



THE CHILDREN'S
PLACE

COMPANY OVERVIEW

THIRD QUARTER FISCAL 2022 RESULTS



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

\$1.7B
in Annual Revenue*

50% Planned Digital Penetration

658 Stores in the U.S. and Canada*

Less than **25%** of Revenue from Traditional Malls

213 International points of distribution*

Accelerated Amazon Opportunity



THE CHILDREN'S
PLACE



GYMBOREE



sugar & jade



PJ
PLACE

* As of October 29, 2022

- **Strong brand awareness** and **market share leader** in children's specialty apparel retail
- Strength of design, merchandising, and sourcing teams delivers an on-trend **superior product offering**, with an **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
- **Digitally led** operating model generates significant free cash flow, providing consistent **shareholder returns**
- **Experienced and talented management team**, with an average tenure of over seven years, focused on execution and operational excellence





FINANCIAL HIGHLIGHTS

	Q3 2022		Q3 2021		Q3 2019		22 vs. 21 Inc/(Dec)		22 vs. 19 Inc/(Dec)	
		% of Sales		% of Sales		% of Sales	%	BPS	%	BPS
Net Sales	\$509		\$558		\$525		-9%		-3%	
Gross Profit	177	34.8%	245	43.9%	198	37.8%	-28%	(910)	-11%	(300)
SG&A	105	20.7%	115	20.6%	117	22.2%	-8%	10	-10%	(150)
Depreciation	12	2.4%	14	2.5%	18	3.4%	-9%	(10)	-31%	(100)
Operating Income	59	11.6%	117	20.9%	63	12.1%	-49%	(930)	-7%	(50)
Interest	4	0.7%	4	0.7%	2	0.4%	-4%	0	76%	30
Income Before Taxes	55	10.9%	113	20.2%	61	11.7%	-51%	(930)	-10%	(80)
Income Tax	12		32		14		-64%		-19%	
Net Income	\$44	8.6%	\$81	14.5%	\$47	9.0%	-46%	(590)	-7%	(40)
Diluted EPS	\$3.33		\$5.43		\$3.03		-39%		10%	
EBITDA	\$72	14.1%	\$130	23.3%	\$81	15.5%	-45%	(920)	-12%	(140)

Net Sales -8.8% to last year, -10.0% on comp basis:

- Impact of permanent store closures
- Impact of a slowdown in consumer demand, resulting from the unprecedented inflation impacting our customer
- Lapping the impact of the enhanced child tax credit and a record Back to School season last August

Operating margin 11.6%, - 930 bps to last year and -50 bps to 2019:

- Higher inbound transportation costs due to global supply chain disruptions
- Lower merchandise margin driven by higher AUC (partially offset by higher AUR)

*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 temporarily closed stores impacted by the COVID-19 pandemic.

	YTD 2022		YTD 2021		YTD 2019		22 vs. 21 Inc/(Dec)		22 vs. 19 Inc/(Dec)	
		% of Sales		% of Sales		% of Sales	%	BPS	%	BPS
Net Sales	\$1,252		\$1,408		\$1,358		-11%		-8%	
Gross Profit	434	34.6%	602	42.8%	488	36.0%	-28%	(820)	-11%	(140)
SG&A	327	26.1%	333	23.7%	359	26.5%	-2%	240	-9%	(40)
Depreciation	39	3.1%	42	3.0%	53	3.9%	-8%	10	-28%	(80)
Operating Income	68	5.4%	227	16.2%	76	5.6%	-70%	(1,080)	-10%	(20)
Interest	8	0.6%	13	0.9%	6	0.5%	-38%	(30)	32%	10
Income Before Taxes	60	4.8%	214	15.2%	70	5.1%	-72%	(1,040)	-14%	(30)
Income Tax	13		59		14		-77%		-4%	
Net Income	\$47	3.7%	\$155	11.0%	\$56	4.1%	-70%	(730)	-17%	(40)
Diluted EPS	\$3.48		\$10.37		\$3.53		-66%		-1%	
EBITDA	\$107	8.5%	\$269	19.1%	\$129	9.5%	-60%	(1,060)	-17%	(100)

Net Sales -11.0% to last year, -11.7% on comp basis:

