UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 28, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission file number 0-23071

THE CHILDREN'S PLACE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**31-1241495**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 Plaza Drive **Secaucus, New Jersey**	**07094**
(Address of principal executive offices)	(Zip Code)

(201) 558-2400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.10 par value	PLCE	Nasdaq Global Select Market

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, par value $0.10 per share, outstanding at November 27, 2023: 12,477,325.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED OCTOBER 28, 2023

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	October 28, 2023	January 28, 2023	October 29, 2022
	(in thousands, except par value)		
ASSETS			
Current assets:			
Cash and cash equivalents	$ 13,522	$ 16,689	$ 19,244
Accounts receivable	51,712	49,584	48,820
Inventories	462,411	447,795	548,719
Prepaid expenses and other current assets	69,710	47,875	48,012
Total current assets	597,355	561,943	664,795
Long-term assets:			
Property and equipment, net	134,639	149,874	154,975
Right-of-use assets	127,863	155,481	160,041
Tradenames, net	70,291	70,891	71,091
Deferred income taxes	35,237	36,616	20,916
Other assets	7,996	11,476	12,799
Total assets	$ 973,381	$ 986,281	$ 1,084,617
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Revolving loan	$ 358,679	$ 286,990	$ 265,000
Accounts payable	182,594	177,147	221,432
Current portion of operating lease liabilities	66,216	78,576	77,070
Income taxes payable	2,167	6,014	506
Accrued expenses and other current liabilities	96,086	99,658	119,660
Total current liabilities	705,742	648,385	683,668
Long-term liabilities:			
Long-term debt	49,801	49,752	49,735
Long-term portion of operating lease liabilities	76,641	96,482	104,073
Income taxes payable	9,611	17,199	18,925
Other tax liabilities	3,529	2,757	2,347
Other long-term liabilities	9,986	13,228	13,693
Total liabilities	855,310	827,803	872,441
Commitments and contingencies (see Note 8)			
Stockholders' equity:			
Preferred stock, $1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—	—
Common stock, $0.10 par value, 100,000 shares authorized; 12,549, 12,292, and 12,662 issued; 12,476, 12,225, and 12,597 outstanding	1,255	1,229	1,266
Additional paid-in capital	140,330	150,956	148,546
Treasury stock, at cost (73, 67, and 65 shares)	(3,932)	(3,736)	(3,661)
Deferred compensation	3,932	3,736	3,661
Accumulated other comprehensive loss	(17,499)	(16,247)	(17,011)
Retained earnings (deficit)	(6,015)	22,540	79,375
Total stockholders' equity	118,071	158,478	212,176
Total liabilities and stockholders' equity	$ 973,381	$ 986,281	$ 1,084,617

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands, except earnings (loss) per common share)			
Net sales	$ 480,234	$ 509,120	$ 1,147,474	$ 1,252,355
Cost of sales (exclusive of depreciation and amortization)	318,182	332,189	801,111	817,915
Gross profit	162,052	176,931	346,363	434,440
Selling, general, and administrative expenses	104,770	106,631	329,756	330,480
Depreciation and amortization	11,732	12,463	35,534	39,320
Asset impairment charges	583	—	3,115	1,379
Operating income (loss)	44,967	57,837	(22,042)	63,261
Interest expense	(7,956)	(3,810)	(21,549)	(8,123)
Interest income	17	24	68	43
Income (loss) before provision (benefit) for income taxes	37,028	54,051	(43,523)	55,181
Provision (benefit) for income taxes	(1,454)	11,196	(17,818)	5,794
Net income (loss)	$ 38,482	$ 42,855	$ (25,705)	$ 49,387
Earnings (loss) per common share				
Basic	$ 3.07	$ 3.28	$ (2.06)	$ 3.72
Diluted	$ 3.05	$ 3.26	$ (2.06)	$ 3.68
Weighted average common shares outstanding				
Basic	12,548	13,064	12,481	13,277
Diluted	12,619	13,162	12,481	13,409

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Net income (loss)	$ 38,482	$ 42,855	$ (25,705)	$ 49,387
Other comprehensive loss:				
Foreign currency translation adjustment	(1,535)	(2,397)	(1,252)	(2,825)
Total comprehensive income (loss)	$ 36,947	$ 40,458	$ (26,957)	$ 46,562

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

Thirteen Weeks Ended October 28, 2023

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, July 29, 2023	12,544	$ 1,254	$ 145,117	$ 3,884	$ (44,477)	$ (15,964)	(71)	$ (3,884)	$ 85,930
Vesting of stock awards	7	1	(1)						—
Stock-based compensation benefit			(4,746)						(4,746)
Purchase and retirement of common stock	(2)	—	(40)		(20)				(60)
Other comprehensive loss						(1,535)			(1,535)
Deferral of common stock into deferred compensation plan				48			(2)	(48)	—
Net income					38,482				38,482
Balance, October 28, 2023	12,549	$ 1,255	$ 140,330	$ 3,932	$ (6,015)	$ (17,499)	(73)	$ (3,932)	$ 118,071

Thirty-nine Weeks Ended October 28, 2023

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, January 28, 2023	12,292	$ 1,229	$ 150,956	$ 3,736	$ 22,540	$ (16,247)	(67)	$ (3,736)	$158,478
Vesting of stock awards	462	47	(47)						—
Stock-based compensation benefit			(6,424)						(6,424)
Purchase and retirement of common stock	(205)	(21)	(4,155)		(2,850)				(7,026)
Other comprehensive loss						(1,252)			(1,252)
Deferral of common stock into deferred compensation plan				196			(6)	(196)	—
Net loss					(25,705)				(25,705)
Balance, October 28, 2023	12,549	$ 1,255	$ 140,330	$ 3,932	$ (6,015)	$ (17,499)	(73)	$ (3,932)	$ 118,071

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

Thirteen Weeks Ended October 29, 2022

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, July 30, 2022	13,087	$ 1,309	$ 151,954	$ 3,587	$ 45,532	$ (14,614)	(64)	$ (3,587)	$ 184,181
Vesting of stock awards	9	1	(1)						—
Stock-based compensation expense			5,221						5,221
Purchase and retirement of common stock	(434)	(44)	(8,628)		(9,012)				(17,684)
Other comprehensive loss						(2,397)			(2,397)
Deferral of common stock into deferred compensation plan				74			(1)	(74)	—
Net income					42,855				42,855
Balance, October 29, 2022	12,662	$ 1,266	$ 148,546	$ 3,661	$ 79,375	$ (17,011)	(65)	$ (3,661)	$ 212,176

Thirty-nine Weeks Ended October 29, 2022

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, January 29, 2022	13,964	$ 1,396	$ 160,348	$ 3,443	$ 77,914	$ (14,186)	(61)	$ (3,443)	$ 225,472
Vesting of stock awards	279	28	(28)						—
Stock-based compensation expense			19,055						19,055
Purchase and retirement of common stock	(1,581)	(158)	(30,829)		(47,926)				(78,913)
Other comprehensive loss						(2,825)			(2,825)
Deferral of common stock into deferred compensation plan				218			(4)	(218)	—
Net income					49,387				49,387
Balance, October 29, 2022	12,662	$ 1,266	$ 148,546	$ 3,661	$ 79,375	$ (17,011)	(65)	$ (3,661)	$ 212,176

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (25,705)	$ 49,387
Reconciliation of net income (loss) to net cash used in operating activities:		
Non-cash portion of operating lease expense	58,894	65,046
Depreciation and amortization	35,534	39,320
Non-cash stock-based compensation expense (benefit), net	(6,424)	19,055
Asset impairment charges	3,115	1,379
Deferred income tax provision	1,266	2,186
Other non-cash charges, net	528	58
Changes in operating assets and liabilities:		
Inventories	(16,239)	(123,012)
Accounts receivable and other assets	1,544	(28,427)
Prepaid expenses and other current assets	(4,947)	1,680
Income taxes payable, net of prepayments	(25,293)	18,896
Accounts payable and other current liabilities	3,027	11,764
Lease liabilities	(64,673)	(75,767)
Other long-term liabilities	(3,259)	1,470
Net cash used in operating activities	(42,632)	(16,965)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(24,369)	(31,193)
Change in deferred compensation plan	(173)	(421)
Net cash used in investing activities	(24,542)	(31,614)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility	464,320	555,383
Repayments under revolving credit facility	(392,629)	(465,701)
Purchase and retirement of common stock, including shares surrendered for tax withholdings and transaction costs	(7,026)	(75,672)
Payment of debt issuance costs	(623)	—
Net cash provided by financing activities	64,042	14,010
Effect of exchange rate changes on cash and cash equivalents	(35)	(974)
Net decrease in cash and cash equivalents	(3,167)	(35,543)
Cash and cash equivalents, beginning of period	16,689	54,787
Cash and cash equivalents, end of period	$ 13,522	$ 19,244
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Net cash paid (received) for income taxes	$ 6,008	$ (15,680)
Cash paid for interest	20,389	7,545
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Purchases of property and equipment not yet paid	6,196	15,106

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

Description of Business

The Children's Place, Inc. and subsidiaries (collectively, the "Company") is an omni-channel children's specialty portfolio of brands with an industry-leading digital-first operating model. Its global retail and wholesale network includes four digital storefronts, more than 500 stores in North America, wholesale marketplaces and distribution in 16 countries through six international franchise partners. The Company designs, contracts to manufacture, and sells fashionable, high-quality apparel, accessories and footwear predominantly at value prices, primarily under the Company's proprietary brands: "The Children's Place", "Gymboree", "Sugar & Jade", and "PJ Place".

The Company classifies its business into two segments: The Children's Place U.S. and The Children's Place International. Included in The Children's Place U.S. segment are the Company's U.S. and Puerto Rico-based stores and revenue from its U.S.-based wholesale business. Included in The Children's Place International segment are its Canadian-based stores, revenue from the Company's Canadian-based wholesale business, as well as revenue from international franchisees. Each segment includes an e-commerce business located at *www.childrensplace.com, www.gymboree.com, www.sugarandjade.com,* and *www.pjplace.com*. The Company also has social media channels on Instagram, Facebook, X, formerly known as Twitter, YouTube and Pinterest.

Terms that are commonly used in the notes to the Company's consolidated financial statements are defined as follows:

- *Third Quarter 2023 — The thirteen weeks ended October 28, 2023*
- *Third Quarter 2022 — The thirteen weeks ended October 29, 2022*
- *Year-To-Date 2023 — The thirty-nine weeks ended October 28, 2023*
- *Year-To-Date 2022 — The thirty-nine weeks ended October 29, 2022*
- *Fiscal 2023 – The fifty-three weeks ending February 3, 2024*
- *Fiscal 2022 – The fifty-two weeks ended January 28, 2023*
- *SEC — U.S. Securities and Exchange Commission*
- *U.S. GAAP — Generally Accepted Accounting Principles in the United States*
- *FASB — Financial Accounting Standards Board*
- *FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants*

Basis of Presentation

The unaudited consolidated financial statements and accompanying notes to consolidated financial statements are prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the SEC. Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated. As of October 28, 2023, January 28, 2023 and October 29, 2022, the Company did not have any investments in unconsolidated affiliates. FASB ASC 810—*Consolidation* is considered when determining whether an entity is subject to consolidation.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all normal recurring adjustments necessary for a fair statement of the consolidated financial position of the Company as of October 28, 2023 and October 29, 2022, the results of its consolidated operations, consolidated comprehensive income (loss), and consolidated changes in stockholders' equity for the thirteen and thirty-nine weeks ended October 28, 2023 and October 29, 2022, and consolidated cash flows for the thirty-nine weeks ended October 28, 2023 and October 29, 2022. The consolidated balance sheet as of January 28, 2023 was derived from audited financial statements. Due to the seasonal nature of the Company's business, the results of operations for the thirteen and thirty-nine weeks ended October 28, 2023 and October 29, 2022 are not necessarily indicative of operating results for a full fiscal year. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Certain prior period financial statement disclosures have been conformed to the current period presentation.

Fiscal Year

The Company's fiscal year is a fifty-two week or fifty-three week period ending on the Saturday on or nearest to January 31.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and amounts of revenues and expenses reported during the period. Actual results could differ from the assumptions used and estimates made by management, which could have a material impact on the Company's financial position or results of operations. Critical accounting estimates inherent in the preparation of the consolidated financial statements include impairment of long-lived assets, impairment of indefinite-lived intangible assets, income taxes, stock-based compensation, and inventory valuation.

Recent Accounting Standards Updates

There are no pending accounting standards updates that are currently expected to have a material impact on the Company's consolidated financial statements.

2. REVENUES

Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The following table presents the Company's revenues disaggregated by geography:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Net sales:				
South	$ 168,623	$ 183,536	$ 416,249	$ 466,276
Northeast	96,052	108,404	220,519	255,913
West	55,567	61,101	144,920	163,644
Midwest	58,331	62,337	131,235	145,168
International and other [1]	101,661	93,742	234,551	221,354
Total net sales	$ 480,234	$ 509,120	$ 1,147,474	$ 1,252,355

(1) Includes retail and e-commerce sales in Canada and Puerto Rico, wholesale and franchisee sales, and certain amounts earned under the Company's private label credit card program.

