%</u>	<u>15.0</u>	<u>3.5%</u>	<u>106 Bps</u>
Op Income	116.5	20.9%	31.4	7.4%	1,349 Bps
Income Tax	<u>31.7</u>	<u>28.2%</u>	<u>8.4</u>	<u>30.0%</u>	
Net Income	80.8	14.5%	19.7	4.6%	985 Bps
Shares	14.9		14.6		
EPS	\$5.43		\$1.35		

*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>.

** Our comparable retail sales do not exclude any temporarily closed stores, impacted by the COVID-19 pandemic.

THIRD QUARTER 2021 RESULTS



- **Net Sales** increased by 31% versus 2020, a record Q3 net sales total, despite having 252, or 26%, fewer stores.
- **Adjusted Operating Income** a record, was driven by significant double-digit increases in AUR and ADS, as well as lower occupancy expenses.
- **Adjusted EPS** was \$5.43, a record, and increased \$4.08, over the comparable quarter last year.

YEAR-TO-DATE ADJUSTED 2021 RESULTS

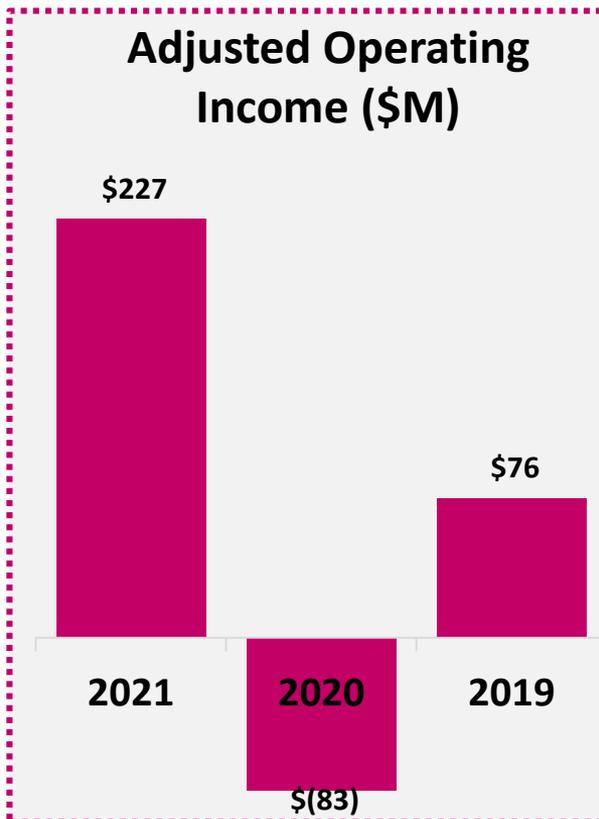
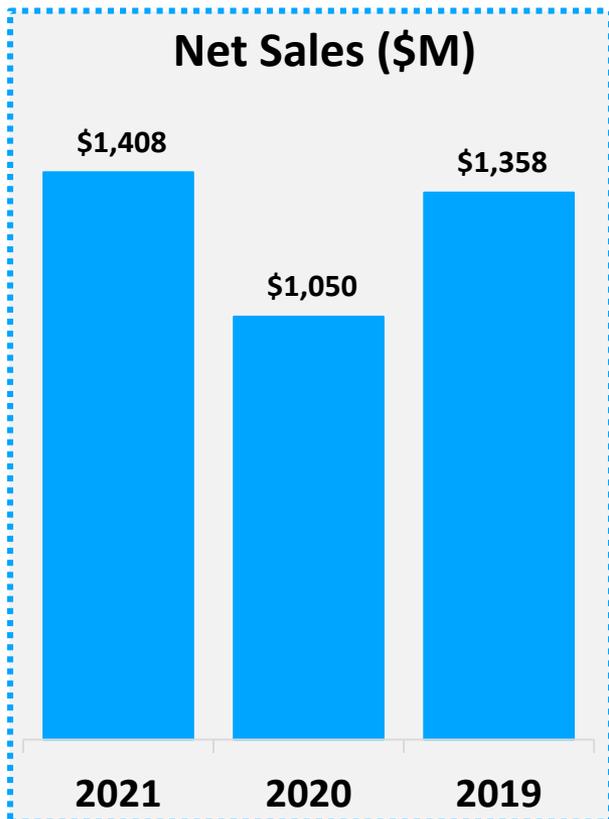
Our operating results reflect gross margin, operating margin, and EPS all at record levels. Our record results were primarily driven by significantly higher merchandise margins in both our digital and stores channels, lower occupancy expenses, and leverage of fixed expenses resulting from the increase in net sales. Year-to-date comparable retail sales are 39.3%.