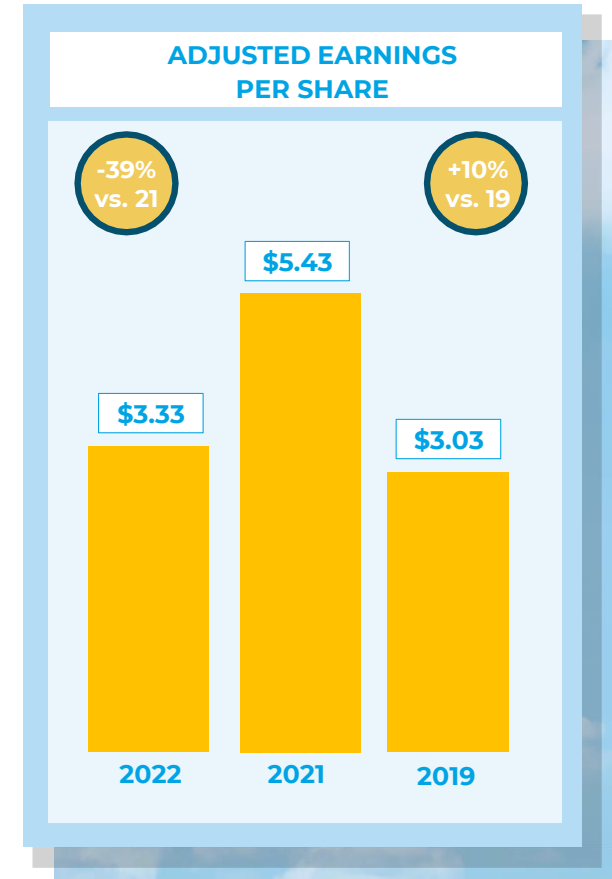
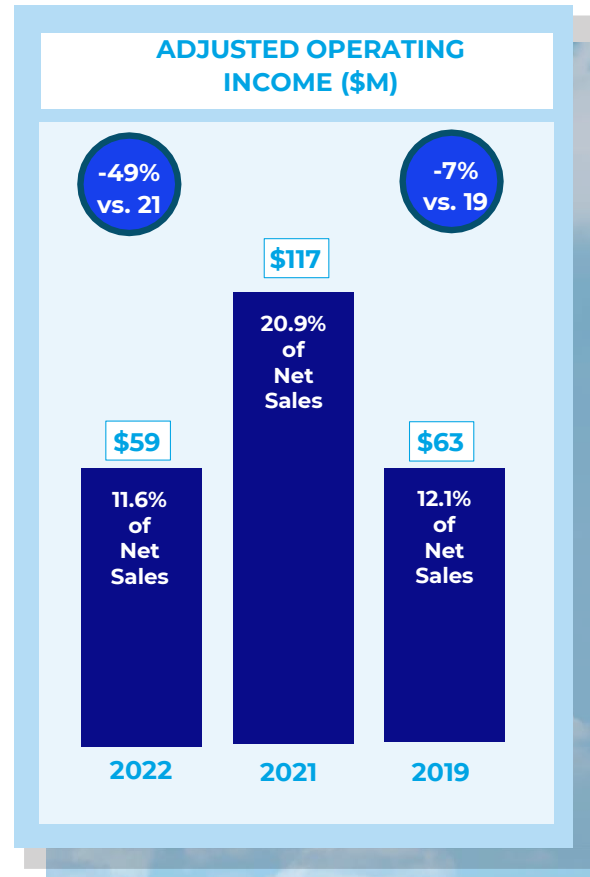
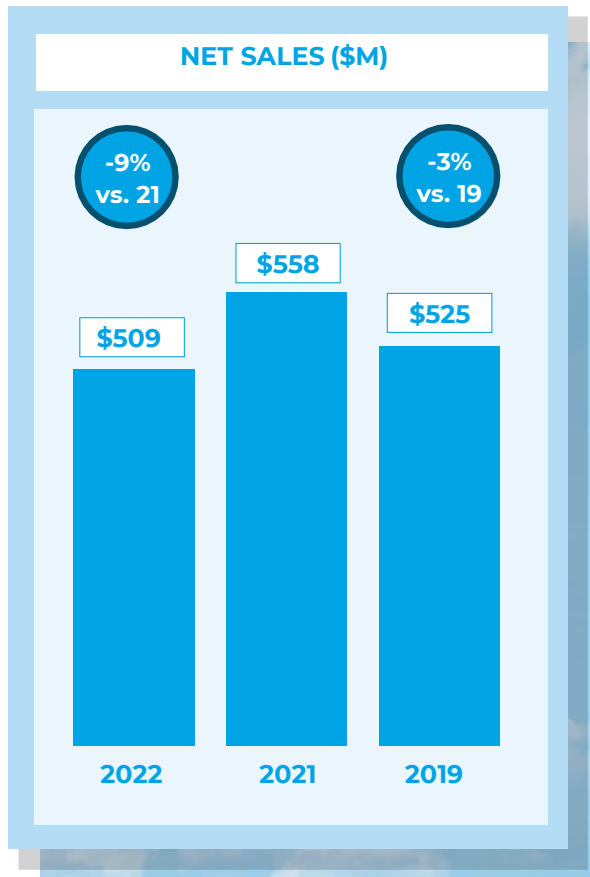
- Lapping the COVID-19 government stimulus relief programs last year
- Impact of a slowdown in consumer demand, resulting from the unprecedented inflation impacting our customer
- Increased promotional activity across the sector
- Impact of permanent store closures

Operating margin 5.4%, - 1,080 bps to last year and -20 bps to 2019:

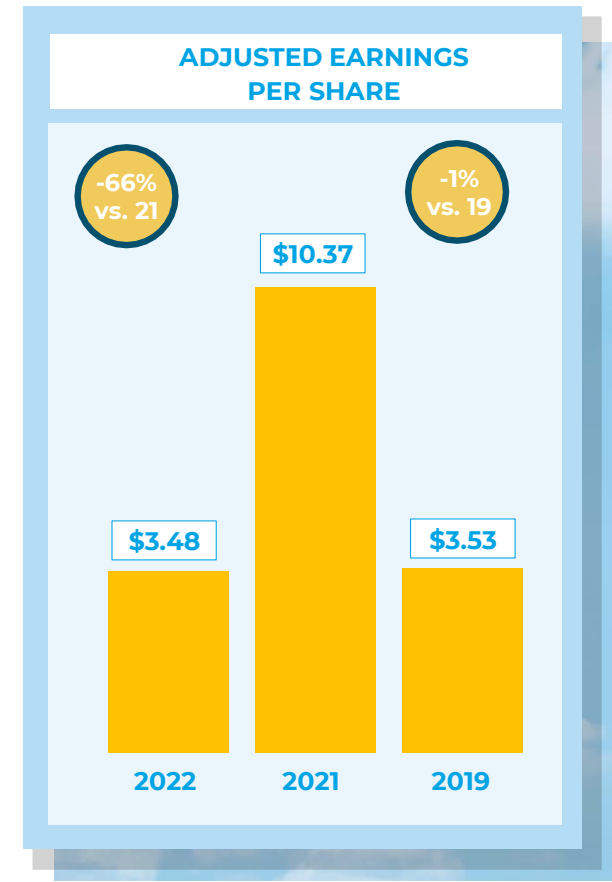
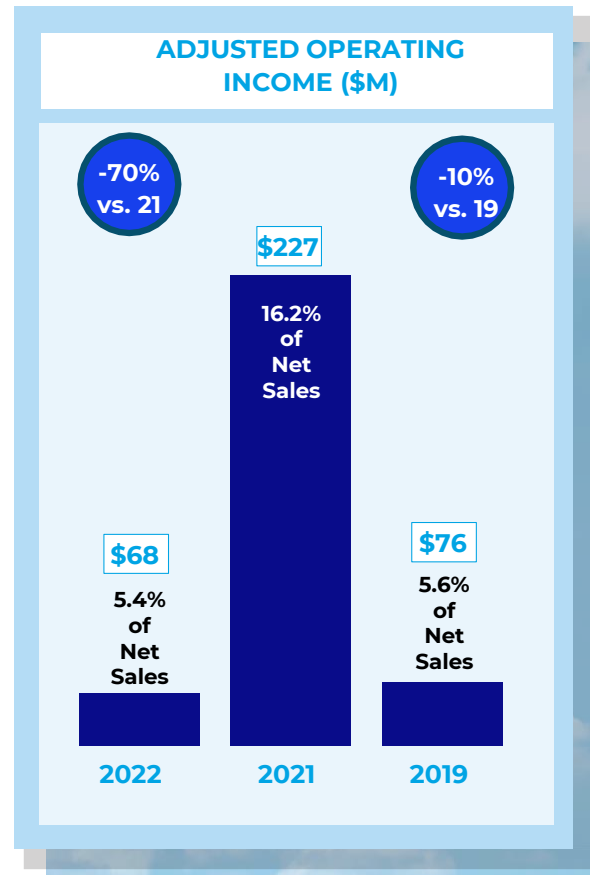
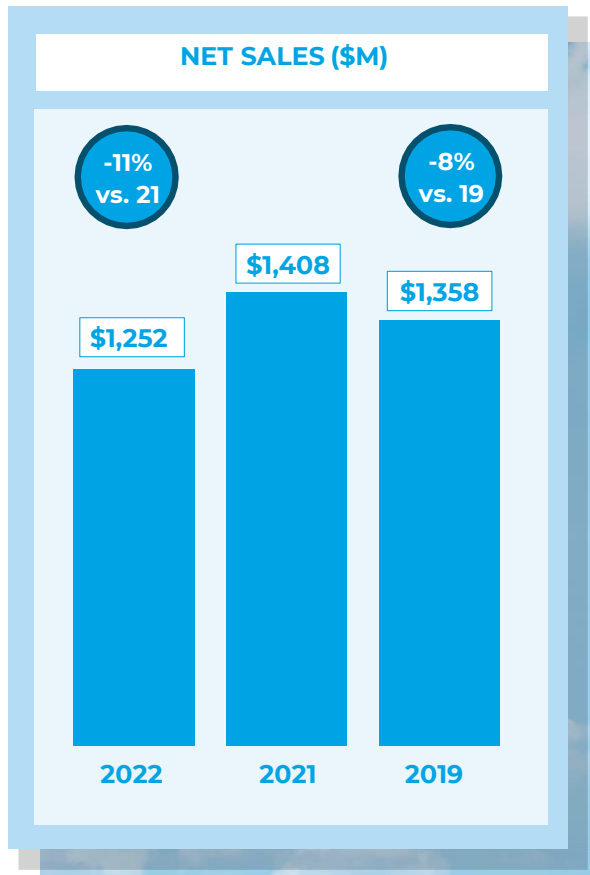
- AUR pressure resulting from a slowdown in consumer demand and an increase in promotional activity across the sector
- Higher inbound transportation costs due to global supply chain disruptions
- Fixed costs de-leverage on lower net sales