The Company recognizes revenue, including shipping and handling fees billed to customers, upon purchase at the Company's retail stores or when received by the customer if the product was purchased via e-commerce, net of coupon redemptions and anticipated sales returns. The Company deferred sales of \$7.6 million, \$2.9 million, and \$8.9 million within Accrued expenses and other current liabilities as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively, based upon estimated time of delivery, at which point control passes to the customer. Sales tax collected from customers is excluded from revenue.

For its wholesale business, the Company recognizes revenue, including shipping and handling fees billed to customers, when title of the goods passes to the customer, net of commissions, discounts, operational chargebacks, and cooperative advertising. The allowance for wholesale revenue included within Accounts receivable was \$8.6 million, \$5.0 million, and \$4.9 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively.

For the sale of goods to retail customers with a right of return, the Company recognizes revenue for the consideration it expects to be entitled to and calculates an allowance for estimated sales returns based upon the Company's sales return experience. Adjustments to the allowance for estimated sales returns in subsequent periods have not been material based on historical data, thereby reducing the uncertainty inherent in such estimates. The allowance for estimated sales returns, which is recorded in Accrued expenses and other current liabilities, was \$2.5 million, \$1.0 million, and \$2.2 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively.

The Company's private label credit card is issued to customers for use exclusively at The Children's Place stores and online at *www.childrensplace.com, www.gymboree.com*, *www.sugarandjade.com, and www.pjplace.com,* and credit is extended to such customers by a third-party financial institution on a non-recourse basis to the Company. The private label credit card includes multiple performance obligations for the Company, including marketing and promoting the program on behalf of the bank and the operation of the loyalty rewards program. Included in the agreement with the third-party financial institution was an upfront bonus paid to the Company and an additional bonus to extend the term of the agreement. These bonuses are recognized as revenue and allocated between brand and reward obligations. As the license of the Company's brand is the predominant item in the performance obligation, the amount allocated to the brand obligation is recognized on a straight-line basis over the term of the agreement. The amount allocated to the reward obligation is recognized on a point-in-time basis as redemptions under the loyalty program occur.

In measuring revenue and determining the consideration the Company is entitled to as part of a contract with a customer, the Company takes into account the related elements of variable consideration, such as additional bonuses, including profit-sharing, over the life of the private label credit card program. Similar to the upfront bonus, the usage-based royalties and bonuses are recognized as revenue and allocated between the brand and reward obligations. The amount allocated to the brand obligation is recognized on a straight-line basis over the initial term. The amount allocated to the reward obligation is recognized on a point-in-time basis as redemptions under the loyalty program occur. In addition, the annual profit-sharing amount is recognized quarterly within an annual period when it can be estimated reliably. The additional bonuses are amortized over the contract term based on anticipated progress against future targets and level of risk associated with achieving the targets.

The Company has a points-based customer loyalty program in which customers earn points based on purchases and other promotional activities. These points can be redeemed for coupons to discount future purchases. A contract liability is estimated based on the standalone selling price of benefits earned by customers through the program and the related redemption experience under the program. The value of each point earned is recorded as deferred revenue and is included within Accrued expenses and other current liabilities. The total contract liabilities related to this program were \$2.0 million, \$2.6 million, and \$2.0 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively.

The Company's policy with respect to gift cards is to record revenue as and when the gift cards are redeemed for merchandise. The Company recognizes gift card breakage income in proportion to the pattern of rights exercised by the customer when the Company expects to be entitled to breakage and the Company determines that it does not have a legal obligation to remit the value of the unredeemed gift card to the relevant jurisdiction as unclaimed or abandoned property. Gift card breakage is recorded within Net sales. Prior to their redemption, gift cards are recorded as a liability within Accrued expenses and other current liabilities. The liability is estimated based on expected breakage that considers historical patterns of redemption. The gift card liability balance as of October 28, 2023, January 28, 2023, and October 29, 2022 was \$6.3 million, \$11.1 million, and \$11.2 million, respectively. During Year-To-Date 2023, the Company recognized Net sales of \$8.4 million related to the gift card liability balance that existed at January 28, 2023.

The Company has an international program of territorial agreements with franchisees. The Company generates revenues from the franchisees from the sale of product and, in certain cases, sales royalties. The Company recognizes revenue on the sale of product to franchisees when the franchisee takes ownership of the product. The Company records net sales for royalties when the applicable franchisee sells the product to their customers. Under certain agreements, the Company receives a fee from each franchisee for exclusive territorial rights and based on the opening of new stores. The Company records these territorial fees as deferred revenue and amortizes the fee into Net sales over the life of the territorial agreement.

3. RESTRUCTURING

In support of the Company's ongoing structural transformation from a legacy store operating model to a digital-first retailer, during the second quarter of 2023, the Company voluntarily entered into an early termination of its corporate office lease and implemented a workforce reduction. On May 26, 2023, the Company proactively accelerated the termination of its corporate office lease to capitalize on the prevailing tenant-favorable market conditions. That lease will now expire in May 2024, and the Company is continuing to explore various options for a new lease, including negotiations with the current landlord. During the second quarter of 2023, the Company implemented a plan that encompassed two headcount reductions, which accounted for over 20% of its salaried workforce, the substantial majority of whom were located at the Company's corporate offices in Secaucus, New Jersey, with the balance at other domestic and international locations. The voluntary lease termination, combined with the workforce reduction, will enable the Company to reduce its current space configuration and capitalize on lower prevailing market rates than would have been applicable under its existing lease, which included escalations in occupancy costs, and did not expire until 2029. The actions associated with the workforce reduction were substantially completed by the end of the Third Quarter 2023. In addition, the lease for the Company's distribution center in Toronto, Canada ("TODC") expires in April 2024. The Company expects to move these operations to the United States to its current distribution center in Alabama, which will result in a further headcount reduction at the TODC. The transition out of the TODC is expected to be substantially completed by the end of the first quarter of 2024.

As a result of these strategic actions associated with the voluntary early termination of its corporate office lease, the move from the TODC, and workforce reductions, the Company incurred non-operating charges of $1.2 million and $11.8 million in restructuring costs during the Third Quarter 2023 and Year-To-Date 2023, respectively on a pretax basis, summarized in the following table:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Employee-related costs	$ 674	$ —	$ 6,107	$ —
Lease termination costs [1]	454	—	5,401	—
Professional fees	82	—	268	—
Total restructuring costs [2]	$ 1,210	$ —	$ 11,776	$ —

(1) Includes non-cash charges related to accelerated depreciation on certain assets in the corporate office over the reduced term, amounting to $0.5 million and $1.4 million for the Third Quarter 2023 and Year-To-Date 2023, respectively. The Company expects to record additional accelerated depreciation charges of approximately $1.0 million until the expiration of its corporate office lease.

(2) Restructuring costs are recorded within Selling, general and administrative expenses, except accelerated depreciation charges noted above, which are recorded within Depreciation and amortization, and are primarily recorded within The Children's Place U.S. segment.

The following table summarizes the restructuring costs that have been partially settled with cash payments and the remaining related liability as of October 28, 2023. The remaining related liability is expected to be settled with cash payments in the future and these costs are included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets:

	Employee-Related Costs	Lease Termination Costs	Professional Fees	Total
	(in thousands)			
Balance at April 29, 2023	$ —	$ —	$ —	$ —
Provision	5,433	4,040	186	9,659
Cash payments	(2,602)	(4,040)	—	(6,642)
Balance at July 29, 2023	2,831	—	186	3,017
Provision	674	—	82	756
Cash payments	(2,652)	—	(268)	(2,920)
Balance at October 28, 2023	$ 853	$ —	$ —	$ 853

4. INTANGIBLE ASSETS

The Company's intangible assets were as follows:

	Useful Life	October 28, 2023		
		Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename [(1)]	Indefinite	$ 69,953	$ —	$ 69,953
Crazy 8 tradename [(1)]	5 years	4,000	(3,662)	338
Total intangible assets		$ 73,953	$ (3,662)	$ 70,291

	Useful Life	January 28, 2023		
		Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename [(1)]	Indefinite	$ 69,953	$ —	$ 69,953
Crazy 8 tradename [(1)]	5 years	4,000	(3,062)	938
Customer databases [(2)]	3 years	3,000	(3,000)	—
Total intangible assets		$ 76,953	$ (6,062)	$ 70,891

	Useful Life	October 29, 2022		
		Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename [(1)]	Indefinite	$ 69,953	$ —	$ 69,953
Crazy 8 tradename [(1)]	5 years	4,000	(2,862)	1,138
Customer databases [(2)]	3 years	3,000	(3,000)	—
Total intangible assets		$ 76,953	$ (5,862)	$ 71,091

(1) Included within Tradenames, net on the Consolidated Balance Sheets.
(2) Included within Other assets on the Consolidated Balance Sheets.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	October 28, 2023	January 28, 2023	October 29, 2022
	(in thousands)		
Property and equipment:			
Land and land improvements	$ 3,403	$ 3,403	$ 3,403
Building and improvements	36,187	36,187	36,187
Material handling equipment	90,362	71,404	69,897
Leasehold improvements	177,203	196,302	196,189
Store fixtures and equipment	199,596	210,413	205,406
Capitalized software	350,318	336,336	336,557
Construction in progress	8,378	23,959	24,676
	865,447	878,004	872,315
Less accumulated depreciation and amortization	(730,808)	(728,130)	(717,340)
Property and equipment, net	$ 134,639	$ 149,874	$ 154,975

At October 28, 2023 and October 29, 2022, the Company reviewed its store related long-lived assets for indicators of impairment, and performed a recoverability test if indicators were identified. Based on the results of the analyses performed, the Company recorded asset impairment charges in the Third Quarter 2023 and Year-To-Date 2023 of $0.6 million and $3.1 million, respectively, inclusive of right-of-use ("ROU") assets. No impairment charge was recorded in the Third Quarter 2022. The Company recorded asset impairment charges during Year-To-Date 2022 of $1.4 million, inclusive of ROU assets.

6. LEASES

The Company has operating leases for retail stores, corporate offices, distribution facilities, and certain equipment. The Company's leases have remaining lease terms ranging from less than one year up to nine years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the lease early. The Company records all occupancy costs in Cost of sales, except costs for administrative office buildings, which are recorded in Selling, general, and administrative expenses. As of the periods presented, the Company's finance leases were not material to the Consolidated Balance Sheets, Consolidated Statements of Operations, or Consolidated Statements of Cash Flows.

The following components of operating lease expense were recognized in the Company's Consolidated Statements of Operations:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Fixed operating lease cost	$ 21,457	$ 26,437	$ 63,844	$ 73,477
Variable operating lease cost [1]	11,030	12,477	40,115	40,168
Total operating lease cost	$ 32,487	$ 38,914	$ 103,959	$ 113,645

(1) Includes short term leases with lease periods of less than 12 months.

As of October 28, 2023, the weighted-average remaining operating lease term was 3.1 years, and the weighted-average discount rate for operating leases was 5.3%. Cash paid for amounts included in the measurement of operating lease liabilities during Year-To-Date 2023 was $64.7 million. ROU assets obtained in exchange for new operating lease liabilities were $51.5 million during Year-To-Date 2023.

As of October 28, 2023, the maturities of operating lease liabilities were as follows:

	October 28, 2023
	(in thousands)
Remainder of 2023	$ 27,097
2024	57,778
2025	31,770
2026	14,361
2027	9,984
Thereafter	13,454
Total operating lease payments	154,444
Less: imputed interest	(11,587)
Present value of operating lease liabilities	$ 142,857

7. DEBT

On November 16, 2021, the Company completed the refinancing of its previous $360.0 million asset-based revolving credit facility and previous $80.0 million term loan with a new lending group led by an affiliate of Wells Fargo Bank, National Association ("Wells Fargo") by entering into a fourth amendment to its credit agreement, dated as of May 9, 2019, with the lenders party thereto (as amended from time to time, the "Credit Agreement"). The refinanced debt consisted of a $350.0 million asset-based revolving credit facility (the "ABL Credit Facility") and a $50.0 million term loan (the "Term Loan").

On June 5, 2023, the Company entered into a fifth amendment to its Credit Agreement, pursuant to which, among other things, (i) PNC Bank, National Association ("PNC Bank") was added as a new lender, (ii) the ABL Credit Facility was increased to $445.0 million, (iii) the London InterBank Offered Rate ("LIBOR") was replaced by the Secured Overnight Financing Rate ("SOFR") as the interest rate benchmark, and (iv) the pricing grid for applicable margins on borrowings was updated. All other material terms and conditions of the Credit Agreement remained unchanged.