<u>Adjusted Results</u>	<u>Y-T-D 2021*</u>	<u>% Sales</u>	<u>Y-T-D 2020*</u>	<u>% Sales</u>	<u>B/(W)</u>
Net Sales	\$1,407.6		\$1,049.7		34.1%
Gross Profit	602.3	42.8%	264.9	25.2%	1,755 Bps
SG&A	333.0	23.7%	299.4	28.5%	486 Bps
Depreciation	<u>41.9</u>	<u>3.0%</u>	<u>48.2</u>	<u>4.6%</u>	<u>162 Bps</u>
Op Income	227.4	16.2%	(82.7)	(7.9%)	2,403 Bps
Income Tax	<u>59.0</u>	<u>27.5%</u>	<u>(22.1)</u>	<u>24.5%</u>	
Net Income	155.3	11.0%	(68.3)	(6.5%)	1,754 Bps
Shares	15.0		14.6		
EPS	\$10.37		(\$4.67)		

*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>.

** Our comparable retail sales do not exclude any temporarily closed stores, impacted by the COVID-19 pandemic.

YEAR-TO-DATE 2021 RESULTS



- **Net Sales** increased versus our pre-COVID 2019 net sales, despite having significantly fewer stores, a reduction in mall operating hours, and half of our Canadian stores closed for the majority of the first half. Our net sales were positively impacted by the unprecedented level of stimulus and enhanced child tax credit payments to our customers resulting from the government pandemic relief legislation.
- **Adjusted Operating Income** was driven by significantly higher merchandise margin in both our digital and stores channels, as well as lower occupancy expenses.
- **Adjusted EPS** was \$10.37, an increase of \$15.04, over the comparable period last year.

BALANCE SHEET AND CASH FLOW

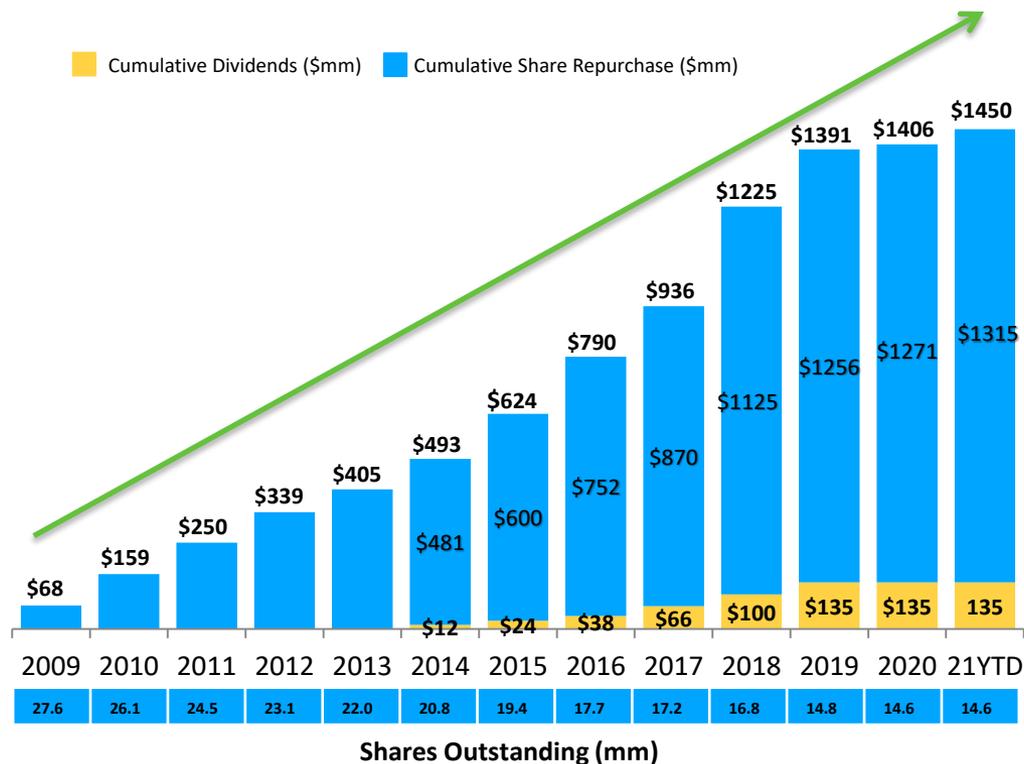
BALANCE SHEET	Q3 2021	Q3 2020
Cash & ST Invest	\$67	\$64
Accounts Receivable	39	31
Inventory	442	428
Revolver	174	179
Accounts Payable	173	284
Term Loan	77	78
CASH FLOW	Q3 2021	Q3 2020
Operating Cash Flow	\$71	\$32
Capital Expenditures	(9)	(9)
Free Cash Flow	\$62	\$23