*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>.

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



- **Net Sales decreased 9% versus last year**, driven by the impact of permanent store closures, a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and lapping the impact of the enhanced child tax credit and a record Back to School season last August.
- **Adjusted Operating Income** was **-930 basis points versus last year**, driven by higher supply chain costs, including inbound freight, and lower merchandise margin versus last year
- **Adjusted Earnings per Share** was \$3.33, versus \$5.43 in 2021 and \$3.03 in 2019

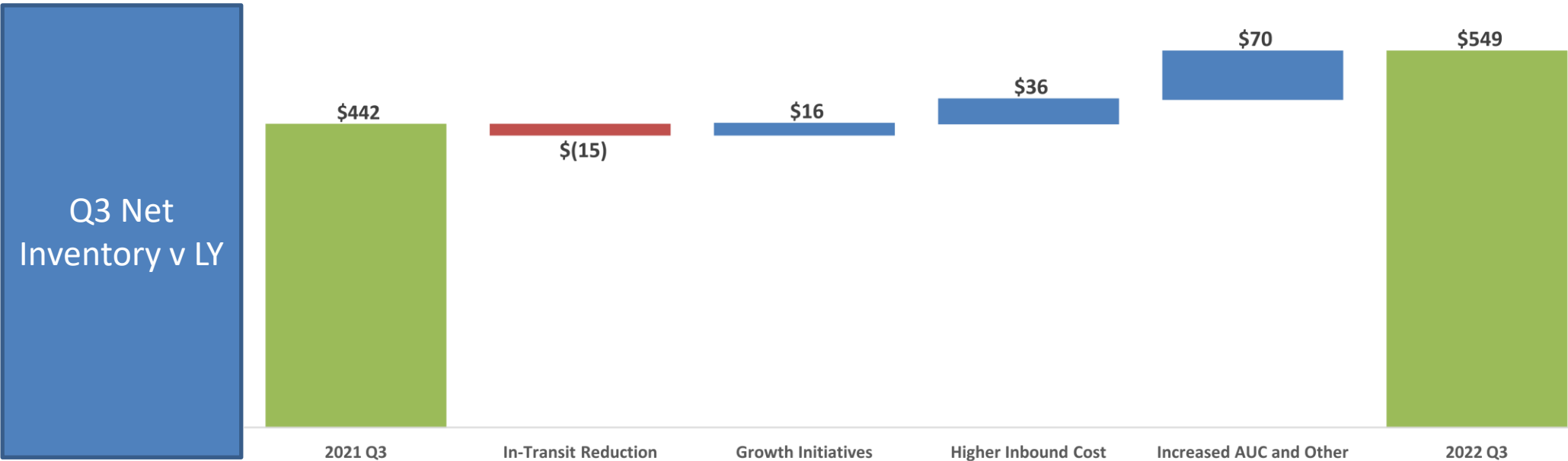


- **Net Sales decreased 11% versus last year**, driven by lapping the COVID-19 stimulus relief program last year, the impact of a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, an increase in promotional activity across the sector, and the impact of permanent store closures.
- **Adjusted Operating Income was -1,080 basis points versus last year**, driven by lower merchandise margins due to unplanned AUR pressure resulting from an abrupt slowdown in consumer demand, coupled with an increase in promotional activity across the sector, higher inbound transportation and supply chain expenses, and the deleverage of fixed expenses resulting from the decline in net sales.
- **Adjusted Earnings per Share** was \$3.48, versus \$10.37 in 2021 and \$3.53 in 2019

BALANCE SHEET (3 rd QTR)	2022	2021
Cash	\$19	\$67
Accounts Receivable	49	39
Inventory	549	442
Revolver	265	174
Accounts Payable	221	173
Term Loan	50	77

CASH FLOW (3 rd QTR)	2022	2021
Operating Cash Flow	\$36	\$71
Capital Expenditures	(12)	(9)
Free Cash Flow	\$24	\$62
Share Repurchases	(\$13)	(\$32)

- Cash and short-term investments of **\$19 million** versus \$67 million last year with **\$265 million** outstanding on our Revolver, compared to \$174 million outstanding last year
- Inventory **increased 24%** compared to 34% increase in Q2
- Accounts Payable **increased 28%**, resulting from timing of merchandise receipts and higher in-transit inventories
- Delivered **\$36 million** in operating cash flow in Q3 2022
- **\$18 million** in capital returned to shareholders in Q3 2022



Actions Taken to Manage Inventory

- Optimized inventory into the Amazon channel to accelerate Amazon delivering outsized growth versus Q3 2021
- Basics inventory represents approximately 50% of our on-hand inventory, supporting several key categories with little to no markdown risk in a volatile demand environment
- Reduced inventory on order and in transit in the back half of the year and into next year
- Focus on right-sizing inventory levels in Q4