As previously disclosed in the Company's Form 8-K dated October 30, 2023, the Company became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the lenders under its Credit Agreement, all of which have since been remedied. While the lenders determined the calculation error resulted in certain technical defaults under the Credit Agreement (including the Company not being in compliance with certain debt covenants), the Company and the lenders entered into a Waiver and Amendment Agreement (the "Waiver Agreement") on October 24, 2023, pursuant to which the lenders waived all of the defaults and the Company agreed to certain temporary enhanced reporting requirements and temporary restrictions on certain payments. These enhanced reporting requirements and restrictions will cease once the Company achieves certain excess availability thresholds. At no time prior to or following entering into the Waiver Agreement was the Company prevented from borrowing under the Credit Agreement in the ordinary course.

ABL Credit Facility and Term Loan

The Company and certain of its subsidiaries maintain the $445.0 million ABL Credit Facility and the $50.0 million Term Loan with Wells Fargo, Truist Bank, Bank of America, N.A., HSBC Business Credit (USA) Inc., JPMorgan Chase Bank, N.A., and PNC Bank as lenders (collectively, the "Lenders") and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and Term Agent. Both the ABL Credit Facility and the Term Loan mature in November 2026.

The ABL Credit Facility includes a $25.0 million Canadian sublimit and a $50.0 million sublimit for standby and documentary letters of credit.

Under the ABL Credit Facility, based on the amount of the Company's average daily excess availability under the facility, borrowings outstanding bear interest, at the Company's option, at:

(i) the prime rate per annum, plus a margin of 1.250% or 1.500%; or

(ii) the SOFR per annum, plus a margin of 2.000% or 2.250%.

The Company is charged a fee of 0.200% on the unused portion of the commitments. Letter of credit fees range from 1.000% to 1.125% for commercial letters of credit and range from 1.500% to 1.750% for standby letters of credit. Letter of credit fees are determined based on the amount of the Company's average daily excess availability under the facility. The amount available for loans and letters of credit under the ABL Credit Facility is determined by a borrowing base consisting of certain credit card receivables, certain trade receivables, certain inventory, and the fair market value of certain real estate, subject to certain reserves.

Once the Company achieves a consolidated EBITDA of at least $200.0 million across four consecutive fiscal quarters, and based on the amount of the Company's average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility would bear interest, at the Company's option, at:

(i) the prime rate per annum, plus a margin of 0.625% or 0.875%; or

(ii) the SOFR per annum, plus a margin of 1.375% or 1.625%.

Letter of credit fees would range from 0.688% to 0.813% for commercial letters of credit and would range from 0.875% to 1.125% for standby letters of credit. Letter of credit fees are determined based on the amount of the Company's average daily excess availability under the facility.

For the Third Quarter 2023 and Year-To-Date 2023, the Company recognized $7.2 million and $18.0 million, respectively, in interest expense related to the ABL Credit Facility. For the Third Quarter 2022 and Year-To-Date 2022, the Company recognized $3.0 million and $6.9 million, respectively, in interest expense related to the ABL Credit Facility.

The outstanding obligations under the ABL Credit Facility may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness, and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. The Company is not subject to any early termination fees.

The ABL Credit Facility contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments, and a fixed-charge coverage ratio covenant, which only becomes effective in the event that borrowings and other uses of credit exceed the maximum borrowing availability (as reflected in the table below), based on the Company's ability to maintain a certain amount of excess availability for borrowings (the "excess availability threshold"). These covenants also limit the ability of the Company and its subsidiaries to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, or dispositions or to change the nature of its business.

Credit extended under the ABL Credit Facility is secured by a first priority security interest in substantially all of the Company's U.S. and Canadian assets other than intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock, and a second priority security interest in the Company's intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock.

The table below presents the components of the Company's ABL Credit Facility:

	October 28, 2023	January 28, 2023	October 29, 2022
		(in millions)	
Total borrowing base availability, net of the excess availability threshold, as applicable	$ 394.7	$ 363.8	$ 463.9
Credit facility maximum, net of the excess availability threshold, as applicable	400.5	315.0	350.0
Maximum borrowing availability [(1)]	394.7	315.0	350.0
Outstanding borrowings	358.7	287.0	265.0
Letters of credit outstanding—standby	7.4	7.4	7.4
Utilization of credit facility at end of period	366.1	294.4	272.4
Availability [(2)]	$ 28.6	$ 20.6	$ 77.6
Interest rate at end of period	8.0%	5.9%	4.8%

	Year-To-Date 2023	Fiscal 2022	Year-To-Date 2022
		(in millions)	
Average end of day loan balance during the period	$ 327.6	$ 274.9	$ 273.1
Highest end of day loan balance during the period	$ 379.4	$ 297.7	$ 297.6
Average interest rate	7.0%	3.7%	3.0%

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(1) Lower of the credit facility maximum and the total borrowing base availability, both net of the excess availability threshold.

(2) The sub-limit availability for letters of credit was $42.6 million at October 28, 2023, January 28, 2023, and October 29, 2022.

The Term Loan bears interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that is a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that is a base rate loan. The Term Loan is pre-payable at any time without penalty, and does not require amortization. For the Third Quarter 2023 and Year-To-Date 2023, the Company recognized $0.4 million, and $2.4 million, respectively, in interest expense related to the Term Loan. For the Third Quarter 2022 and Year-To-Date 2022, the Company recognized $0.6 million, and $1.5 million, respectively, in interest expense related to the Term Loan.

The Term Loan is secured by a first priority security interest in the Company's intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock, and a second priority security interest in the collateral securing the ABL Credit Facility on a first-priority basis. The Term Loan is guaranteed by each of the Company's subsidiaries that guarantees the ABL Credit Facility and contains substantially the same covenants as provided in the ABL Credit Facility.

Both the ABL Credit Facility and the Term Loan contain customary events of default, which include (subject in certain cases to customary grace and cure periods) nonpayment of principal or interest, breach of covenants, failure to pay certain other indebtedness, and certain events of bankruptcy, insolvency or reorganization. As of October 28, 2023, unamortized deferred financing costs amounted to $2.4 million, of which $2.2 million related to our ABL Credit Facility.

8. COMMITMENTS AND CONTINGENCIES

The Company is a defendant in *Rael v. The Children’s Place, Inc.*, a purported class action, pending in the U.S. District Court, Southern District of California. In the initial complaint filed in February 2016, the plaintiff alleged that the Company falsely advertised discount prices in violation of California’s Unfair Competition Law, False Advertising Law, and Consumer Legal Remedies Act. The plaintiff filed an amended complaint in April 2016, adding allegations of violations of other state consumer protection laws. In August 2016, the plaintiff filed a second amended complaint, adding an additional plaintiff and removing the other state law claims. The plaintiffs’ second amended complaint sought to represent a class of California purchasers and sought, among other items, injunctive relief, damages, and attorneys’ fees and costs.

The Company engaged in mediation proceedings with the plaintiffs in December 2016 and April 2017. The parties reached an agreement in principle in April 2017, and signed a definitive settlement agreement in November 2017, to settle the matter on a class basis with all individuals in the U.S. who made a qualifying purchase at The Children’s Place from February 11, 2012 through January 28, 2020, the date of preliminary approval by the court of the settlement. The Company submitted its memorandum in support of final approval of the class settlement on March 2, 2021. On March 29, 2021, the court granted final approval of the class settlement and denied plaintiff’s motion for attorney’s fees, with the amount of attorney’s fees to be decided after the class recovery amount has been determined. The settlement provides merchandise vouchers for qualified class members who submit valid claims, as well as payment of legal fees and expenses and claims administration expenses. Vouchers were distributed to class members on November 15, 2021 and they will be eligible for redemption in multiple rounds through November 2023. In connection with the settlement, the Company recorded a reserve for $5.0 million in its consolidated financial statements in the first quarter of 2017.

The Company is also involved in various legal proceedings arising in the normal course of business. In the opinion of management, any ultimate liability arising out of these proceedings will not have a material adverse effect on the Company’s financial position, results of operations, or cash flows.

9. STOCKHOLDERS’ EQUITY

Share Repurchase Program

In November 2021, the Board of Directors authorized a $250.0 million share repurchase program (the “Share Repurchase Program”). Under this program, the Company may repurchase shares on the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors, including price, corporate and regulatory requirements, and other market and business conditions. The Company may suspend or discontinue the program at any time and may thereafter reinstitute purchases, all without prior announcement. Currently, pursuant to the Waiver Agreement described above, the Company is temporarily restricted from repurchasing any shares. As of October 28, 2023, there was $157.3 million remaining availability under the Share Repurchase Program.

Pursuant to the Company’s practice, including due to restrictions imposed by the Company’s insider trading policy during black-out periods, the Company withholds and repurchases shares of vesting stock awards and makes payments to taxing authorities as required by law to satisfy the withholding tax requirements of all equity award recipients. The Company’s payment of the withholding taxes in exchange for the surrendered shares constitutes a repurchase of its common stock. The Company also acquires shares of its common stock in conjunction with liabilities owed under the Company’s deferred compensation plan, which are held in treasury.

The following table summarizes the Company's share repurchases:

	Thirty-nine Weeks Ended					
	October 28, 2023			October 29, 2022		
	Shares		Amount	Shares		Amount
	(in thousands)					
Share repurchases related to:						
Share repurchase program	205	$	7,026	1,581	$	78,913
Shares acquired and held in treasury	6	$	196	4	$	218

In accordance with the FASB ASC 505—Equity, the par value of the shares retired is charged against Common stock and the remaining purchase price is allocated between Additional paid-in capital and Retained earnings (deficit). The portion charged against Additional paid-in capital is determined using a pro-rata allocation based on total shares outstanding. For all shares retired in Year-To-Date 2023 and Year-To-Date 2022, $2.9 million and $47.9 million was charged to Retained earnings (deficit), respectively.

Dividends

Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the Company's Board of Directors based on a number of factors, including business and market conditions, the Company's financial performance, and other investment priorities. Currently, pursuant to the Waiver Agreement described above, the Company is temporarily restricted from issuing any cash dividends.

10. STOCK-BASED COMPENSATION

The Company generally grants time-vesting stock awards ("Deferred Awards") and performance-based stock awards ("Performance Awards") to employees at management levels. The Company also grants Deferred Awards to its non-employee directors.

The following table summarizes the Company's stock-based compensation expense (benefit):

	Thirteen Weeks Ended				Thirty-nine Weeks Ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022	
	(in thousands)							
Deferred Awards	$	1,193	$	1,885	$	5,383	$	7,481
Performance Awards [(1)]		(5,939)		3,336		(11,807)		11,574
Total stock-based compensation expense (benefit) [(2)]	$	(4,746)	$	5,221	$	(6,424)	$	19,055

(1) Included within the Performance Awards benefit for the Third Quarter 2023 was a combination of ongoing expense associated with existing grants and $6.2 million of credits resulting from a change in estimate based on revised expectations of the attainment levels for performance metrics of certain awards. Included within the Performance Awards benefit for Year-To-Date 2023 was a combination of ongoing expense associated with existing grants and $12.9 million of credits resulting from (a) a change in estimate based on revised expectations of the attainment levels for performance metrics of certain awards, and (b) the reversal of unvested expense related to forfeited awards for employees no longer with the Company.

(2) Stock-based compensation expense (benefit) recorded within Cost of sales (exclusive of depreciation and amortization) amounted to $0.1 million and $0.3 million in the Third Quarter 2023 and Third Quarter 2022, respectively, and $1.2 million in Year-To-Date 2022. The stock-based compensation expense (benefit) recorded within Cost of sales (exclusive of depreciation and amortization) in Year-To-Date 2023 nets to zero. All other stock-based compensation expense (benefit) is included in Selling, general, and administrative expenses.

11. EARNINGS (LOSS) PER COMMON SHARE

The following table reconciles net income (loss) and share amounts utilized to calculate basic and diluted earnings (loss) per common share:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Net income (loss)	$ 38,482	$ 42,855	$ (25,705)	$ 49,387
Basic weighted average common shares outstanding	12,548	13,064	12,481	13,277
Dilutive effect of stock awards	71	98	—	132
Diluted weighted average common shares outstanding	12,619	13,162	12,481	13,409
Anti-dilutive shares excluded from diluted earnings (loss) per common share calculation	—	—	124	—

12. INCOME TAXES

The Company computes income taxes using the liability method. This method requires recognition of deferred tax assets and liabilities, measured by enacted rates, attributable to temporary differences between the financial statement and income tax basis of assets and liabilities. The Company’s deferred tax assets and liabilities are comprised largely of differences relating to depreciation and amortization, rent expense, inventory, stock-based compensation, net operating loss carryforwards, tax credits, and various accruals and reserves.

The Company’s provision for income taxes during interim reporting periods has historically been calculated by applying an estimate of the annual effective tax rate for the full fiscal year to pretax income (loss) excluding unusual or infrequently occurring discrete items for the reporting period. For the Third Quarter 2023, and in accordance with ASC 740-270-30-18 “Income Taxes - Interim Reporting - Initial Measurement,” and paragraph 82 of FASB interpretation No. 18, “Accounting for Income Taxes in Interim Periods” (“FIN 18”), the Company computed its provision for income taxes based on the actual effective tax rate for the year-to-date period by applying the discrete method. The Company determined that the historical method would not provide a reliable estimate for the Third Quarter 2023 because small changes in estimated ordinary income for Fiscal 2023 would result in a significant change in the estimated annual effective tax rate. We believe that, at this time, the use of this discrete method represents the best estimate of our annual effective tax rate.