- Delivered fourth consecutive quarter of **profitability** since the onset of the COVID-19 pandemic
- Cash and short term investments of **\$67 million** versus \$64 million last year with **\$174 million** outstanding on our Revolver, compared to \$179 million outstanding last year
- Refinanced our Revolver and Term Loan subsequent to quarter-end, with **favorable interest rates, extended 5-year terms, reduced reporting requirements, and increased flexibility** under the covenants
- Inventory **increased 3%**
- Generated **\$71 million** in operating cash flow versus \$32 million last year

CAPITAL ALLOCATION

Consistent track record of returning excess cash to shareholders

- Temporarily suspended payment of dividends and share repurchase program as a result of COVID-19 pandemic in Q1 2020.
- Repurchased **\$32 million** during the third quarter, leaving us with **\$48 million** outstanding on our current authorization.
- In November 2021, our Board approved a **new \$250 million authorization** which affirms our commitment to our long-standing capital return program



Q4 OUTLOOK

Opportunities

- More normalized holiday events and celebrations in 2021
- Increased investment in brand marketing
- Gymboree brand momentum
- Fewer and more profitable stores
- Launched new Amazon store front
- Sugar & Jade brand launch
- AfterPay partnership

Risks

- COVID Delta variant and the impact of government mandates on our workforce
- Inflation, including costs of raw materials and labor
- Late deliveries and factory delays
- Higher inbound transportation costs and capacity constraints



THE CHILDREN'S PLACE | HOLIDAY SLEEPWEAR CAMPAIGN

1.8B+

Earned Impressions

97

Earned Media Placements

Yahoo! People E! News Daily
Mail Romper Reader's Digest

AMERICA'S PJ PLACE

Launched disruptive omni-channel holiday sleepwear campaign rooted in 5+ celebrity endorsements, including America's favorite pop-culture family – the Kardashian/Jenners, and 15 influencer partnerships.

35.4M+

Organic Social Engagements

"OMG! Can't wait to buy for the family!"

"LOVE this!" "Just ordered!"

"We are going to need these!"

"Just ordered for my family of 15 can't wait!"

This campaign upped the ante and drove the largest amount of organic social engagements in the children's apparel industry, and affirmed The Children's Place as the leader in holiday matching family sleepwear.



"We're celebrating four generations of family with one of our coziest traditions."

–Kris Jenner



GYMBOREE | HOLIDAY



"Keep the cuteness coming!"

The most magical time of the year is [here](#) as Gymboree launched eight (8) new festive, picture-perfect holiday collections.

For the first time ever, and after overwhelming customer requests, these collections are available for the full family, including parents and babies!

The beloved brand was met with incredibly positive sentiment on the assortment, and continues its successful two-way dialogue with shoppers by actively listening to feedback and delivering against their wants and desires from the brand.



"Can't wait to see what you have coming next."



"It's possible I bought too much 🤔🥰"



"The cuteness is off the charts with these collections!!! So many cute brother/sister options!"



SUGAR & JADE | LAUNCH



Sugar & Jade is the newest girl's fashion site, for sizes 8-22, that makes it fun, colorful & easy to get dressed for today & for whatever lies ahead.

Sugar & Jade... a brand for every girl, every body, every day.