Our outlook reflects:

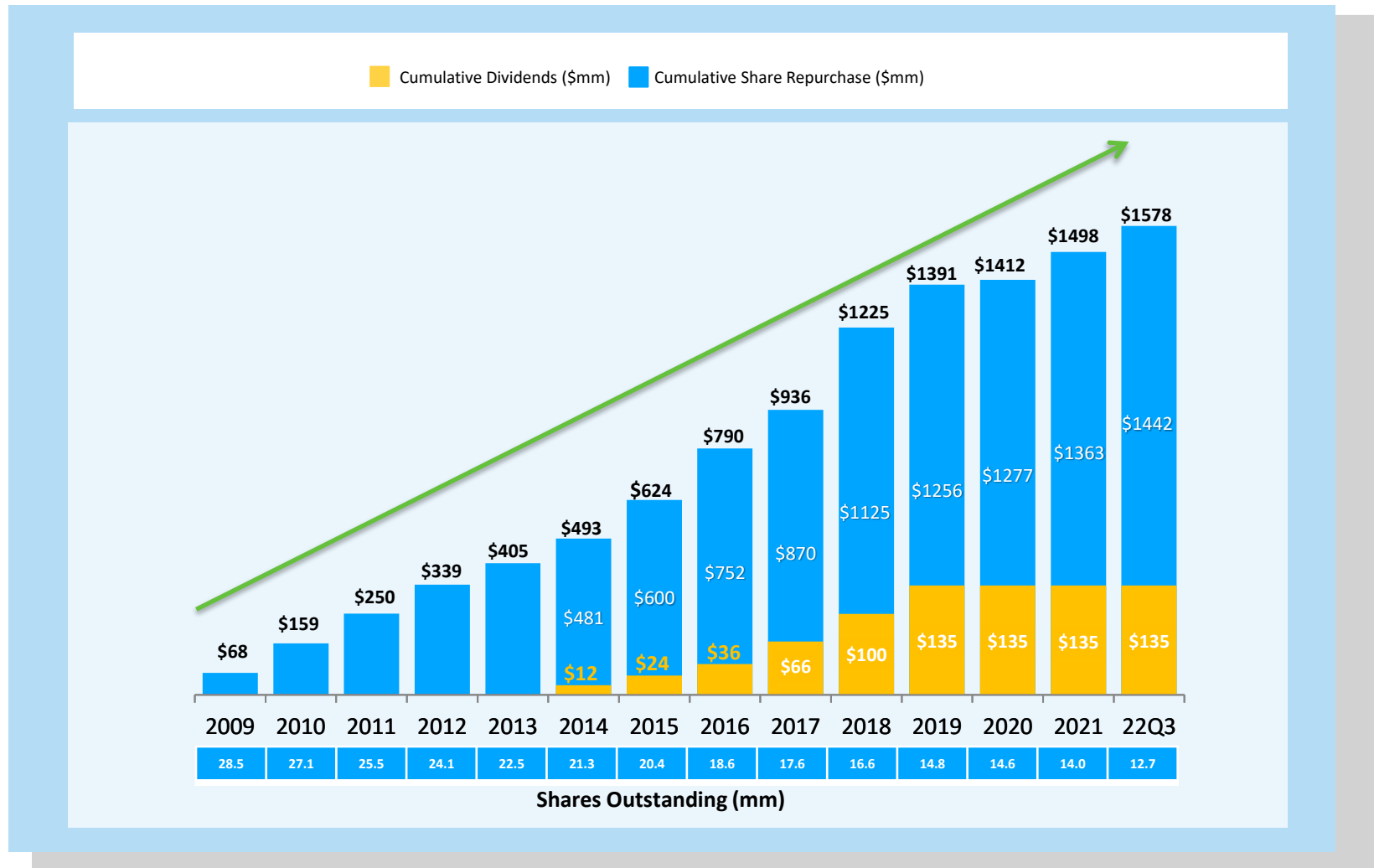
- Continued challenging macroeconomic environment and record inflation.
- Significantly heightened promotional environment.
- Meaningful progress on right-sizing inventory
- Lapping record results in Q4 2021.
- Elevated freight and supply chain costs.
- Lower incentive compensation.
- Reduced discretionary spending.
- Continued investment in marketing.
- Cumulative benefit of share repurchases.

<i>\$ in millions</i>	2022	2021	2019
FOURTH QUARTER	Outlook	<i>(% vs. 2021)</i>	<i>(% vs. 2019)</i>
Net Sales	\$460 - \$470	\$508 <i>-7% to -9%</i>	\$513 <i>-8% to -10%</i>
Adjusted Operating Income	2.5% - 3.3%	12.1% <i>-880 to -950 bps</i>	6.9% <i>-360 to -440 bps</i>
Adjusted Diluted EPS	\$0.50 - \$0.75	\$3.02 <i>-75% to -83%</i>	\$1.85 <i>-59% to -73%</i>

<i>\$ in millions</i>	2022	2021	2019
FULL YEAR	Outlook	<i>(% vs. 2021)</i>	<i>(% vs. 2019)</i>
Net Sales	\$1,713 - \$1,723	\$1,915 <i>-10% to -11%</i>	\$1,871 <i>-8% to -9%</i>
Adjusted Operating Income	4.7% - 4.8%	15.1% <i>-1,030 to -1,040 bps</i>	6.0% <i>-110 to -130 bps</i>
Adjusted Diluted EPS	\$4.05 - \$4.30	\$13.40 <i>-68% to -70%</i>	\$5.36 <i>-20% to -24%</i>



During the three months ended October 29, 2022, the Company repurchased **434 thousand shares** for approximately **\$18 million**, inclusive of shares repurchased and surrendered to cover tax withholdings associated with the vesting of equity awards held by management. As of October 29, 2022, **\$178 million** remained on the Company's existing share repurchase program authorization.



A group of five young girls are joyfully holding up a large, decorated Christmas tree. They are dressed in festive winter clothing, including sweaters, plaid pants, and hats. The tree is heavily decorated with red and white ornaments and garlands. The background shows a white trailer with a red stripe and a wreath on the wall. The overall scene is bright and cheerful, capturing the spirit of the holiday season.