The Company’s effective income tax rate for the Third Quarter 2023 was a benefit of (3.9)%, or $1.5 million, compared to a provision of 20.7%, or $11.2 million, during the Third Quarter 2022. The change in the effective income tax rate and income tax provision (benefit) for the Third Quarter 2023 compared to the Third Quarter 2022 was primarily driven by the utilization of the discrete tax provision methodology discussed above in the Third Quarter 2023, and the impact of certain non-deductible executive compensation.

The Company’s effective income tax rate for Year-To-Date 2023 was a benefit of (40.9)%, or $17.8 million, compared to a provision of 10.5%, or $5.8 million, for Year-To-Date 2022. The change in the effective income tax rate for Year-To-Date 2023 compared to Year-To-Date 2022 was primarily driven by the Year-To-Date 2023 pretax loss as compared to pretax income for Year-To-Date 2022, jurisdictional earnings mix, the impact of certain non-deductible executive compensation, and the release of a reserve in the first quarter of Fiscal 2022 of $6.4 million for unrecognized tax benefits as a result of a settlement with a taxing authority which was nonrecurring, in addition to the utilization of the discrete tax provision methodology.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act allows net operating losses ("NOLs") incurred in taxable years 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to offset 100% of taxable income and to generate a refund of previously paid income taxes. Pursuant to the CARES Act, the Company carried back the taxable year 2020 tax loss of $150.0 million to prior years. During the first quarter of Fiscal 2022, the Company received $22.0 million of this income tax refund and the remaining balance of $19.1 million as of October 28, 2023 is included within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

The Company accrues interest and penalties related to unrecognized tax benefits as part of the provision for income taxes. The total amount of unrecognized tax benefits was $4.8 million, $3.6 million, and $2.3 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively, and is included within long-term liabilities. Interest expense recognized in Year-To-Date 2023 and Year-To-Date 2022 related to unrecognized tax benefits was not significant.

The Company is subject to tax in the United States and foreign jurisdictions, including Canada and Hong Kong. The Company files a consolidated U.S. income tax return for federal income tax purposes. The Company is no longer subject to income tax examinations by U.S. federal, state and local or foreign tax authorities for tax years 2016 and prior.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues arise as a result of a tax audit, and are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

13. SEGMENT INFORMATION

In accordance with FASB ASC 280—Segment Reporting, the Company reports segment data based on geography: The Children's Place U.S. and The Children's Place International. Each segment includes an e-commerce business located at www.childrensplace.com, www.gymboree.com, www.sugarandjade.com, and www.pjplace.com. Included in The Children's Place U.S. segment are the Company's U.S. and Puerto Rico-based stores and revenue from the Company's U.S.-based wholesale business. Included in The Children's Place International segment are the Company's Canadian-based stores, revenue from the Company's Canadian-based wholesale business, and revenue from international franchisees. The Company measures its segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions, such as production and design, as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services, are managed by The Children's Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children's Place International segment based primarily on net sales. The assets related to these functions are not allocated. The Company periodically reviews these allocations and adjusts them based upon changes in business circumstances. Net sales to external customers are derived from merchandise sales, and the Company has one U.S. wholesale customer that individually accounted for more than 10% of its net sales, amounting to $54.5 million and $116.0 million for the Third Quarter 2023 and Year-To-Date 2023, respectively, and accounts for a majority of the Company's accounts receivable. As of October 28, 2023, The Children's Place U.S. had 520 stores and The Children's Place International had 71 stores. As of October 29, 2022, The Children's Place U.S. had 577 stores and The Children's Place International had 81 stores.

The following table provides segment level financial information:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Net sales:				
The Children's Place U.S.	$ 441,865	$ 457,508	$ 1,048,568	$ 1,126,692
The Children's Place International [1]	38,369	51,612	98,906	125,663
Total net sales	$ 480,234	$ 509,120	$ 1,147,474	$ 1,252,355
Operating income (loss):				
The Children's Place U.S.	$ 38,551	$ 51,460	$ (26,216)	$ 54,385
The Children's Place International	6,416	6,377	4,174	8,876
Total operating income (loss)	$ 44,967	$ 57,837	$ (22,042)	$ 63,261
Operating income (loss) as a percentage of net sales:				
The Children's Place U.S.	8.7%	11.2%	(2.5%)	4.8%
The Children's Place International	16.7%	12.4%	4.2%	7.1%
Total operating income (loss) as a percentage of net sales	9.4%	11.4%	(1.9%)	5.1%
Depreciation and amortization:				
The Children's Place U.S.	$ 10,868	$ 11,592	$ 32,852	$ 36,441
The Children's Place International	864	871	2,682	2,879
Total depreciation and amortization	$ 11,732	$ 12,463	$ 35,534	$ 39,320
Capital expenditures:				
The Children's Place U.S.	$ 6,217	$ 12,342	$ 24,359	$ 30,311
The Children's Place International	—	86	10	882
Total capital expenditures	$ 6,217	$ 12,428	$ 24,369	$ 31,193

(1) Net sales from The Children's Place International are primarily derived from Canadian operations. The Company's foreign subsidiaries, primarily in Canada, have operating results based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q 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 results of operations, including adjusted net income (loss) 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 Part I, Item 1A. Risk Factors of its annual report on Form 10-K for the fiscal year ended January 28, 2023. 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 (including inflation), the risks related to the COVID-19 pandemic, including the impact of the COVID-19 pandemic on our business or the economy in general, 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, disruptions and higher costs in the Company's global supply chain, including resulting from COVID-19 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.

The following discussion should be read in conjunction with the Company's unaudited financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the annual audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 28, 2023.

Terms that are commonly used in our Management's Discussion and Analysis of Financial Condition and Results of Operations are defined as follows:

- *Third Quarter 2023 — The thirteen weeks ended October 28, 2023*
- *Third Quarter 2022 — The thirteen weeks ended October 29, 2022*
- *Year-To-Date 2023 — The thirty-nine weeks ended October 28, 2023*
- *Year-To-Date 2022 — The thirty-nine weeks ended October 29, 2022*
- *Fiscal 2023 – The fifty-three weeks ending February 3, 2024*
- *Fiscal 2022 – The fifty-two weeks ended January 28, 2023*
- *SEC — U.S. Securities and Exchange Commission*
- *U.S. GAAP — Generally Accepted Accounting Principles in the United States*
- *FASB — Financial Accounting Standards Board*
- *FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants*
- *AUR — Average unit retail price*
- *Comparable Retail Sales — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months and from our e-commerce store, excluding postage and handling fees. Store closures in the current fiscal year will be excluded from Comparable Retail Sales beginning in the fiscal quarter in which the store closes. A store that is closed for a substantial remodel, relocation, or material change in size will be excluded from Comparable Retail Sales for at least 14 months beginning in the fiscal quarter in which the closure occurred. However, stores that temporarily close will be excluded from Comparable Retail Sales until the store is reopened for a full fiscal month.*

- *Gross Margin — Gross profit expressed as a percentage of net sales*
- *SG&A — Selling, general, and administrative expenses*

OVERVIEW

Our Business

We are an omni-channel children's specialty portfolio of brands with an industry-leading digital-first operating model. We design, contract to manufacture, and sell fashionable, high quality apparel, accessories and footwear predominantly at value prices, primarily under our proprietary brands: "The Children's Place", "Gymboree", "Sugar & Jade", and "PJ Place". As of October 28, 2023, we had 591 stores across North America, our e-commerce business at *www.childrensplace.com, www.gymboree.com*, *www.sugarandjade.com,* and *www.pjplace.com*, social media channels on Instagram, Facebook, X, formerly known as Twitter, YouTube and Pinterest, and 226 international points of distribution with our six franchise partners in 16 countries.

Segment Reporting

In accordance with FASB ASC 280—*Segment Reporting*, we report segment data based on geography: The Children's Place U.S. and The Children's Place International. Each segment includes an e-commerce business located at *www.childrensplace.com, www.gymboree.com, www.sugarandjade.com* and *www.pjplace.com*. Included in The Children's Place U.S. segment are our U.S. and Puerto Rico-based stores and revenue from our U.S.-based wholesale business. Included in The Children's Place International segment are our Canadian-based stores, revenue from our Canadian-based wholesale business, as well as revenue from international franchisees. We measure our segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design, as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services, are managed by The Children's Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children's Place International segment based primarily on net sales. The assets related to these functions are not allocated. We periodically review these allocations and adjust them based upon changes in business circumstances. Net sales to external customers are derived from merchandise sales, and we have one U.S. wholesale customer that individually accounted for more than 10% of our net sales, amounting to $54.5 million and $116.0 million for the Third Quarter 2023 and Year-To-Date 2023, respectively, and accounts for a majority of our accounts receivable.

COVID-19 Pandemic

As a result of the impact of the COVID-19 pandemic, we continue to experience disruptions in our business, including in our global supply chain, which have caused delays in the production and transportation of our products, which we are mitigating through shifting production schedules.

Recent Developments

Recent macroeconomic conditions have increased the cost of goods and services necessary to produce, import, and distribute our products, including increases in wage rates. Inflationary pressures have also adversely affected our core customer, resulting in a decrease in discretionary apparel purchases during Year-To-Date 2023. We expect these macroeconomic conditions, including but not limited to increased product input costs, transportation costs, distribution costs, and inflationary pressures, to continue to impact Fiscal 2023.

As previously disclosed in our Form 8-K dated October 30, 2023, we became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the lenders under our credit agreement, all of which have since been remedied. While the lenders determined the calculation error resulted in certain technical defaults under the credit agreement (including us not being in compliance with certain debt covenants), we and the lenders entered into a Waiver and Amendment Agreement (the "Waiver Agreement") on October 24, 2023, pursuant to which the lenders waived all of the defaults and we agreed to certain temporary enhanced reporting requirements and temporary restrictions on certain payments. These enhanced reporting requirements and restrictions will cease once we achieve certain excess availability thresholds. At no time prior to or following entering into the Waiver Agreement were we prevented from borrowing under the Credit Agreement in the ordinary course.

In addition, the lease for our distribution center in Toronto, Canada ("TODC") expires in April 2024. We expect to move these operations to the United States to our current distribution center in Alabama, which will result in a further headcount reduction at the TODC. The transition out of the TODC is expected to be substantially completed by the end of the first quarter of 2024.

Operating Highlights

Net sales decreased $28.9 million, or 5.7%, to $480.2 million during the Third Quarter 2023 from $509.1 million during the Third Quarter 2022, primarily due to the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue. Comparable retail sales decreased 7.3% for the Third Quarter 2023.

Gross profit decreased $14.8 million to $162.1 million or 33.7% of net sales during the Third Quarter 2023 from $176.9 million or 34.8% of net sales during the Third Quarter 2022. The 110 basis point decrease reflects the largely unplanned but addressable impact of higher distribution and fulfillment expenses stemming from incremental shipping and processing costs, partially offset by decreases in supply chain and cotton costs. The increases in distribution costs were driven by higher e-commerce volumes than anticipated, which resulted in higher compensation expense to fulfill orders as we incurred significant overtime premiums to process orders, increased wage rates to retain talent and added incentives to attract new associates. In addition, we also increased the utilization of our third-party fulfillment partner which operates at higher rates. We also experienced an outsized increase in the number of packages shipped due to decreases in average order size, given the significant macroeconomic pressures our customers continue to face, and a highly promotional retail environment, which resulted in increased freight costs and deleveraging of freight expense. In addition to the distribution costs, our margin rate was negatively impacted by the growth of our wholesale business, which operates at a lower gross margin but also operates at a lower SG&A and is accretive to our operating margin.

Operating income decreased $12.8 million to $45.0 million during the Third Quarter 2023 compared to $57.8 million during the Third Quarter 2022. Operating income deleveraged 200 basis points to 9.4% of net sales.

Net income decreased $4.4 million to $38.5 million, or $3.05 per diluted share, during the Third Quarter 2023 compared to $42.9 million, or $3.26 per diluted share, during the Third Quarter 2022, due to the factors discussed above.

While we continue to face a challenging macroeconomic environment, including increases in the cost of goods and services necessary to produce, import, and distribute our products, we continue to focus on our key strategic growth initiatives – superior product, digital transformation, alternative channels of distribution, and fleet optimization.

Digital remains our top priority and we continue to expand our digital capabilities. We have migrated to a new responsive site and mobile application, and we have expanded our partnerships with our outside providers to help us monitor and reallocate our marketing budgets in a more efficient and timely manner to drive acquisition, retention and reactivation. Starting in the second half of Fiscal 2022, the results from our new marketing strategies have been encouraging and we continue to position marketing as a key growth lever in Fiscal 2023 and beyond. As our digital business continues to expand, we also continue to strengthen our partnership with our third-party logistics providers in an effort to provide our customer with a best-in-class digital experience.

