

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fifty-three weeks ended February 3, 2024
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 (State or other jurisdiction of incorporation or organization)	31-1241495 (I.R.S. Employer Identification No.)
500 Plaza Drive Secaucus, New Jersey (Address of principal executive offices)	07094 (Zip Code)

(201) 558-2400

(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of common stock held by non-affiliates was \$366,621,788 at the close of business on July 29, 2023 (the last business day of the registrant's fiscal 2023 second fiscal quarter) based on the closing price of the common stock as reported on the Nasdaq Global Select Market. For purposes of this disclosure, shares of common stock held by persons who hold more than 10% of the outstanding shares of common stock and shares held by executive officers and directors of the registrant have been excluded because such persons may be deemed affiliates. This determination of executive officer or affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: Common Stock, par value \$0.10 per share, outstanding at April 29, 2024: 12,685,290.

Documents incorporated by reference: Portions of The Children's Place, Inc. definitive proxy statement for its annual meeting of stockholders to be held on May 22, 2024 are incorporated by reference into Part III.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K
FOR THE FIFTY-THREE WEEKS ENDED FEBRUARY 3, 2024
TABLE OF CONTENTS

	<u>PAGE</u>
<u>PART I</u>	
<u>Item 1. Business.</u>	<u>3</u>
<u>Item 1A. Risk Factors.</u>	<u>14</u>
<u>Item 1B. Unresolved Staff Comments.</u>	<u>27</u>
<u>Item 1C. Cybersecurity.</u>	<u>28</u>
<u>Item 2. Properties.</u>	<u>29</u>
<u>Item 3. Legal Proceedings.</u>	<u>30</u>
<u>Item 4. Mine Safety Disclosures.</u>	<u>31</u>
<u>PART II</u>	
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.</u>	<u>32</u>
<u>Item 6. [Reserved]</u>	<u>35</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>36</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>48</u>
<u>Item 8. Financial Statements and Supplementary Data.</u>	<u>49</u>
<u>Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.</u>	<u>49</u>
<u>Item 9A. Controls and Procedures.</u>	<u>49</u>
<u>Item 9B. Other Information.</u>	<u>52</u>
<u>Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.</u>	<u>52</u>
<u>PART III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance.</u>	<u>53</u>
<u>Item 11. Executive Compensation.</u>	<u>53</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.</u>	<u>53</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence.</u>	<u>53</u>
<u>Item 14. Principal Accountant Fees and Services.</u>	<u>53</u>
<u>PART IV</u>	
<u>Item 15. Exhibits and Financial Statement Schedules.</u>	<u>54</u>
<u>Item 16. Form 10-K Summary.</u>	<u>93</u>

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

The Business section and other parts of this Annual Report on Form 10-K may contain certain forward-looking statements regarding future circumstances. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, and similar terms. These forward-looking statements are based upon current expectations and assumptions of The Children’s Place, Inc. and its subsidiaries (the “Company”) and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, but not limited to, those discussed in the subsection entitled “Risk Factors” under Part I, Item 1A of this Annual Report on Form 10-K. Actual results, events, and performance may differ significantly from the results discussed in the forward-looking statements. Readers of this Annual Report on Form 10-K are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. 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 inclusion of any statement in this Annual Report on Form 10-K does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

The following discussion should be read in conjunction with the Company’s audited financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS.

As used in this Annual Report on Form 10-K, references to the “Company”, “The Children’s Place”, “we”, “us”, “our”, and similar terms refer to The Children’s Place, Inc. and its subsidiaries. Our fiscal year ends on the Saturday on or nearest to January 31. Other terms that are commonly used in this Annual Report on Form 10-K are defined as follows:

- *Fiscal 2023 — The fifty-three weeks ended February 3, 2024*
- *Fiscal 2022 — The fifty-two weeks ended January 28, 2023*
- *Fiscal 2021 — The fifty-two weeks ended January 29, 2022*
- *Fiscal 2024 — Our next fiscal year representing the fifty-two weeks ending February 1, 2025*
- *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*
- *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 re-opened for a full fiscal month*

General

The Children's Place, Inc. and its subsidiaries operate an omni-channel children's specialty portfolio of brands with an industry-leading digital-first operating model. Our global retail and wholesale network includes two digital storefronts, more than 500 stores in North America, wholesale marketplaces and distribution in 16 countries through six international franchise partners. 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". Our physical stores offer a friendly and convenient shopping environment, segmented into departments that serve the wardrobe needs of girls and boys (sizes 4-18), toddler girls and boys (sizes 6 months-5T), and baby (sizes 0-24 months). Our merchandise is also available online at www.childrensplace.com and www.gymboree.com. Our customers are able to shop online for the same merchandise available in our physical stores, in addition to certain merchandise which is exclusive to our e-commerce sites.