DIGITAL FIRST

Q3 DIGITAL PENETRATION 50%



+6%
Digital
Penetration
Growth YOY

75%
Mobile
Penetration

+38%
Mobile App
Sales
Penetration
Growth YOY

+31%
Mobile App
Sales Growth
YOY

+34%
Mobile App
Unique
Customers
Growth YOY

+43%
Mobile App
Traffic Growth
YOY

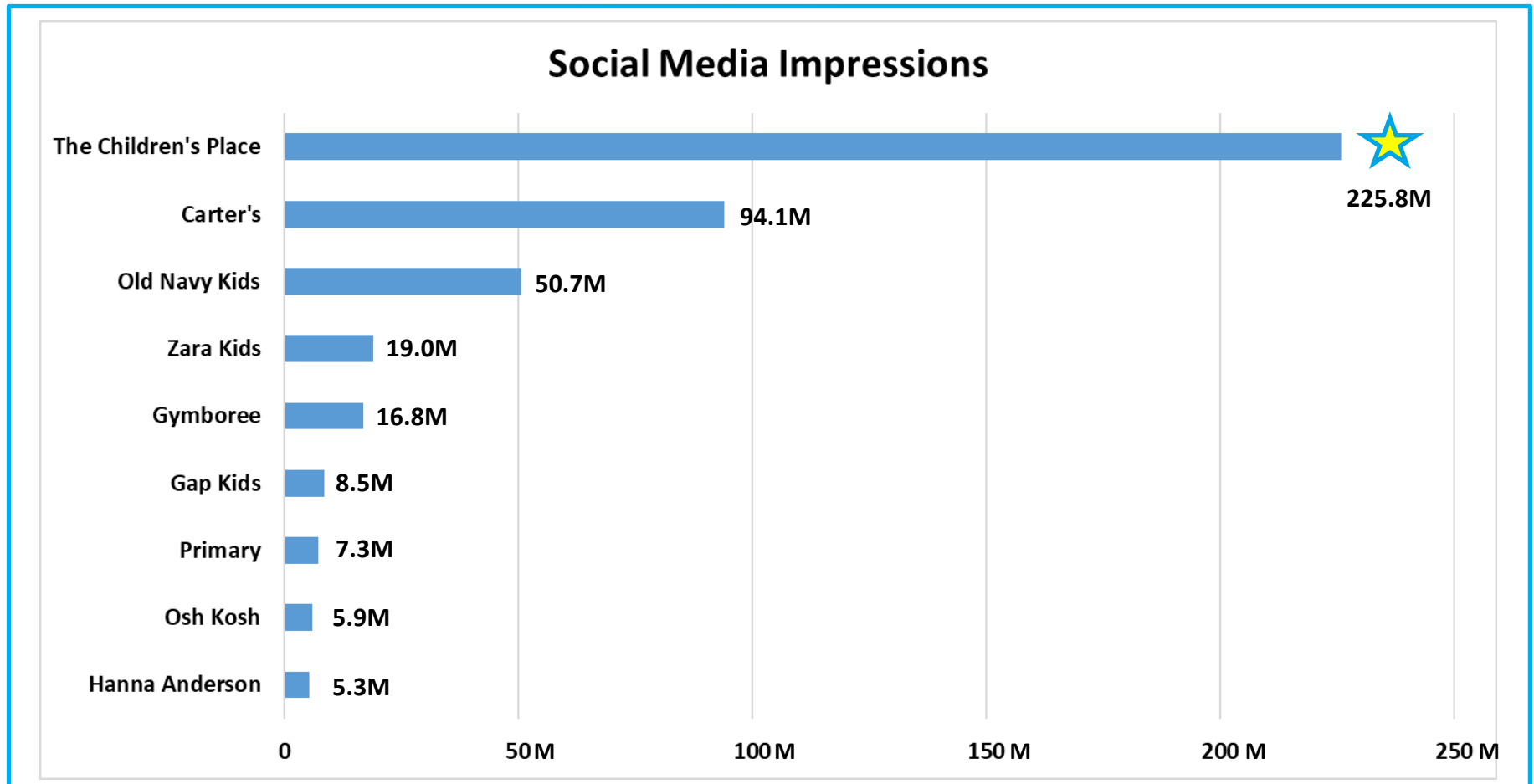


MARKETING



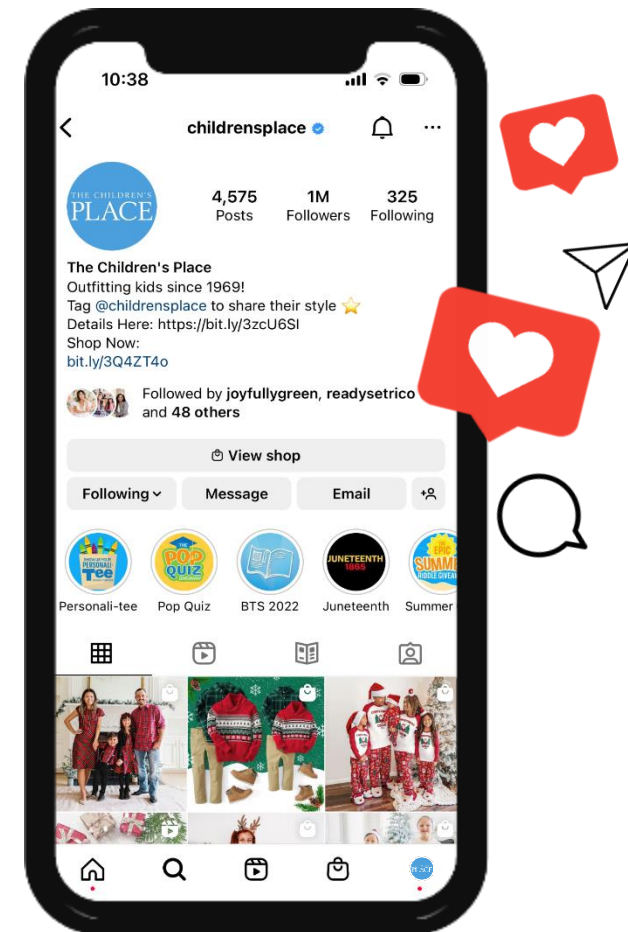
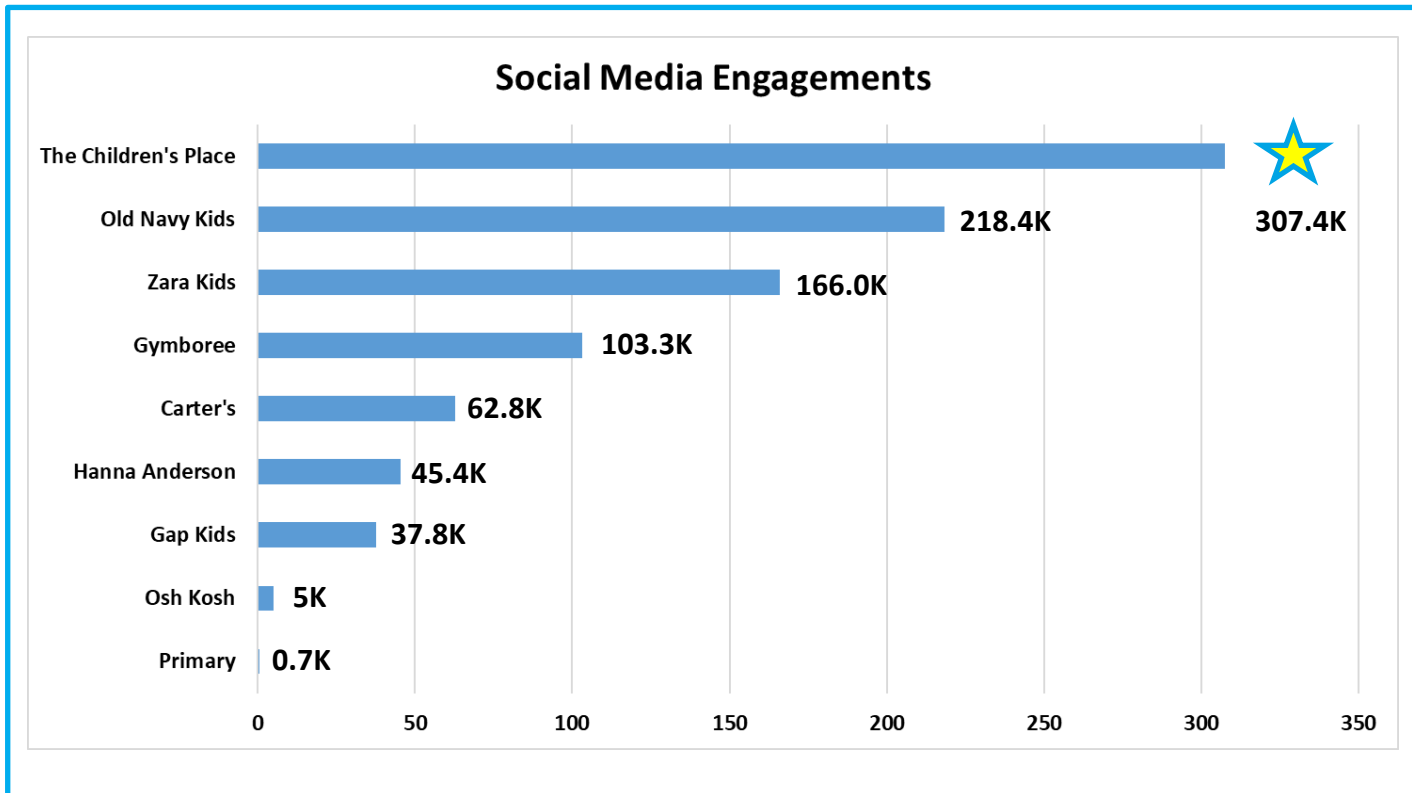
THE CHILDREN'S PLACE DOMINATED THE CATEGORY ACROSS SOCIAL MEDIA

The Children's Place **dominated in Q3** across Facebook, Instagram and Twitter **totaling over 225M brand social media impressions.**



THE CHILDREN'S PLACE DRIVES STRONG ORGANIC SOCIAL INTERACTIONS

Significant organic social engagement growth of +45% versus Q2, with over 307K social interactions demonstrating the power of our strong and engaged followings across Facebook, Instagram and Twitter.



THE CHILDREN'S PLACE
+45% Increase in Engagement Rate vs. Q2 22

Generated even greater brand awareness, while affirming, The Children's Place as the leader in matching family sleepwear by the editorial, celebrity and shopper communities. Partnered with the iconic Kardashian-Jenner families (for a second year!) and over 15 influencer families for the Holiday Sleepwear brand campaign, driving over **7B earned media and social impressions**.

The Holiday Sleepwear campaign represents a time on bringing loved ones together to celebrate family traditions, make new holiday memories and share the joy of the season.

- Launched national, multi-prong, Brand Campaign with brand ambassadors, Kris Jenner & Khloé Kardashian
- Produced rich photo-and-video content and amplified across digital landscape

390+
Press Pickups

Rolling Stone | MUSIC | POLITICS | TV & MOVIES (SUB) | CULTURE | RS RECOMMENDS

KOZY KARDASHIANS

Kardashians Swap Annual Holiday Card for New Christmas Campaign

Dubbed the 'Koziest Krismas,' the campaign features Kris, Khloé, True and Dream decked out in matching pajama sets with festive prints and colors

BY TIM CHAN | SEPTEMBER 26, 2022