We continue to evaluate our store fleet through our fleet optimization initiative. We have closed 608 stores, including five stores closed during the Third Quarter 2023, since the announcement of our fleet optimization initiative in 2013. We now plan to close an additional 64 stores during the fourth quarter of 2023, bringing our total closures for Fiscal 2023 to 86 stores, which will leave us with approximately 530 stores entering fiscal 2024. With over 75% of our store fleet coming up for lease action in the next 24 months, we continue to maintain meaningful financial flexibility in our lease portfolio. The average unexpired lease term for our stores is approximately 1.2 years in the United States, Puerto Rico, and Canada.

In November 2021, our Board of Directors authorized a $250.0 million share repurchase program (the "Share Repurchase Program"). Currently, pursuant to the Waiver Agreement described above, we are temporarily restricted from repurchasing any shares. As of October 28, 2023, there was $157.3 million remaining availability under the Share Repurchase Program.

We have subsidiaries whose operating results are based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars. The table below summarizes the average translation rates that most significantly impact our operating results:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Average Translation Rates [(1)]				
Canadian dollar	0.7374	0.7525	0.7418	0.7731
Hong Kong dollar	0.1278	0.1274	0.1276	0.1276

(1) The average translation rates are the average of the monthly translation rates used during each period to translate the respective statements of operations. Each rate represents the U.S. dollar equivalent of the respective foreign currency.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

We describe our significant accounting policies in “Note 1. Basis of Preparation and Summary of Significant Accounting Policies” of the notes to consolidated financial statements included in our most recent Annual Report on Form 10-K for the fiscal year ended January 28, 2023. There have been no significant changes in our accounting policies from those described in our most recent Annual Report on Form 10-K.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses reported during the period. We continuously review the appropriateness of the estimates used in preparing our financial statements; however, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information. Consequently, actual results could differ materially from our estimates.

Our critical accounting estimates are described under the heading “Critical Accounting Estimates” in Item 7 of our most recent Annual Report on Form 10-K for the fiscal year ended January 28, 2023. Our critical accounting estimates include impairment of long-lived assets, impairment of indefinite-lived intangible assets, income taxes, stock-based compensation, and inventory valuation. There have been no material changes in these critical accounting estimates from those described in our most recent Annual Report on Form 10-K.

Recent Accounting Standards Updates

There are no pending accounting standards updates that are currently expected to have a material impact on the Company’s consolidated financial statements.

RESULTS OF OPERATIONS

We believe that our e-commerce and brick-and-mortar retail store operations are highly interdependent, with both sharing common customers purchasing from a common pool of product inventory. Accordingly, we believe that consolidated omni-channel reporting presents the most meaningful and appropriate measure of our performance, including net sales.

The following table sets forth, for the periods indicated, selected data from our Statements of Operations expressed as a percentage of Net sales. We primarily evaluate the results of our operations as a percentage of Net sales rather than in terms of absolute dollar increases or decreases by analyzing the year over year change in our business expressed as a percentage of Net sales (i.e., “basis points”). For example, SG&A increased 90 basis points to 21.8% of Net sales during the Third Quarter 2023 from 20.9% during the Third Quarter 2022. Accordingly, to the extent that our sales have increased at a faster rate than our costs (i.e., “leveraging”), the more efficiently we have utilized the investments we have made in our business. Conversely, if our sales decrease or if our costs grow at a faster pace than our sales (i.e., “deleveraging”), we have less efficiently utilized the investments we have made in our business.

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales (exclusive of depreciation and amortization)	66.3	65.2	69.8	65.3
Gross profit	33.7	34.8	30.2	34.7
Selling, general, and administrative expenses	21.8	20.9	28.7	26.4
Depreciation and amortization	2.4	2.4	3.1	3.1
Asset impairment charges	0.1	—	0.3	0.1
Operating income (loss)	9.4	11.4	(1.9)	5.1
Interest expense, net	(1.7)	(0.8)	(1.9)	(0.7)
Income (loss) before provision (benefit) for income taxes	7.7	10.6	(3.8)	4.4
Provision (benefit) for income taxes	(0.3)	2.2	(1.6)	0.5
Net income (loss)	8.0 %	8.4 %	(2.2)%	3.9 %
Number of Company stores, end of period	591	658	591	658

The following table sets forth net sales by segment, for the periods indicated:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Net sales:				
The Children’s Place U.S.	$ 441,865	$ 457,508	$ 1,048,568	$ 1,126,692
The Children’s Place International	38,369	51,612	98,906	125,663
Total net sales	$ 480,234	$ 509,120	$ 1,147,474	$ 1,252,355

Third Quarter 2023 Compared to Third Quarter 2022

Net sales decreased $28.9 million or 5.7%, to $480.2 million during the Third Quarter 2023 from $509.1 million during the Third Quarter 2022, primarily due to the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue. Comparable retail sales decreased 7.3% for the quarter.

The Children’s Place U.S. net sales decreased $15.6 million or 3.4%, to $441.9 million in the Third Quarter 2023, compared to $457.5 million in the Third Quarter 2022. This decrease was primarily due to the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue.

The Children's Place International net sales decreased $13.2 million or 25.7%, to $38.4 million in the Third Quarter 2023, compared to $51.6 million in the Third Quarter 2022. This decrease was primarily due to the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from geo-political concerns weighing on consumer confidence, and an increase in promotional activity across the sector.

Total e-commerce sales, which include postage and handling, were 57.0% of net retail sales and 50.0% of net sales during the Third Quarter 2023, compared to 50.2% and 46.0%, respectively, during the Third Quarter 2022.

Gross profit decreased $14.8 million to $162.1 million in the Third Quarter 2023, compared to $176.9 million in the Third Quarter 2022. Gross margin deleveraged 110 basis points to 33.7% of net sales in the Third Quarter 2023. The 110 basis point decrease reflects the largely unplanned but addressable impact of higher distribution and fulfillment expenses stemming from incremental shipping and processing costs, partially offset by decreases in supply chain and cotton costs. The increases in distribution costs were driven by higher e-commerce volumes than anticipated, which resulted in higher compensation expense to fulfill orders as we incurred significant overtime premiums to process orders, increased wage rates to retain talent and added incentives to attract new associates. In addition, we also increased the utilization of our third-party fulfillment partner which operates at higher rates. We also experienced an outsized increase in the number of packages shipped due to decreases in average order size, given the significant macro pressures our customers continue to face, and a highly promotional retail environment, which resulted in increased freight costs and deleveraging of freight expense. In addition to the distribution costs, our margin rate was negatively impacted by the growth of our wholesale business, which operates at a lower gross margin but also operates at a lower SG&A and is accretive to our operating margin.

Gross profit as a percentage of net sales is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, the timing and level of promotional activities, foreign currency exchange rates, and fluctuations in shipping and material costs. These factors, among others, may cause gross profit as a percentage of net sales to fluctuate from period to period.

Selling, general, and administrative expenses decreased $1.8 million to $104.8 million during the Third Quarter 2023 from $106.6 million during the Third Quarter 2022. SG&A deleveraged 90 basis points to 21.8% of net sales in the Third Quarter 2023. The Third Quarter 2023 results included incremental operating expenses, including restructuring costs of $0.8 million, credit agreement amendment costs of $0.8 million, and fleet optimization costs of $0.4 million. The Third Quarter 2022 results included incremental operating expenses, including restructuring costs of $1.0 million, fleet optimization costs of $0.2 million, and professional and consulting fees of $0.1 million. Excluding the impact of these incremental charges, SG&A deleveraged 70 basis points to 21.4% of net sales, primarily as a result of the deleverage of fixed expenses resulting from the decline in net sales and higher planned marketing spend, partially offset by permanent reductions in store expenses and home office payroll, and adjustments to variable profitability-based equity compensation, amounting to a benefit of $4.8 million in the Third Quarter 2023, compared to an expense of $4.9 million in the Third Quarter 2022.

Depreciation and amortization was $11.7 million during the Third Quarter 2023, compared to $12.5 million during the Third Quarter 2022. The decrease was primarily driven by reduced depreciation of capitalized software and the permanent closure of 67 stores during the past twelve months, partially offset by the accelerated depreciation related to the voluntary early termination of the corporate office lease.

Asset impairment charges were $0.6 million during the Third Quarter 2023, inclusive of ROU assets. These charges were related to underperforming stores identified in our ongoing store portfolio evaluation primarily as a result of decreased net sales and cash flow projections. No impairment charge was recorded in the Third Quarter 2022.

Operating income decreased $12.8 million to $45.0 million during the Third Quarter 2023, compared to $57.8 million during the Third Quarter 2022. Operating income deleveraged 200 basis points to 9.4% of net sales in the Third Quarter 2023. The Third Quarter 2023 results included incremental operating expenses of $2.9 million, as described above, and included all asset impairment charges recorded, compared to $1.3 million in the Third Quarter 2022. Excluding the impact of these incremental charges, operating income deleveraged 160 basis points to 10.0% of net sales.

Net interest expense was $7.9 million during the Third Quarter 2023, compared to $3.8 million during the Third Quarter 2022. The increase in interest expense was driven by higher borrowings and higher average interest rates associated with the our revolving credit facility and term loan due to continued market-based rate increases.

Provision (benefit) for income taxes was a benefit of $(1.5) million during the Third Quarter 2023, compared to a provision of $11.2 million during the Third Quarter 2022. Our effective tax rate was a benefit of (3.9)% and a provision of 20.7% in the Third Quarter 2023 and Third Quarter 2022, respectively. The change in our effective tax rate and income tax benefit for the Third Quarter 2023 compared to the Third Quarter 2022 was primarily driven by the utilization of the discrete tax provision methodology discussed in "Note 12. Income Taxes" to the accompanying consolidated financial statements, and the impact of certain non-deductible executive compensation.

Net income decreased $4.4 million to $38.5 million, or $3.05 per diluted share during the Third Quarter 2023, compared to $42.9 million, or $3.26 per diluted share during the Third Quarter 2022, due to the factors discussed above.

Year-To-Date 2023 Compared to Year-To-Date 2022

Net sales decreased $104.9 million or 8.4%, to $1.147 billion during Year-To-Date 2023 from $1.252 billion during Year-To-Date 2022, primarily due to the impact of a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue. Comparable retail sales decreased 8.1% during Year-To-Date 2023.

The Children's Place U.S. net sales decreased $78.1 million or 6.9%, to $1.049 billion during Year-To-Date 2023, compared to $1.127 billion during Year-To-Date 2022. This decrease was primarily due to the impact of a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue.

The Children's Place International net sales decreased $26.8 million or 21.3%, to $98.9 million during Year-To-Date 2023, compared to $125.7 million during Year-To-Date 2022. This decrease was primarily due to the impact of a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from geo-political concerns weighing on consumer confidence, and an increase in promotional activity across the sector.

Total e-commerce sales, which include postage and handling, were 52.1% of net retail sales and 46.2% of net sales during Year-To-Date 2023, compared to 47.5% and 44.0%, respectively, during Year-To-Date 2022.

Gross profit decreased $88.0 million to $346.4 million during Year-To-Date 2023, compared to $434.4 million during Year-To-Date 2022. Gross margin deleveraged 450 basis points to 30.2% of net sales during Year-To-Date 2023. The Year-To-Date 2022 results included a net credit of $0.6 million primarily related to the write-off of the lease liability and related right-of-use of a closed store. Excluding the impact of these charges, gross margin deleveraged 440 basis points to 30.2% of net sales. The decrease was primarily the result of lower merchandise margins due to the accelerated liquidation of seasonal inventory, the impact of a significantly larger wholesale business which operates at a lower gross margin rate but is accretive to operating margin, higher input and supply chain costs, higher than planned distribution and fulfillment costs, and the deleverage of fixed expenses resulting from the decline in net sales.

Gross profit as a percentage of net sales is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, the timing and level of promotional activities, foreign currency exchange rates, and fluctuations in shipping and material costs. These factors, among others, may cause gross profit as a percentage of net sales to fluctuate from period to period.

Selling, general, and administrative expenses decreased $0.7 million to $329.8 million during Year-To-Date 2023 from $330.5 million during Year-To-Date 2022. SG&A deleveraged 230 basis points to 28.7% of net sales during Year-To-Date 2023. The Year-To-Date 2023 results included incremental operating expenses, including restructuring costs of $10.7 million, contract termination fees of $3.0 million, fleet optimization costs of $1.5 million, and credit agreement amendment costs of $0.8 million. The Year-To-Date 2022 results included incremental operating expenses, including restructuring costs of $1.2 million, fleet optimization costs of $1.0 million, professional and consulting fees of $0.7 million, and a provision for foreign settlement of $0.4 million. Excluding the impact of these incremental charges, SG&A deleveraged 120 basis points to 27.3% of net sales, primarily as a result of the deleverage of fixed expenses resulting from the decline in net sales and higher planned marketing spending, partially offset by permanent reductions in store expenses and home office payroll, and adjustments to variable profitability-based equity compensation, amounting to a benefit of $6.4 million during Year-To-Date 2023, compared to an expense of $17.9 million during Year-To-Date 2022.