The Children's Place was founded in 1969. The Company became publicly traded on the Nasdaq Global Select Market in 1997. As of February 3, 2024, we operated 523 stores throughout North America, as well as our online stores. During Fiscal 2023, we closed 90 stores, compared to 59 store closures in Fiscal 2022. We did not open any new stores in Fiscal 2023 or Fiscal 2022.

Jane Elfers, our President and Chief Executive Officer, established several key strategic initiatives:

1. **Superior Product** - Product is our number one priority. We are focused on providing the right product, in the right channels of distribution, at the right time. We offer a full line of apparel, footwear and accessories so busy moms can quickly and easily put together head-to-toe outfits. Our design, merchandising, sourcing, and planning teams strive to ensure that our product is trend right, while at the same time balancing fashion and fashion basics with more frequent, wear-now deliveries. We reintroduced the Gymboree brand in February 2020 on an enhanced Gymboree website and in certain co-branded locations in Company stores in the U.S. and Canada. We also launched the Sugar & Jade brand in November 2021 which is targeted at the girls' "tween" market and is offered exclusively online, and launched the PJ Place brand in October 2022, which is a sleepwear lifestyle brand targeted towards Millennial and Gen Z customers, and is offered exclusively online.
2. **Digital Transformation** - The transformation of our digital capabilities continues to expand with the development of completely redesigned responsive sites and mobile applications, providing an online shopping experience geared toward the needs of our "on-the-go" customers, expanded customer personalization, which delivers unique, relevant content designed to drive sales, loyalty and retention, and the ability to have our entire store fleet equipped with ship-from-store capabilities. Also, in response to increased digital demand, the Company has continued to increase the utilization of its third-party logistics provider to further support both our U.S. and Canadian e-commerce operations.
3. **Alternative Channels of Distribution** - We have 225 international points of distribution (stores, shop-in-shops, e-commerce sites) with six partners operating in 16 countries. We generate revenues from our franchisees from the sale of products and sales royalties. Our wholesale business includes our relationship with Amazon, which we strengthened in Fiscal 2022 and Fiscal 2023, and is a key focus area in our wholesale distribution growth strategy. Amazon is an important customer acquisition vehicle and continues to represent a significant growth opportunity in Fiscal 2024 and beyond.
4. **Fleet Optimization** - As a result of the heightened demand for online purchasing, including due to the COVID-19 pandemic, in Fiscal 2020 we accelerated our planned store closures under our 2013 fleet optimization initiative. We closed 405 stores over the past four fiscal years, bringing the total closed stores to 676 since the announcement of the original fleet optimization initiative in 2013.

In addition to the above discussed key strategic initiatives, we have continued our marketing transformation which is designed to better position us to maximize our interactions with our younger, digitally savvy core millennial and Gen Z customers, and to support top-line opportunity by increasing new customer acquisition, increasing customer retention and loyalty, and significantly increasing customer lifetime value by supporting our three brand launches. Our marketing transformation includes strategic investments across key areas of the marketing organization: our teams – both internal and external, our research and processes, and implementation of new, state-of-the-art, marketing tools and systems. We are confident in our ability to conceptualize, build, deploy and optimize fully integrated creative marketing strategies paired with a robust media mix, aimed to reach, inspire and convert our shoppers at every stage of their purchase journey with The Children's Place family of brands, comprised of "The Children's Place", "Gymboree", "Sugar & Jade", and "PJ Place" ("Family of Brands"), and are positioning marketing as a key growth lever in Fiscal 2024 and beyond.

Overlaying these strategic initiatives is talent. Talent ultimately defines our success, and, over the past several years, we have built a best-in-class management team. We believe that our talented team is a significant competitive advantage for our Company.

Underlying these growth initiatives is a commitment to operational excellence. The Company's commitment to operational excellence includes disciplined expense management and a focus on ongoing improvement in store and e-commerce operations, and combined with our finance, human resources, compliance and legal areas, form the strong base necessary to support our long-term growth initiatives.

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 and www.gymboree.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 no customers that individually account for more than 10% of our net sales. The following tables show, by segment, our net sales, operating income (loss), and operating income (loss) as a percentage of net sales for the past three fiscal years and total assets as of February 3, 2024 and January 28, 2023:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Net sales:			
The Children's Place U.S.	\$ 1,457,352	\$ 1,533,934	\$ 1,723,887
The Children's Place International	145,156	174,548	191,477
Total net sales	<u>\$ 1,602,508</u>	<u>\$ 1,708,482</u>	<u>\$ 1,915,364</u>

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Operating income (loss):			
The Children's Place U.S.	\$ (86,482)	\$ (8,781)	\$ 253,419
The Children's Place International	2,684	7,251	22,229
Total operating income (loss)	<u>\$ (83,798)</u>	<u>\$ (1,530)</u>	<u>\$ 275,648</u>