...purchase an independently reviewed product or service through a link on our website, Rolling Stone may receive an affiliate commission.

IT'S BEEN AWHILE since we've seen an official Christmas card from the Kardashians, but fans can get a glimpse into the family's holiday plans this year thanks to a new campaign with [The Children's Place](#).

Related: [How to Watch The Kardashians on Hulu](#)

Kris Jenner, Khloé Kardashian and Khloe's daughter True (with basketball star Tristan Thompson) return for their second appearance in The Children's Place holiday campaign. The three are joined by Rob Kardashian's daughter Dream for the 2022 Christmas-themed

E! NEWS | NEWS | PHOTOS | KARDASHIANS

Khloé Kardashian, Kris Jenner, True Thompson, and Dream Kardashian's Pajamas Turn Christmas Into Krismas

Get cozy with matching holiday pajamas from Khloé Kardashian, Kris Jenner, True Thompson, and Dream Kardashian's Children's Place campaign.

By MARENAH DOBIN | SEP 29, 2022 10:30 AM

We independently selected these products because we love them, and we think you might like them at these prices. E! has affiliate relationships, so we may get a commission if you purchase something through our links. Items are sold by the retailer, not E!. Prices are accurate as of publish time.

Get in the Krismas spirit with some Kardashian-Jenner family inspired shopping. **Kris Jenner, Khloé Kardashian, True Thompson, and Dream Kardashian** teamed up with Children's Place's new PJ Place line for the 2022 Holiday Matching Family Pajama Collection.

7B
Impressions

People

GOOD MORNING AMERICA abc

InStyle

yahoo! news

Daily Mail

E! NEWS Hollywood Life msn



Launched two-part Holiday collaboration with actress, singer, philanthropist, and mom, Mandy Moore and family. This collaboration was a continuation of the brands' partnership with the Talent in early 2022 and the Holiday campaign drove over **7.7B earned media and social impressions**.

The emotional photo and video campaign captured the essence of family and marked the last photoshoot for Moore and family as a family of three.