Depreciation and amortization was $35.5 million during Year-To-Date 2023, compared to $39.3 million during Year-To-Date 2022. The decrease was primarily driven by reduced depreciation of capitalized software and the permanent closure of 67 stores during the past twelve months, partially offset by the accelerated depreciation related to the voluntary early termination of the corporate office lease.

Asset impairment charges were $3.1 million during Year-To-Date 2023, inclusive of ROU assets. Asset impairment charges were $1.4 million during Year-To-Date 2022, inclusive of ROU assets.

Operating income (loss) decreased $85.3 million to a loss of $(22.0) million during Year-To-Date 2023 from income of $63.3 million during Year-To-Date 2022. Operating margin deleveraged 700 basis points to (1.9)% of net sales during Year-To-Date 2023. The Year-To-Date 2023 results included incremental operating expenses of $20.4 million, compared to $4.8 million during Year-To-Date 2022. Excluding the impact of these incremental charges, operating margin deleveraged 550 basis points to (0.1)% of net sales.

Net interest expense was $21.5 million during Year-To-Date 2023, compared to $8.1 million during Year-To-Date 2022. The increase was primarily driven by higher borrowings and higher average interest rates associated with our revolving credit facility and term loan due to continued market-based rate increases.

Provision (benefit) for income taxes was a benefit of $(17.8) million during Year-To-Date 2023 compared to a provision of $5.8 million during Year-To-Date 2022. Our effective tax rate was a benefit of (40.9)% and a provision of 10.5% during Year-To-Date 2023 and Year-To-Date 2022, respectively. The change in our effective tax rate and income tax benefit for Year-To-Date 2023 was primarily driven by the Year-To-Date 2023 pretax loss as compared to pretax income for Year-To-Date 2022, jurisdictional earnings mix, the impact of certain non-deductible executive compensation, and the release of a reserve in the first quarter of Fiscal 2022 of $6.4 million for unrecognized tax benefits as a result of a settlement with a taxing authority which was nonrecurring, in addition to the utilization of the discrete tax provision methodology discussed in “Note 12. Income Taxes” to the accompanying consolidated financial statements.

Net income (loss) decreased $75.1 million to a loss of $(25.7) million, or $(2.06) per diluted share during Year-To-Date 2023, compared to income of $49.4 million, or $3.68 per diluted share during Year-To-Date 2022, due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our working capital needs typically follow a seasonal pattern, peaking during the third fiscal quarter based on seasonal inventory purchases. Currently, our primary uses of cash are for working capital requirements, which are principally inventory purchases, the payment of interest expense on our revolving credit facility and term loan, and the financing of capital projects.

On November 16, 2021, we completed the refinancing of our previous $360.0 million asset-based revolving credit facility and our previous $80.0 million term loan with a new lending group led by an affiliate of Wells Fargo Bank, National Association (“Wells Fargo”) by entering into a fourth amendment to our credit agreement, dated as of May 9, 2019, with the lenders party thereto (as amended from time to time, the “Credit Agreement”). The refinanced debt consisted of a $350.0 million asset-based revolving credit facility (the “ABL Credit Facility”) and a $50.0 million term loan (the “Term Loan”). Subsequently, on June 5, 2023, we entered into a fifth amendment to our Credit Agreement, pursuant to which, among other things, our ABL Credit Facility was increased to $445.0 million. See “ABL Credit Facility and Term Loan” below for further information.

As previously disclosed in our Form 8-K dated October 30, 2023, we became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the lenders under our Credit Agreement, all of which have since been remedied. While the lenders determined the calculation error resulted in certain technical defaults under the Credit Agreement (including us not being in compliance with certain debt covenants), we and the lenders entered into a Waiver and Amendment Agreement (the “Waiver Agreement”) on October 24, 2023, pursuant to which the lenders waived all of the defaults and we agreed to certain temporary enhanced reporting requirements and temporary restrictions on certain payments. These enhanced reporting requirements and restrictions will cease once we achieve certain excess availability thresholds. At no time prior to or following entering into the Waiver Agreement were we prevented from borrowing under the Credit Agreement in the ordinary course.

Our working capital deficit increased $89.5 million to $108.4 million at October 28, 2023, compared to $18.9 million at October 29, 2022, primarily reflecting a decrease in our inventory balance from the accelerated liquidation of seasonal inventory and cash on hand, and an increase in borrowings on our ABL Credit Facility, partially offset by a decrease in our accounts payable balance.

At October 28, 2023, we had $358.7 million of outstanding borrowings under our $445.0 million ABL Credit Facility and we had total liquidity of $42.1 million, including $28.6 million of availability under our ABL Credit Facility (after factoring in our excess availability threshold, as defined below), and $13.5 million of cash on hand. In addition, at October 28, 2023, we had $7.4 million of outstanding letters of credit with an additional $42.6 million available for issuing letters of credit under our ABL Credit Facility.

We expect to be able to meet our working capital and capital expenditure requirements for the foreseeable future by using our cash on hand, cash flows from operations, and availability under our ABL Credit Facility.

ABL Credit Facility and Term Loan

We and certain of our subsidiaries maintain the $445.0 million ABL Credit Facility and the $50.0 million Term Loan with Wells Fargo, Truist Bank, Bank of America, N.A., HSBC Business Credit (USA) Inc., JPMorgan Chase Bank, N.A., and PNC Bank, National Association, as lenders (collectively, the "Lenders") and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and Term Agent. Both the ABL Credit Facility and the Term Loan mature in November 2026.

The ABL Credit Facility includes a $25.0 million Canadian sublimit and a $50.0 million sublimit for standby and documentary letters of credit.

Under the ABL Credit Facility, based on the amount of our average daily excess availability under the facility, borrowings outstanding bear interest, at our option, at:

(i) the prime rate per annum, plus a margin of 1.250% or 1.500%; or

(ii) the Secured Overnight Financing Rate ("SOFR") per annum, plus a margin of 2.000% or 2.250%.

We are charged a fee of 0.200% on the unused portion of the commitments. Letter of credit fees range from 1.000% to 1.125% for commercial letters of credit and range from 1.500% to 1.750% for standby letters of credit. Letter of credit fees are determined based on the amount of our average excess availability under the facility. The amount available for loans and letters of credit under the ABL Credit Facility is determined by a borrowing base consisting of certain credit card receivables, certain trade receivables, certain inventory, and the fair market value of certain real estate, subject to certain reserves.

Once we achieve a consolidated EBITDA of at least $200.0 million across four consecutive fiscal quarters, and based on the amount of our average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility would bear interest, at our option, at:

(i) the prime rate per annum, plus a margin of 0.625% or 0.875%; or

(ii) the SOFR per annum, plus a margin of 1.375% or 1.625%.

Letter of credit fees would range from 0.688% to 0.813% for commercial letters of credit and would range from 0.875% to 1.125% for standby letters of credit. Letter of credit fees are determined based on the amount of average daily excess availability under the facility.

For the Third Quarter 2023 and Year-To-Date 2023, we recognized $7.2 million and $18.0 million, respectively, in interest expense related to the ABL Credit Facility. For the Third Quarter 2022 and Year-To-Date 2022, we recognized $3.0 million and $6.9 million, respectively, in interest expense related to the ABL Credit Facility.

The outstanding obligations under the ABL Credit Facility may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness, and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. We are not subject to any early termination fees.

The ABL Credit Facility contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments, and a fixed-charge coverage ratio covenant, which only becomes effective in the event that borrowings and other uses of credit exceed the maximum borrowing availability (as reflected in the table below), based on our ability to maintain a certain amount of excess availability for borrowings (the "excess availability threshold"). These covenants also limit our ability to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, or dispositions or to change the nature of our business.

Credit extended under the ABL Credit Facility is secured by a first priority security interest in substantially all of our U.S. and Canadian assets other than intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock, and a second priority security interest in our intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock.

The table below presents the components of our ABL Credit Facility:

	October 28, 2023	January 28, 2023	October 29, 2022
		(in millions)	
Total borrowing base availability, net of the excess availability threshold, as applicable	$ 394.7	$ 363.8	$ 463.9
Credit facility maximum, net of the excess availability threshold, as applicable	400.5	315.0	350.0
Maximum borrowing availability (1)	394.7	315.0	350.0
Outstanding borrowings	358.7	287.0	265.0
Letters of credit outstanding—standby	7.4	7.4	7.4
Utilization of credit facility at end of period	366.1	294.4	272.4
Availability (2)	$ 28.6	$ 20.6	$ 77.6
Interest rate at end of period	8.0%	5.9%	4.8%

	Year-To-Date 2023	Fiscal 2022	Year-To-Date 2022
		(in millions)	
Average end of day loan balance during the period	$ 327.6	$ 274.9	$ 273.1
Highest end of day loan balance during the period	$ 379.4	$ 297.7	$ 297.6
Average interest rate	7.0%	3.7%	3.0%

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(1) Lower of the credit facility maximum and the total borrowing base availability, both net of the excess availability threshold.

(2) The sub-limit availability for the letters of credit was $42.6 million at October 28, 2023, January 28, 2023, and October 29, 2022.

The Term Loan bears interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that is a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that is a base rate loan. The Term Loan is pre-payable at any time without penalty, and does not require amortization. For the Third Quarter 2023 and Year-To-Date 2023, we recognized $0.4 million, and $2.4 million, respectively, in interest expense related to the Term Loan. For the Third Quarter 2022 and Year-To-Date 2022, we recognized $0.6 million, and $1.5 million, respectively, in interest expense related to the Term Loan.

The Term Loan is secured by a first priority security interest in our intellectual property, certain furniture, fixtures, equipment, and pledges of subsidiary capital stock, and a second priority security interest in the collateral securing the ABL Credit Facility on a first-priority basis. The Term Loan is guaranteed by each of our subsidiaries that guarantees the ABL Credit Facility and contains substantially the same covenants as provided in the ABL Credit Facility.

Both the ABL Credit Facility and the Term Loan contain customary events of default, which include (subject in certain cases to customary grace and cure periods) nonpayment of principal or interest, breach of covenants, failure to pay certain other indebtedness, and certain events of bankruptcy, insolvency or reorganization. As of October 28, 2023, unamortized deferred financing costs amounted to $2.4 million, of which $2.2 million related to our ABL Credit Facility.

Cash Flows and Capital Expenditures

Cash used in operating activities was $42.6 million during Year-To-Date 2023, compared to $17.0 million during Year-To-Date 2022. Cash used in operating activities during Year-To-Date 2023 was primarily the result of a lower inventory balance and losses incurred during the period, partially offset by other planned changes in working capital. Cash used in operating activities during Year-To-Date 2022 was primarily the result of the timing of inventory receipts as a result of global supply chain disruptions, partially offset by earnings generated during the period, the receipt of a net income tax refund of $15.7 million, as well as other planned changes in working capital.

Cash used in investing activities was $24.5 million during Year-To-Date 2023, compared to $31.6 million during Year-To-Date 2022, primarily driven by the timing of capital expenditures.

Cash provided by financing activities was $64.0 million during Year-To-Date 2023, compared to $14.0 million during Year-To-Date 2022. The increase primarily resulted from net borrowings under our ABL Credit Facility, offset by lower repurchases of our common stock during Year-To-Date 2023 compared to Year-To-Date 2022.

We anticipate total capital expenditures to be in the range of $25 million to $30 million in Fiscal 2023, primarily to support our distribution center expansion, digital initiatives, and enhancement of our fulfillment capabilities, compared to $45.6 million in Fiscal 2022. Our ability to continue to meet our capital requirements in Fiscal 2023 depends on our cash on hand, our ability to generate cash flows from operations, and available borrowings under our ABL Credit Facility. Cash flows generated from operations depends on our ability to achieve our financial plans. We believe that our existing cash on hand, cash generated from operations, and funds available to us through our ABL Credit Facility will be sufficient to fund our capital and other cash requirements for the foreseeable future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business, our financial position and results of operations are routinely subject to market risk associated with interest rate movements on borrowings and investments and currency rate movements on non-U.S. dollar denominated assets, liabilities, income, and expenses. We utilize cash from operations and short-term borrowings to fund our working capital and investment needs.

Cash and Cash Equivalents

Cash and cash equivalents are normally invested in short-term financial instruments that will be used in operations within 90 days of the balance sheet date. Because of the short-term nature of these instruments, changes in interest rates would not materially affect their fair values.

Interest Rates

Our ABL Credit Facility bears interest at a floating rate equal to the prime rate or SOFR, plus a calculated spread based on our average daily excess availability under the facility. As of October 28, 2023, we had $358.7 million in borrowings under our ABL Credit Facility. A 10% change in the prime rate or SOFR would not have had a material impact on our interest expense.

Our Term Loan bears interest, payable monthly, at (a) the SOFR per annum plus 2.75% for any portion that is a SOFR loan, or (b) the base rate per annum plus 2.00% for any portion that is a base rate loan. As of October 28, 2023, the outstanding balance of the Term Loan was $50.0 million. A 10% change in the SOFR would not have had a material impact on our interest expense.