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Operating income (loss) as a percentage of net sales:			
The Children's Place U.S.	(5.9)%	(0.6)%	14.7 %
The Children's Place International	1.8 %	4.2 %	11.6 %
Total operating income (loss) as a percentage of net sales	<u>(5.2)%</u>	<u>(0.1)%</u>	<u>14.4 %</u>

	February 3, 2024	January 28, 2023
	(in thousands)	
Total assets:		
The Children's Place U.S.	\$ 758,003	\$ 922,120
The Children's Place International	42,305	64,161
Total assets	<u>\$ 800,308</u>	<u>\$ 986,281</u>

See "Note 17. Segment Information" of the Consolidated Financial Statements, "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further segment financial data.

All foreign net sales are in The Children's Place International segment, while certain foreign expenses related to our buying operations are allocated between the two segments.

Key Capabilities

Our objective is to sell fashionable, high-quality apparel, accessories and footwear predominately at value prices across our Family of Brands. Our merchandise assortment offers one stop shopping across apparel, footwear, and accessories.

Merchandising Strategy

Our merchandising strategy delivers a compelling and coordinated assortment of apparel, footwear, and accessories that encourage the purchase of head-to-toe outfits. We merchandise our deliveries by season and flow new product monthly.

High Quality and Value

We believe that offering high-quality apparel, accessories and footwear predominantly at value prices across our Family of Brands is a competitive advantage.

Brand Image

We focus on our brand image and strengthening our customer loyalty by:

- Consistently offering high quality and age appropriate products and trend right fashion predominately at value prices online and in our stores;
- Providing coordinated outfits and accessories for our customers' lifestyle needs;
- Providing exclusive products on our e-commerce sites to expand the breadth of our offerings;
- Creating strong merchandising and visual presentations to create compelling online and in-store experiences;
- Emphasizing our great value fashion in marketing visuals to convey a consistent message across our brands;
- Leveraging our customer database to communicate with our customers and personalize communications to maximize customer satisfaction, engagement and retention;
- Utilizing our MyPLACE Loyalty Rewards program and private label credit card to drive customer engagement and retention; and
- Optimizing our fully integrated creative marketing strategies paired with a robust media mix, aimed to reach, inspire and convert our shoppers at every stage of their purchase journey with our Family of Brands.

Low-Cost Global Sourcing

We design, source, and contract to manufacture the substantial majority of the Company’s branded products. We believe that this is essential to assuring the consistency and quality of our merchandise, as well as our ability to deliver value to our customers. We have strong multi-year relationships with the substantial majority of our vendors. Through these relationships and our extensive knowledge of low cost sourcing on a global scale, we are able to offer our customers high-quality products at predominantly value prices. We maintain a network of sourcing offices globally in order to manage our vendors efficiently and respond to changing business needs effectively. Our sourcing offices in Hong Kong, Shanghai, Indonesia, Ethiopia, India, Kenya, and Bangladesh, and our presence in Asia and Africa and other areas in which we source products, give us access to a wide range of vendors and allow us to work to maintain or reduce our merchandise costs by capitalizing on new sourcing opportunities while maintaining our high standard for product quality.

Merchandising Process

The strong collaboration between our cross-functional teams in design, merchandising, sourcing, and planning have enabled us to build our brands.

Design

The design team gathers information from trends, color services, research, and trade shows.

Merchandising

Each quarter, we develop seasonal merchandising strategies.

Planning and Allocation

The planning and allocation organization works collaboratively with the merchandising, finance, and global sourcing teams to develop seasonal sales and margin plans to support our financial objectives and merchandising strategies. Further, this team plans the flow of inventory to ensure that we are adequately supporting store floor sets, online demand, and key selling periods.

Production, Quality Assurance, and Responsible Sourcing

During Fiscal 2023, we engaged independent contract vendors located primarily in Asia and Africa. We continue to pursue global sourcing opportunities to support our inventory needs and seek to reduce merchandise costs. We contract for the manufacture of the substantial majority of the products we sell. We do not own or operate any manufacturing facilities.

During Fiscal 2023, we sourced all of our merchandise directly without the use of third-party commissioned buying agents for our branded product. We source from a diversified network of vendors, purchasing primarily from Vietnam, Bangladesh, Ethiopia, Cambodia, Kenya, India, and China. Vietnam and Bangladesh accounted for more than 15% of our production.

In addition to our quality assurance procedures, we conduct a responsible sourcing program that seeks to protect our Company, enhance our brands and address the well-being of the people who make our products by providing guidance in line with industry standards to our vendors in their efforts to provide safe and appropriate working conditions for their employees. These efforts are part of an ongoing process to encourage our vendors to continually assess, and where appropriate, improve factory working conditions, and well-being of their employees who make our product. Additionally, under our responsible sourcing program, we monitor changes in local laws and other conditions (e.g., worker safety, workers’ rights of association, and political and social instability) in the countries from which we source in order to identify and assess potential risks to our sourcing capabilities.