- Launched national, multi-prong, Brand Campaign with brand ambassador, mom and philanthropist, Mandy Moore
- Produced rich photo-and-video content and amplified across digital landscape

7.7B
Impressions



310+
Press
Pickups



100%
Positive
Sentiment



PJ Place, **the ultimate sleepwear destination**, is here. Launched in mid-October, the new sleepwear lifestyle brand capitalizes on The Children's Places' leadership position in kids sleepwear and expands into adults, targeting Millennial and Gen Z audiences. PJ Place will allow a new generation of young Millennials and Gen Z customers to engage with the Brand and build relationships long before they become parents, allowing us to maintain and retain these relationships to our stable of Children's brands.

The brand launched a star-studded brand campaign showcasing an inspirational and diverse group of entrepreneurs, celebrities and influencers, including Khloé Kardashian, Kris Jenner, CEO of Être Girls Illana Raia, TV personality Tyler Cameron, The Toast podcast hosts Claudia and Jackie Oshry, TikTok stars, Rod Thill and Erika Priscilla.

17B
Impressions

"The Children's Place just went full grown-up"
- CNN Business

690+
Press
Pickups



amazon

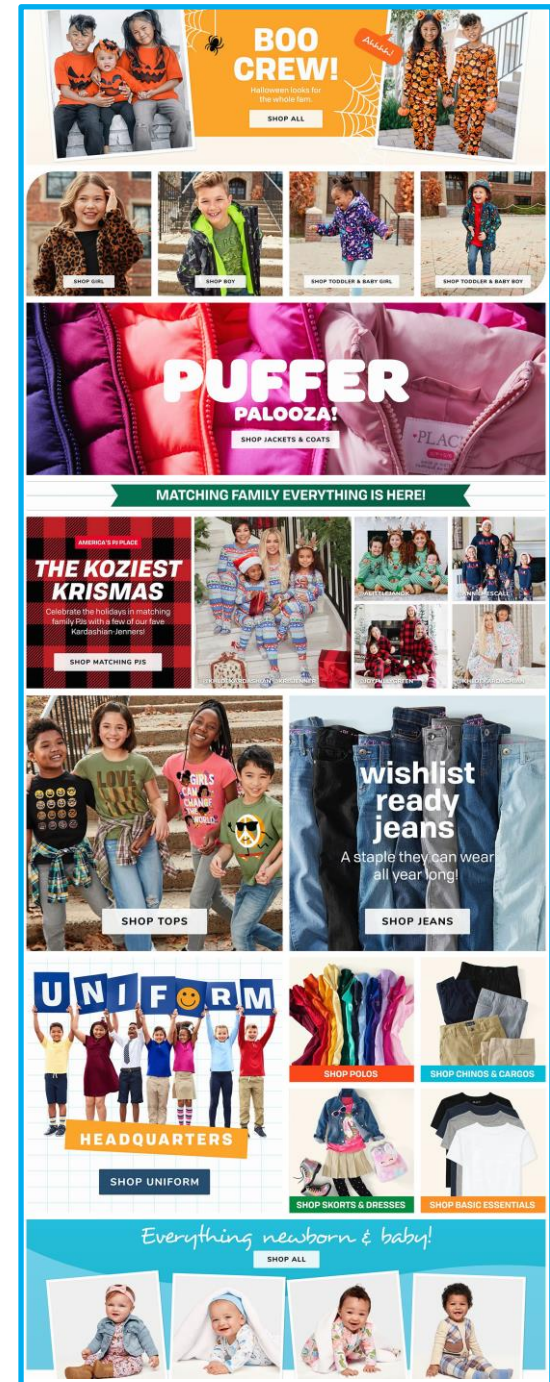


Q3 RESULTS

- Sales increased +118% versus Q3 2021 driven by an +187% increase in traffic.
- Strong traffic increases over last year were **fueled by a robust marketing strategy** that targets customers at every stage of the funnel and leverages assets from our top tier celebrity partnerships.
- Ad attributed sales for the quarter actualized at **50% of total sales** at a **strong double digit return on Ad spend** which is more than \$6 higher than the Amazon benchmark.
 - Cost per click was down -37% versus Q3 2021

OCTOBER PRIME DAY

- Participated in the first ever October Prime Day Event, promoting our Holiday sleep program which resulted in our largest day of sales on Amazon.



GYMBOREE BRAND STORE

- Strong increase in topline sales for the quarter coming off the launch on Amazon in Q2.
- Traffic increased 180% vs. Q2 2022 and continues to build week over week.
- The Gymboree brand store drove **15% of total Q3** Topline sales.

ENHANCED ADVERTISING

Built around **maximizing the brand's visibility** in high-impact placements, to engage and convert customers in the **awareness, consideration, and purchase stages**.

- Gymboree Ad performance has been flagged as a case study for "cold start brands" based on the **outsized performance with over 69% of sales coming through Ad attributed sales in Q3**.



SUGAR & JADE LAUNCHED ON AMAZON FOR BACK-TO-SCHOOL 2022!

TWEEN ASSORTMENT

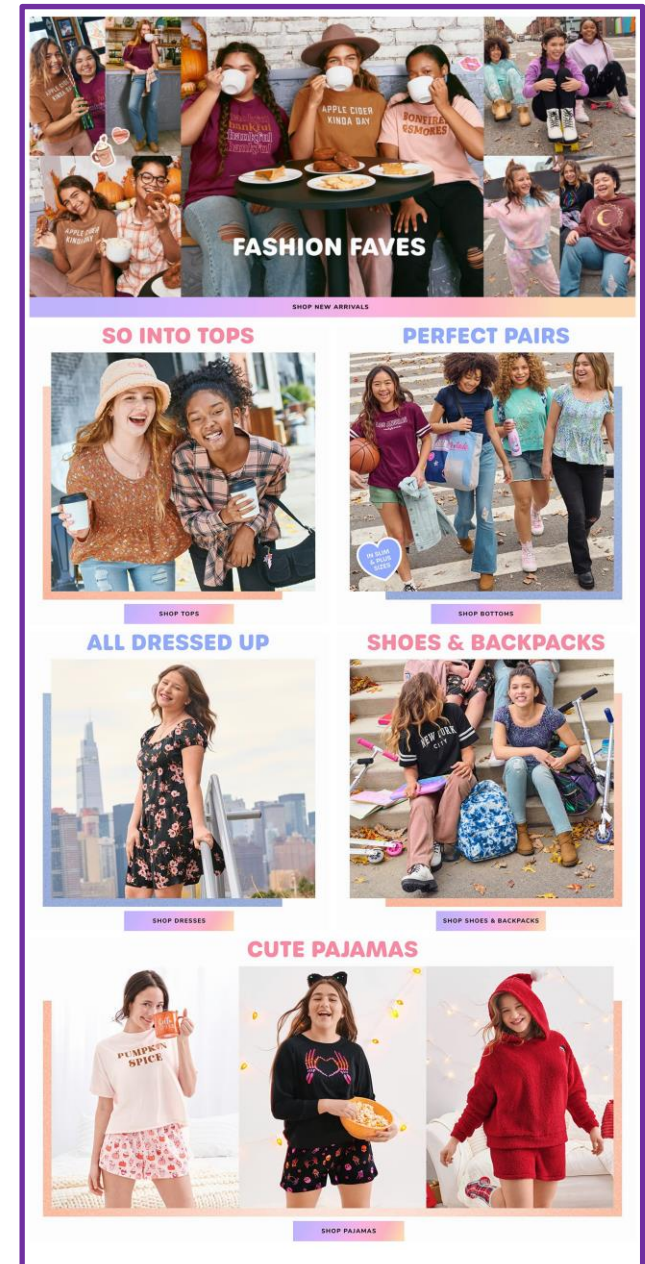
- The launch of Sugar & Jade fills a white space on Amazon for product marketed specifically to tweens.
- The brand launched with a robust brand store experience highlighting key categories within the assortment leveraging engaging lifestyle imagery.