Assets and Liabilities of Foreign Subsidiaries

Assets and liabilities outside the United States are primarily located in Canada and Hong Kong, where our investments in our subsidiaries are considered long-term. As of October 28, 2023, net assets in Canada and Hong Kong amounted to $26.6 million. A 10% increase or decrease in the Canadian and Hong Kong foreign currency exchange rates would increase or decrease the corresponding net investment by $2.7 million. All changes in the net investments in our foreign subsidiaries are recorded in other comprehensive income (loss).

As of October 28, 2023, we had $6.1 million of our cash and cash equivalents held in foreign subsidiaries, of which $2.0 million was in India, $1.8 million was in China, $1.6 million was in Hong Kong, $0.6 million was in Canada, and $0.1 million was held in other foreign countries.

Foreign Operations

We have exchange rate exposure primarily with respect to certain revenues and expenses denominated in Canadian dollars. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses. Assuming a 10% change in foreign currency exchange rates, the Third Quarter 2023 net sales would have decreased or increased by approximately $8.9 million, and total costs and expenses would have decreased or increased by approximately $11.1 million. Additionally, we have foreign currency denominated receivables and payables that, when settled, result in transaction gains or losses. A 10% change in foreign currency exchange rates would not result in a significant transaction gain or loss in earnings.

We import a vast majority of our merchandise from foreign countries, primarily Bangladesh, Ethiopia, Cambodia, Vietnam, India, Indonesia and China. Consequently, any significant or sudden change in the political, foreign trade, financial, banking, or currency policies and practices, or the occurrence of significant labor unrest in these countries, could have a material adverse impact on our business, financial position, results of operations, and cash flows.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed only to provide “reasonable assurance” that the controls and procedures will meet their objectives. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

Management, including our Chief Executive Officer and President, and our Chief Operating Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of October 28, 2023.

Based on that evaluation, our Chief Executive Officer and President, and our Chief Operating Officer and Chief Financial Officer concluded that, because of a material weakness in the Company’s internal control over financial reporting as described below, our disclosure controls and procedures were not effective, as of October 28, 2023, to ensure that all information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our principal executive, principal accounting, and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Material Weakness in Internal Control

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

During the quarter ended October 28, 2023, we identified a material weakness in the operation of our internal control related to the review of the borrowing base calculation provided to the Lenders under our ABL Credit Facility, resulting in certain technical defaults for which we obtained a waiver.

The material weakness identified above did not result in any material misstatements in our financial statements or disclosures, and there were no changes to previously issued financial results.

Remediation Plan

Our management and Board of Directors are committed to maintaining a strong internal control environment. In response to the identified material weakness above, management, with oversight of the Audit Committee of our Board of Directors, took actions that are designed to remediate the material weakness in internal control over financial reporting and enhance our control environment. These actions include implementing additional review procedures over the accuracy of the borrowing base calculation, in consideration of any recent amendments to the agreement. Management continues to remediate this material weakness and we expect the actions taken will allow us to fully remediate the material weakness during the fourth quarter.

Changes in Internal Control over Financial Reporting

Except for the items referred to above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that occurred during the quarter ended October 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Certain legal proceedings in which we are involved are discussed in “Note 8. Commitments and Contingencies” to the accompanying consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended January 28, 2023.

ITEM 1A. RISK FACTORS.

There were no material changes to the risk factors disclosed in Item 1A of Part I in our Annual Report on Form 10-K for the year ended January 28, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In November 2021, our Board of Directors authorized a $250.0 million share repurchase program (the “Share Repurchase Program”). Under this program, we may repurchase shares on the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors, including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time and may thereafter reinstitute purchases, all without prior announcement. Pursuant to the Waiver Agreement described above, we are temporarily restricted from repurchasing any shares. As of October 28, 2023, there was $157.3 million remaining availability under the Share Repurchase Program.

Pursuant to our practice, including due to restrictions imposed by our insider trading policy during black-out periods, we withhold and repurchase shares of vesting stock awards and make payments to taxing authorities as required by law to satisfy the withholding tax requirements of all equity award recipients. Our payment of the withholding taxes in exchange for the surrendered shares constitutes a repurchase of our common stock. We also acquire shares of our common stock in conjunction with liabilities owed under our deferred compensation plan, which are held in treasury.

The following table provides a month-by-month summary of our share repurchase activity during the Third Quarter 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
7/30/23-8/26/23 [(1)]	3,597	$ 28.61	2,064	$ 157,333
8/27/23-9/30/23	—	—	—	157,333
10/1/23-10/28/23	—	—	—	157,333
Total	3,597	$ 28.61	2,064	$ 157,333

(1) Includes 1,533 shares acquired as treasury stock as directed by participants in the deferred compensation plan and 2,064 shares withheld to cover taxes in conjunction with the vesting of stock awards.

ITEM 6. EXHIBITS.

The following exhibits are filed with this Quarterly Report on Form 10-Q:

3.1	Seventh Amended and Restated Bylaws of The Children's Place, Inc. filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on November 14, 2023 is incorporated by reference herein.
10.4(+)	Waiver and Amendment Agreement to the Credit Agreement, dated as of October 24, 2023, among the Company, the Borrowers identified on Schedule I thereto, the Guarantors identified on Schedule II thereto, the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender and Term Agent.
31.1(+)	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2(+)	Certificate of Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32(+)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

(+) Filed herewith.

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CHILDREN'S PLACE, INC.

Date: December 4, 2023	By: /S/ Jane T. Elfers Jane T. Elfers *Chief Executive Officer and President* *(Principal Executive Officer)*
Date: December 4, 2023	By: /S/ Sheamus Toal Sheamus Toal *Chief Operating Officer and Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

EXHIBIT 10.4
EXECUTION VERSION

October 24, 2023

The Children's Place, Inc.
The other Loan Parties (as defined in the Credit Agreement referred to below)
c/o The Children's Place, Inc.
500 Plaza Drive
Secaucus, New Jersey 07094
Attention: Sheamus Toal, Chief Financial Officer

Re: Waiver and Amendment Agreement under Credit Agreement with The Children's Place, Inc., et al.

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Credit Agreement, dated as of May 9, 2019 (as in effect on the date hereof and as may be further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), by, among others, (i) The Children's Place, Inc., a Delaware corporation, for itself and as agent (in such capacity, the "Lead Borrower") for the other Borrowers from time to time party thereto (collectively, with the Lead Borrower, the "Borrowers"), (ii) the other Borrowers, (iii) the Guarantors from time to time party thereto, (iv) the Lenders from time to time party thereto, and (v) Wells Fargo Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent"), Collateral Agent and Swing Line Lender. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Credit Agreement.

The Administrative Agent's representatives recently reported that the Lead Borrower had overstated Eligible Inventory in the Borrowing Base Certificates delivered for the months of June, July and August 2023 (any and all inaccuracies and/or errors contained in such Borrowing Base Certificates, collectively, the "Specified Reporting Inaccuracies"). The Lead Borrower represents that the Specified Reporting Inaccuracies were inadvertent. As a result of, or incidental to, the Specified Reporting Inaccuracies, one or more Events of Default have occurred and are continuing, including, without limitation, pursuant to Sections 8.01(a), 8.01(b)(i) (as a result of a breach of Sections 6.03(a) and 7.17 of the Credit Agreement), 8.01(b)(ii)(y) (as a result of a breach of Section 6.02(c) of the Credit Agreement), 8.01(b)(iii) (as a result of a breach of Section 6.02(b) of the Credit Agreement) and 8.01(e) of the Credit Agreement (all of such Events of Default, collectively, the "Specified Events of Default").

The Lead Borrower, the Administrative Agent and the Required Lenders have mutually determined that it is in each of their best interests to waive the Specified Events of Default, subject to the terms and conditions set forth in this waiver and amendment agreement (this "Agreement").

Accordingly, the parties hereto agree as follows:

1. Waiver of Specified Events of Default. The Administrative Agent and the Required Lenders hereby waive the Specified Events of Default. The foregoing waiver

(i) relates only to the Specified Reporting Inaccuracies; (ii) is a one-time waiver; (iii) shall not be deemed to constitute a waiver of any other Default or Event of Default now existing or hereafter arising; (iv) does not constitute an modification or waiver of any other obligations of the Loan Parties under the Credit Agreement or any other Loan Document, or an amendment to any terms or conditions of the Credit Agreement or any other Loan Document, each of which remains in full force and effect; (v) is granted in express reliance upon the Loan Parties' representations, warranties, and agreements set forth herein; and (vi) does not establish (and is not to be deemed to establish) a course of dealing or conduct by the Agents or the Lenders.

2. Representations and Warranties.

(a) The Loan Parties hereby represent and warrant to the Administrative Agent, the Lenders and the other Credit Parties that after giving effect to the provisions of this Agreement, no Default or Event of Default exists and is continuing.

(b) The Loan Parties hereby ratify, confirm, and reaffirm that all representations and warranties of the Loan Parties contained in Article V of the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof after giving effect to the transactions contemplated hereby, except (x) in the case of any representation and warranty qualified by materiality, they are true and correct in all respects, (y) to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or in all respects, as applicable) as of such earlier date, and (z) for purposes of this Section 2(b), the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement.

3. Covenants. The Loan Parties hereby agree that, without limiting any of the Loan Parties' obligations in the Credit Agreement, and notwithstanding anything in the Credit Agreement to the contrary:

(a) Weekly Borrowing Base Certificates. On the seventh (7th) Business Day after the end of each fiscal week, commencing on October 18, 2023 (with respect to the fiscal week ending on October 7, 2023) and continuing until the Reporting End Date (as defined below), the Loan Parties shall deliver to the Administrative Agent and the Term Agent, in form and detail reasonably satisfactory to the Administrative Agent and the Term Agent, a Borrowing Base Certificate showing each Borrowing Base, the Aggregate Revolving Borrowing Base and the Aggregate Borrowing Base, respectively, as of the close of business on the Saturday of such fiscal week. "Reporting End Date" means the first date to occur after the date hereof on which Excess Availability has exceeded twenty percent (20%) of the Revolving Loan Cap for thirty (30) consecutive days; provided, that as of such date, no Event of Default has occurred and is continuing. For the avoidance of doubt, (x) if, as of such date, a "Weekly BBC Reporting Event" (as defined in the Credit Agreement) shall then be continuing, then the Reporting End Date shall be deemed not to have occurred and the Loan Parties shall continue delivering Borrowing Base Certificates on a weekly basis in accordance with the terms of the Credit Agreement and this Agreement, and (y) the occurrence of the Reporting End Date shall in no way limit, waive or delay the occurrence of a "Weekly BBC Reporting Event" (as defined in the Credit Agreement) in the event that the conditions set forth in such definition arise.

(b) Weekly Cash Flow Forecasts. On the Friday of each fiscal week (or if Friday is not a Business Day, on the next succeeding Business Day), commencing on October 27, 2023 (with respect to the fiscal week beginning on October 22, 2023) and continuing until the Cash End Date (as defined below), the Loan Parties shall deliver to the Administrative Agent and the Term Agent, in form, substance and detail reasonably satisfactory to the Administrative Agent and the Term Agent, a rolling thirteen (13) week forecast of cash receipts and cash expenditures of the Loan Parties on a consolidated basis current through the Saturday of such fiscal week, as acknowledged in writing by the Administrative Agent (each such forecast, a "Weekly Cash Flow Forecast"), and a reconciliation of actual material cash receipts and material cash expenditures against the projected cash receipts and expenditures provided pursuant to the previous Weekly Cash Flow Forecast (each such reconciliation, a "Reconciliation"). Notwithstanding anything in this Section 3(b) or Section 3(f) to the contrary, the parties hereto acknowledge and agree that the initial Weekly Cash Flow Forecasts shall be internal, management prepared forecasts, and that the Loan Parties shall not be required to cause the Independent Consultant (as defined below) to assist in the preparation or review of Weekly Cash Flow Forecasts required to be delivered hereunder until the Weekly Cash Flow Forecast with respect to the fiscal week beginning on November 19, 2023 (to be delivered on November 24, 2023).

(c) Certain Restricted Transactions and Payments. From and after the date hereof and continuing until the Cash End Date, the Loan Parties shall not enter into any transaction or make any payment (i) as to which satisfaction of the Payment Conditions is required, (ii) described in clause (q) of the definition of "Permitted Encumbrances", (iii) described in clauses (m) or (n) of the definition of "Permitted Indebtedness", (iv) described in clauses (h), (m) or (o) of the definition of "Permitted Investments", (v) constituting a Limited Condition Transaction, or (vi) described in Section 7.06(e) of the Credit Agreement.