@sugarandjade



TCP HOLIDAY 2021



OUR ENVIRONMENTAL AND SOCIAL ROADMAP

On November 15th, 2021 we published our comprehensive 2020 ESG Report which can be found at <http://corporate.childrensplace.com> under the ESG tab

Since 2015, we have continuously expanded our ESG programs, policies and partnerships:

	2015 - 2017	2018 - 2020	2021 - 2022	2023 - 2025
APPROACH	Strengthening our social compliance program and establishing factory worker well-being programs	Establishing our first environmental initiative roadmap and launching new sustainability goals	Expanding the scale and impact of our Environmental & Social initiatives	Working to achieve our goals and become a leader in our industry
FOCUS AREAS	Supply Chain Compliance, Worker Well-Being	Supply Chain Compliance, Worker Well-Being, Climate + Energy, Raw Materials, Water Stewardship, Chemical Management	Supply Chain Compliance, Worker Well-Being, Climate + Energy, Raw Materials, Water Stewardship, Chemical Management, Waste, Circularity, Diversity Equity & Inclusion (DE&I)	Supply Chain Compliance, Worker Well-Being, Climate + Energy, Raw Materials, Water Stewardship, Chemical Management, Waste, Circularity, Diversity Equity & Inclusion; New Focus Area(s) As Needed
HIGHLIGHTS	<ul style="list-style-type: none"> Published first comprehensive Vendor Code of Conduct Established in-house social compliance audit team Joined ILO's BetterWork program to enhance factory capacity building Sponsored worker well-being programs on women's health, nutrition and financial literacy 	<ul style="list-style-type: none"> Published first Corporate Environmental Policy & Vendor Environmental Policy Joined Sustainable Apparel Coalition (SAC) and Better Cotton Initiative (BCI) Established first environmental goals on GHG emissions reduction, responsibly sourced cotton, water conservation and chemical management 	<ul style="list-style-type: none"> Published first Human Rights Policy Strengthened commitment to build an equitable and inclusive culture through awareness and education Established new goals on Raw Materials, Waste, Circularity and DE&I Sponsored launch of early childhood development center in Ethiopia 	<ul style="list-style-type: none"> Complete 2023 goals on water reduction, chemical management and worker well-being Assess and adjust roadmap as needed Set timing for zero discharge of hazardous chemicals in supply chain Complete 2025 goals on responsibly sourced cotton and trim, waste diversion, packaging and associate diversity

ENHANCED ESG FOCUS AND OVERSIGHT

Our ESG focus areas support our commitment to cultivate a more sustainable environment and a more equitable and inclusive culture



ENVIRONMENT

- Climate + Energy
- Raw Materials
- Water Stewardship
- Chemical Management
- Waste & Circularity



PEOPLE

- Diversity, Equity & Inclusion
- Workplace Health & Safety
- Talent
- Community



SUPPLY CHAIN

- Supply Chain Compliance
- Worker Well-Being

Board Oversight of ESG Topics

We recently renamed and updated charters of two Board Committees to formalize their expanded role in overseeing ESG initiatives. We also refreshed the committees' memberships to better leverage our directors' skillsets and expertise

- ▶ **Human Capital & Compensation Committee** (formerly Compensation Committee)
Oversees **DE&I initiatives** and all other **human capital management** topics (as well as compensation)
- ▶ **Corporate Responsibility, Sustainability & Governance Committee** (formerly Nominating & Corporate Governance Committee)
Oversees all **environmental topics**, as well as social topics focused on **supply chain compliance and worker well-being** (in addition to corporate governance matters)

ESG DISCLOSURES AND GOALS

We have continued to enhance our ESG disclosures, aligning them to popular frameworks, while setting and reporting our progress against rigorous goals and objectives

ENHANCED ESG DISCLOSURES

- Published **comprehensive 2020 ESG Report** in November 2021, available at <http://corporate.childrensplace.com> under the ESG tab
- Report includes **22 public goals across our operations**, including progress toward public goals during fiscal 2020, as well as updated and newly established public goals to guide future actions and demonstrate transparency and accountability
- Aligned with SASB, GRI and the United Nations Sustainable Development Goals



GOALS ALIGNED TO KEY FOCUS AREAS

Diversity, Equity & Inclusion

- ▶ Double representation of Black associates at our US Corporate Headquarters by end of fiscal 2025 (from a base year of fiscal 2020)
- ▶ *Newly established goal*

Water Stewardship

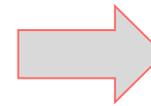
- ▶ Vendors managing top 20 denim and woven bottoms factories to reduce water usage by 25% in their manufacturing and washing operations by end of 2023
- ▶ *Current progress: 17% reduction against FY18 baseline*