ENHANCED ADVERTISING

- Built around **key-word search** from Amazon's Top Search Bar, targeting and converting customers in the **awareness, consideration, and purchase stages.**

BRAND STORY

- The launch highlights the **Sugar & Jade brand story** that appeals to both parents and tweens in this market. Consistent brand messaging across the storefront, advertising, and product detail pages will educate the customer on Sugar & Jade.





HOLIDAY 2022 COLLECTIONS





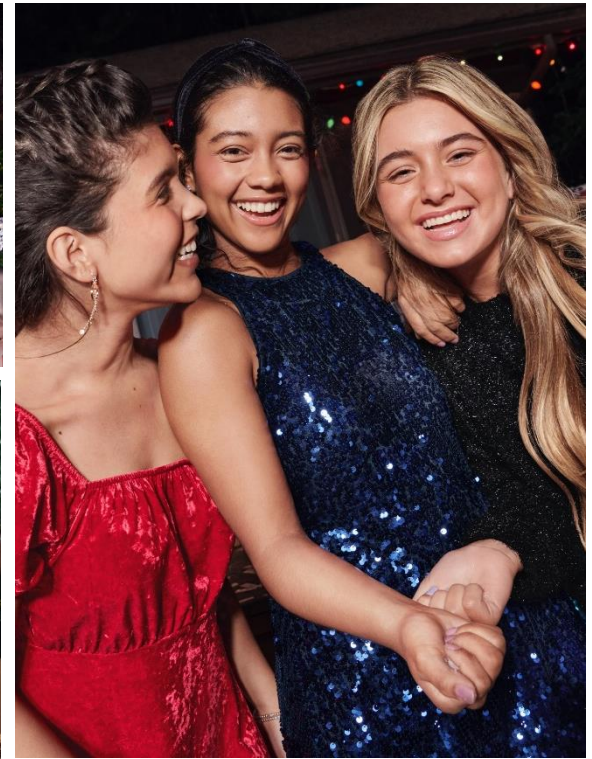
THE CHILDREN'S
PLACE
HOLIDAY 2022 COLLECTION



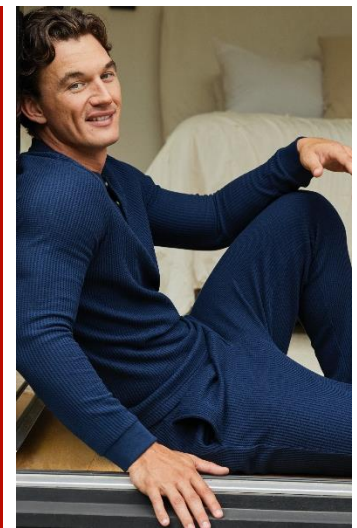


GYMBOREE®
HOLIDAY 2022 COLLECTION





sugar & jade
HOLIDAY 2022 COLLECTION



A photograph of three children smiling and posing together outdoors in winter attire. The child on the left is a young boy wearing a grey fur-lined hat and a black and green patterned jacket. The child in the middle is a young boy wearing a grey knit hat with a pattern and a green puffer jacket. The child on the right is a young girl wearing a pink knit hat with a large pom-pom and a white cartoon animal face, and a pink jacket. The background shows a blurred outdoor setting with trees and a building.

ESG

**ENVIRONMENTAL, SOCIAL &
GOVERNANCE**

2021 Environment, Social & Governance Report

We published our **2021 ESG Report** in October 2022, which includes detailed performance information aligned with internationally recognized frameworks such as material **Sustainability Accounting Standards Board (SASB) Standards** and relevant **Global Reporting Initiative (GRI) Standard** disclosures.



2021 Report Highlights

Meeting Our Commitments

- We achieved a **41% reduction in greenhouse gas emissions** across our global operations (scope 1 & 2) against a 2018 baseline
 - This exceeded our 30% goal targeted for 2030
- We achieved a **28% reduction in water use** at our top denim and woven bottom factories against a 2018 baseline
 - This exceeded our 25% goal targeted for 2025

Progress On Our Initiatives

- We donated **cash and new clothing with a total value of \$15 million** to children and families in need
- We partnered with GiveBackBox on a program that allows customers to ship their gently used **clothing to charities that support families** affected by poverty and tragedy
- We increased our waste diversion rate from 73% to 77% through **improvements in recycling at our retail locations**

Setting New Ambitions

1. We will reduce absolute scope 1 and scope 2 market-based GHG emissions across our global operations **by 50%** by end of 2030
2. We will maintain at least **50% representation of women** in our corporate leadership positions
3. We will **implement a day of volunteering** at our corporate office in 2022 and progressively expand our efforts throughout the organization by 2024



Focus on Diversity, Equity and Inclusion

We believe that **diverse teams** operating in inclusive environments enhance our business and we are focused on growing and sustaining diverse representation across our workforce:

- **87%** of our associates are women
- **60%** of our Board of Directors and **50%** of our senior leadership team are women
- **67%** of our associates identify as racially or ethnically diverse
- Associates who identify as racially or ethnically diverse represented **72%** of promotions in 2021

Focus on More Responsible Materials

We are **committed to improving cotton farming practices globally** and have sourced over two-thirds of the cotton fiber used in our apparel through Better Cotton, with an estimated impact of:

- Over **2 billion gallons of water** saved.
- More than **12,000 pounds of pesticides** avoided.
- **\$4.2 million in additional profit** for farmers, most commonly due to increased yields and/or optimized use of inputs such as irrigation water, pesticides and synthetic fertilizer.



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.