(d) Cash Management; Expenditures. From and after the date hereof and continuing until the Cash End Date, the Loan Parties shall not permit cash or cash equivalents in an aggregate amount in excess of $40,000,000 (other than (i) operating cash, (ii) cash included in Excluded Accounts in accordance with the terms of such definition, and (iii) cash necessary for the Loan Parties to satisfy operating expenses then due in the ordinary course of their business) to accumulate and be maintained in the deposit or investment accounts of the Loan Parties and their Subsidiaries (it being understood and agreed that all such excess amounts shall be remitted to the Administrative Agent for application to the Loans then outstanding); provided, however, that (A) the foregoing shall not restrict amounts maintained in (1) deposit accounts of Subsidiaries, which accounts and Subsidiaries are located in and organized in Asia, so long as such amounts are permitted to be maintained in such accounts and Subsidiaries pursuant to the terms of the Credit Agreement, and (2) Excluded Accounts in accordance with the terms of such definition, and (B) the Loan Parties' obligations under this clause (d) shall be suspended if and for so long as there are no Loans outstanding. As used herein, "Cash End Date" means the first date after February 3, 2024 on which Excess Availability exceeds and has exceeded twenty percent (20%) of the Revolving Loan Cap for thirty (30) consecutive days; provided, that as of such later date, no Event of Default has occurred and is continuing. For the avoidance of doubt, nothing herein shall derogate from any of the Loan Parties' obligations under the Credit Agreement arising as a result of the occurrence of a "Cash Dominion Event" (as defined in the Credit Agreement).

(e) Monthly Financial Reporting; Measurement Period.

(i) Commencing with the Fiscal Month ending August 26, 2023 and continuing (including in respect of the Fiscal Month ending September 30, 2023) until the Reporting End Date, the Loan Parties shall deliver to the Administrative Agent and the Term Agent, in form and detail reasonably satisfactory to the Administrative Agent and the Term Agent, as soon as available, but in any event within thirty (30) days after the end of each Fiscal Month of each Fiscal Year (except with respect to the last Fiscal Month of each Fiscal Quarter, with respect to which the applicable period for delivery shall be forty-five (45) days rather than thirty (30) days)), (x) a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of such Fiscal Month, and the related Consolidated statements of income or operations, and for the portion of the Fiscal Year then ended, setting forth in each case, but only with respect to the Consolidated statements, in comparative form the figures for the corresponding Fiscal Month, of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, all in reasonable detail, such Consolidated statements to be certified by a Responsible Officer of the Lead Borrower as fairly presenting the financial condition and results of operations of the Lead Borrower and its Subsidiaries as of the end of such Fiscal Month and for the period then ended in accordance with GAAP, subject only to normal year-end and quarter-end closing and audit adjustments and the absence of footnotes (it being understood and agreed that the Lead Borrower does not make certain adjustments to the month-end financial statements, as it does with respect to the quarter-end and year-end financial statements, as disclosed to the Administrative Agent prior to the date hereof), and (y) a duly completed Compliance Certificate signed by a Responsible Officer of the Lead Borrower, which shall include, without limitation, (A) a certification as to the amount, if any, of rent under any Leases, and any obligations and liabilities with respect to Taxes, that have not been timely paid, and (B) a certification as to the receipt of notice, if any, as to any obligations or liabilities with respect to utilities and/or insurance premiums that have not been timely paid. In the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Lead Borrower shall also provide a statement of reconciliation conforming such financial statements to GAAP.

(ii) For the avoidance of doubt, nothing herein shall derogate from any of the Loan Parties' obligations under the Credit Agreement arising as a result of the occurrence, after the date hereof, of a "Covenant Compliance Event" (as defined in the Credit Agreement), including, without limitation, compliance with Section 7.17 of the Credit Agreement.

(iii) For the avoidance of doubt, to the extent the Loan Parties are required to deliver the materials described in the foregoing clause (e)(i) on a monthly basis, the term "Measurement Period", as used in the Credit Agreement, shall mean, at any date of determination, the most recently completed trailing twelve (12) Fiscal Months.

(f) Independent Consultant.

(i) As of the date hereof, the Loan Parties have engaged the Independent Consultant (as defined below) on terms reasonably satisfactory to the Administrative Agent (which engagement includes, without limitation, assisting the Loan Parties with the preparation of the Borrowing Base Certificates and Weekly Cash Flow Forecasts required to be delivered to the Administrative Agent and the Lenders pursuant to Section 3(a) of this Agreement, and the Reconciliations required to be delivered to the Administrative Agent and the Lenders pursuant to Section 3(b) of this Agreement), and shall continue to engage the Independent Consultant until the Independent Consultant

Termination Date or such later date as the Lead Borrower shall determine in its discretion.

(ii) The Loan Parties shall allow the Administrative Agent and the Lenders access to, upon reasonable notice during normal business hours, the Independent Consultant.

(iii) The Loan Parties authorize the Administrative Agent, upon reasonable prior notice to the Lead Borrower (to the extent practicable), to communicate directly with its independent certified public accountants, appraisers, financial advisors and consultants (including the Independent Consultant), which have been engaged from time to time by the Loan Parties, and authorize and shall instruct (if requested by the Administrative Agent) those accountants, appraisers, financial advisors and consultants to communicate to the Administrative Agent (with copies of all communications to the Lead Borrower) financial information relating to each Loan Party with respect to the business, results of operations, prospects and financial condition of such Loan Party. The Loan Parties hereby authorize and direct the Independent Consultant to provide the Administrative Agent, promptly following a request by the Administrative Agent, with copies of all requested reports and information prepared or reviewed by the Independent Consultant, and the Loan Parties covenant and agree that the Administrative Agent and the Lenders may rely on any information provided by Independent Consultant as if provided directly by the Loan Parties.

(iv) Upon the reasonable request of the Administrative Agent, senior management of the Loan Parties and such financial advisors and consultants shall (unless the Administrative Agent otherwise consents in writing) make themselves reasonably available to participate in periodic telephonic calls with the Administrative Agent (and/or its advisors and counsel) to discuss various financial matters, including projections and other financial statements required to be delivered under the Loan Documents. Without limiting the generality of the foregoing, senior management of the Loan Parties and such financial advisors and consultants shall participate in such a telephonic call with the Administrative Agent and the Lenders within fourteen (14) days following the date hereof.

(v) As used herein:

(x) "Independent Consultant" means FTI Consulting; and

(y) "Independent Consultant Termination Date" means the first date following February 3, 2024 on which each of the following conditions shall have occurred:

(A) no Default or Event of Default shall have occurred and be continuing at such time or would immediately result therefrom; and

(B) Excess Availability shall be, as of such date, and for the ninety (90) day period immediately following such date, not less than, fifteen percent (15%) of the Revolving Borrowing Base.

(g) Waiver Fee. On the date hereof, the Loan Parties shall pay to the Administrative Agent fees in the amounts and at the times specified in that certain Waiver Fee Letter dated as of even date, by and among the Borrowers and the Administrative Agent.

The Loan Parties acknowledge and agree that the failure to comply with (i) the covenant set forth in the foregoing Section 3(a) shall constitute an Event of Default pursuant to Section 8.01(b)(ii)(y) of the Credit Agreement, (ii) any covenant set forth in the foregoing Sections 3(b), 3(c), 3(d), 3(e) or 3(f) shall constitute an Event of Default pursuant to Section 8.01(b)(i) of the Credit Agreement, and (iii) the covenant set forth in the foregoing Section 3(g) shall constitute an Event of Default pursuant to Section 8.01(a) of the Credit Agreement.

4. No Offset; Release of Claims.

(a) The Loan Parties acknowledge and agree that there is no basis nor set of facts on which any amount (or any portion thereof) owed by the Loan Parties under the Credit Agreement could be reduced, offset, waived, or forgiven, by rescission or otherwise; nor is there any claim, counterclaim, offset, or defense (or other right, remedy, or basis having a similar effect) available to the Loan Parties with regard thereto; nor is there any basis on which the terms and conditions of any of the Obligations could be claimed to be other than as stated on the written instruments which evidence such Obligations.

(b) The Loan Parties hereby acknowledge and agree that none of them has any offsets, defenses, claims, or counterclaims against any Agent, any other Credit Party, or their respective parents, affiliates, predecessors, successors, or assigns, or their respective officers, directors, employees, attorneys, or representatives, with respect to the Obligations, or otherwise, and that if the Loan Parties now have, or ever did have, any offsets, defenses, claims, or counterclaims against any Agent, any other Credit Party, or their respective parents, affiliates, predecessors, successors, or assigns, or their respective officers, directors, employees, attorneys, or representatives, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of execution of this Agreement, with respect to the Obligations, or otherwise, all of them are hereby expressly **WAIVED**, and the Loan Parties hereby **RELEASE** each Agent, each other Credit Party, and each of the Lenders, and their respective officers, directors, employees, attorneys, representatives, affiliates, predecessors, successors, and assigns from any liability therefor.

5. Miscellaneous. This Agreement shall constitute a Loan Document for all purposes. The provisions of Section 10.10 (Counterparts; Integration; Effectiveness), 10.11 (Survival), 10.12 (Severability), 10.14 (Governing Law; Jurisdiction; Etc.) and 10.15 (Waiver of Jury Trial) of the Credit Agreement are hereby incorporated herein, *mutatis mutandis*.

Please confirm the Loan Parties' representations and warranties contained herein, and the Loan Parties' agreement with the terms and conditions set forth herein, in each case by executing a copy of this Agreement where indicated below and returning the same to the Administrative Agent. Subject to this Agreement being signed by the Loan Parties, the Administrative Agent and the Required Lenders, and the Administrative Agent's receipt of the fees described in Section 3(g) hereof, this Agreement shall take effect as of the date above first written.

[*Remainder of Page Intentionally Left Blank*]

If you have any questions, please do not hesitate to contact us.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, as a U.S. Revolving Lender and as a Term Lender

By: /s/ Emily J. Abrahamson
Name: Emily J. Abrahamson
Title: Duly Authorized Signatory

WELLS FARGO CAPITAL FINANCE CORPORATION CANADA, as a Canadian Revolving Lender

By: /s/ Carmela Massari
Name: Carmela Massari
Title: Senior Vice President

BANK OF AMERICA, N.A., as a U.S. Revolving Lender and as a Term Lender

By: /s/ Bryn MacGillivray
Name: Bryn MacGillivray
Title: Vice President

BANK OF AMERICA, N.A. (acting through its Canada branch), as a Canadian Revolving Lender

By: /s/ Sylwia Durkiewicz
Name: Sylwia Durkiewicz
Title: Vice President

JPMORGAN CHASE BANK, N.A., as a U.S. Revolving Lender and as a Term Lender

By: /s/ Jon Eckhouse
Name: Jon Eckhouse
Title: Authorized Officer

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as a Canadian Revolving Lender

By: /s/ Auggie Marchetti
Name: Auggie Marchetti
Title: Authorized Officer

TRUIST BANK, as a U.S. Revolving Lender, as a Term Lender, and as a Canadian Revolving Lender

By: /s/ Undrae L. Mitchell
Name: Undrae L. Mitchell
Title: Vice President

HSBC BANK (USA), N.A., as a U.S. Revolving Lender, as a Term Lender, and as a Canadian Revolving Lender

By: /s/ Swati Bhadada
Name: Swati Bhadada
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION, as a U.S. Revolving Lender and as a Canadian Revolving Lender

By: /s/ Paul Starman
Name: Paul Starman
Title: Vice President

Acknowledged and Agreed:

THE CHILDREN'S PLACE, INC., as Lead Borrower and as a U.S. Borrower

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: Chief Financial Officer

THE CHILDREN'S PLACE SERVICES COMPANY, LLC, as a U.S. Borrower

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP BRANDS, LLC, as a U.S. Borrower

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

THE CHILDREN'S PLACE INTERNATIONAL, LLC, as a U.S. Borrower

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

THE CHILDREN'S PLACE (CANADA), LP, by its general partner, TCP INVESTMENT CANADA II CORP., as a Canadian Borrower

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

THECHILDRENSPLACE.COM, INC., as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

THE CHILDREN'S PLACE CANADA HOLDINGS, INC., as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP IH II, LLC, as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP REAL ESTATE HOLDINGS, LLC, as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP INTERNATIONAL PRODUCT HOLDINGS, LLC, as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP INVESTMENT CANADA II CORP., as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

TCP INVESTMENT CANADA I CORP., as a Guarantor

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: President & Treasurer

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

EXHIBIT 31.1

Certificate of Principal Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2023

By: /S/ JANE T. ELFERS

JANE T. ELFERS
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

Certificate of Principal Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Sheamus Toal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2023

By: /S/ SHEAMUS TOAL
SHEAMUS TOAL
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, Chief Executive Officer and President of The Children's Place, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 28, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 4th day of December, 2023.

By: /S/ JANE T. ELFERS
Chief Executive Officer and President
(Principal Executive Officer)

I, Sheamus Toal, Chief Operating Officer and Chief Financial Officer of The Children's Place, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 28, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 4th day of December, 2023.

By: /S/ SHEAMUS TOAL
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

This certification accompanies the Quarterly Report on Form 10-Q of The Children's Place, Inc. for the quarter ended October 28, 2023 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original copy of this written statement required by Section 906 of the Sarbanes Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission and its staff upon request.