Waste and Circularity

- ▶ Divert 80% of waste generated by our corporate headquarters, distribution centers and retail stores from landfill by end of 2025
- ▶ *Current progress: 74% operational waste diversion rate*

Climate & Energy

Raw Materials



See p. 23 for details

ENVIRONMENTAL SUSTAINABILITY

We are committed to reducing the environmental impacts associated with our business



Climate + Energy:

Reducing greenhouse gas emissions (GHG) in our operations and across our global value chain



Water Stewardship:

Working with vendors to reduce water consumption in manufacturing and processing



Chemical Management:

Supporting the implementation of responsible chemical management and wastewater systems



Raw Materials:

Using more sustainable raw materials throughout our business



Waste:

Diverting the amount of our waste sent to landfill



Circularity:

Helping to avert product and material disposal through reuse and recycling

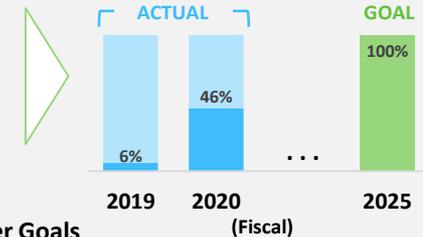
FOCUS ON GHG EMISSIONS REDUCTION

- Working to reduce GHG emissions across our value chain to help **mitigate climate-related business risks** and meet associate, customer and investor expectations
- Calculated our GHG emissions baseline and now **annually update our progress on reducing our carbon footprint, in line with the following science-based goals approved by the Science Based Targets initiative (SBTi)**
 - ▶ **Reduce absolute scope 1 and scope 2 market-based GHG emissions across our global operations by 30% by 2030, from a 2018 baseline**
 - ▶ **Reduce absolute scope 3 GHG emissions from purchased goods and product transport* by 30% by 2030, from a 2018 baseline**

FOCUS ON SUSTAINABLE COTTON & POLYESTER FIBER

- Committed to **improving cotton farming practices globally** through membership in the Better Cotton Initiative (BCI)
- Exceeded goals for fiscal 2020 and 2022
- New goal to transition **100% to responsibly sourced cotton by the end of 2025**

Responsibly Sourced Cotton Goals and Achievements



Recycled Polyester Goals

- 100%** Recycled material for the polyester fibers in pocket bags used in denim and woven bottoms by end of fiscal 2025
- 100%** Recycled material for the polyester fibers used in woven labels and zipper tape by end of 2025
- 25%** Recycled material for the polyester fibers used in apparel by end of 2030

*Includes Category 1 (Purchased Goods and Services), Category 2 (Capital Goods) and Category 4 (Upstream Transportation and Distribution). Category 9 (Downstream Transportation and Distribution) is no longer relevant because we purchase all outbound transportation and distribution services, so related emissions from the 2018 baseline have been reallocated to Category 4

HUMAN CAPITAL MANAGEMENT

We invest in our associates, support the well-being of the people who make our product and give back through philanthropic activities



Workplace Health & Safety:

Safeguarding our associates and customers, including through increased safety measures during the COVID-19 pandemic



Talent:

Investing in the people that make our business possible



Diversity, Equity & Inclusion:

Building an inclusive environment where all people feel welcomed and valued



Community:

Supporting children and families in need

Our focus on talent acquisition and development programs helps us grow and sustain diverse representation across our workforce

- Diverse teams operating in an inclusive environment enhances our business results
- We are building a diverse pipeline of entry level talent through our internship program by partnering with organizations and academic institutions such as Black Retail Action Group and Howard University
- Building an inclusive culture through awareness, education and training on DE&I for associates
- Committed to the development, advancement retention and reward of top talent: ~50% of all open roles filled through internal promotions in fiscal year 2020

Over **50%** of our Board of Directors and senior leadership team are women

87% of our associates are women

87% of new hires and **90%** of promotions during fiscal 2020 were women

64% of our associates identify as racially or ethnically diverse

Racially or ethnically diverse associates represented **70%** of new hires and **62%** of promotions during fiscal 2020

Published EEO-1 data in November 2021, available in our ESG report at <http://corporate.childrensplace.com> under the ESG tab

THANK YOU