Environmental, Social & Governance

We published our latest Environment, Social & Governance (“ESG”) Report on July 27, 2023, which is available at <http://corporate.childrensplace.com> under the ESG tab. This ESG Report includes 26 public goals across our global operations, aligned with Sustainability Accounting Standards Board (“SASB”) guidelines for apparel, accessories & footwear, Global Reporting Initiative core standards (“GRI”), the Task Force on Climate-Related Financial Disclosures (“TCFD”), and United Nations Sustainable Development Goals.

In recognition of the increasing importance to our shareholders and other stakeholders of enhanced board oversight of ESG topics, in Fiscal 2021, two of the three committees of our board of directors (the “Board of Directors”) were renamed and all three committees had their charters amended, as each committee was reassigned certain oversight responsibilities for ESG topics, including human capital management and diversity, equity, and inclusion (“DE&I”) matters.

The Audit Committee remains responsible for overseeing our financial and enterprise risk matters, including matters related to our global supply chain, information and data security, privacy, and business transformation activities. The Corporate Responsibility, Sustainability & Governance Committee is responsible for overseeing the Company’s ESG risk management activities, including environmental initiatives, and social topics such as responsible sourcing in the Company’s global supply chain. This Committee is also charged with the oversight of the Company’s corporate governance policies and practices. Separately, the Human Capital & Compensation Committee has the oversight responsibility for the Company’s human capital management policies and practices, including DE&I topics and associated risks. The Human Capital & Compensation Committee also is charged with the oversight of the Company’s executive compensation policies, practices and plans, and associated risks.

In terms of environmental initiatives, we believe that purpose-led companies such as ours have the opportunity and responsibility to work to ensure that our business contributes to a healthy planet. We focus on topics that are important to our long-term success and where we believe we can have the most positive impact. The Corporate Responsibility, Sustainability & Governance Committee oversees our environmental initiatives which aim to:

- Reduce scope 1, 2 and 3 greenhouse gas emissions (“GHG”) in our operations and across our global supply chain through science-based goals to address climate change;
- Incorporate more responsibly sourced materials in our products and packaging to have a more positive impact on the environments affected by our business;
- Reduce and manage water and chemical usage in manufacturing and processing in our global supply chain; and
- Divert the amount of waste from our operations sent to landfills and move to a more circular system through reusing and recycling.

In designing and implementing our environmental initiatives, we identify areas where we believe we can make a difference and establish quantitative goals in an effort to positively impact the communities and environments affected by our business. To have the greatest impact, we collaborate with experts, non-governmental organizations (“NGOs”), other non-profit organizations, industry peers, and third-party vendors and factories to identify and implement initiatives. The Corporate Responsibility, Sustainability & Governance Committee oversees our commitment to a long-term approach across our global operations to act responsibly and efficiently.

In terms of social initiatives, our commitment to positive social practices includes our responsible sourcing activities in our global supply chain, where we partner with our third-party vendors and factories, NGOs and others in supporting workers’ health, safety and well-being. We monitor compliance by our third-party vendors and factories with our Vendor Code of Conduct, local laws and ethical business practices to help ensure fair and safe work conditions for the people who make our products. We also recognize the importance of eliminating forced labor within the supply chain and its increasing significance in light of reports of human rights abuses in various regions of the world. In addition, we support and sponsor a number of worker well-being programs designed to improve the daily lives of the predominantly female factory workers who make our products. Our commitment to having a positive social influence also extends to our charitable mission of supporting children and families in need.

Human Capital Management

As of February 3, 2024, we had approximately 8,390 employees, approximately 1,610 of whom were based at our corporate offices and distribution centers. Approximately 1,120 were full-time store employees and approximately 5,630 were part-time and seasonal store employees. None of our employees are covered by a collective bargaining agreement.

The Human Capital & Compensation Committee is actively engaged in overseeing our human capital management strategies, including our talent and succession planning initiatives designed to attract, develop, engage, reward and retain top retail, digital and business leaders, who can drive our financial performance and strategic growth initiatives and contribute to building long-term shareholder value. The Company has benefited from a senior leadership team with deep retail industry expertise both at The Children's Place and at other retailers and have an average tenure of over six years at the Company, including our CEO who has led the Company for over a decade. The Human Capital & Compensation Committee's involvement in leadership development and succession planning is systematic and ongoing, culminating in an annual review by the Board of Directors of succession plans for all of our senior leaders, inclusive of development strategies for top talent within the Company.

Diversity, Equity and Inclusion

To improve its understanding of the Company's culture and talent pipeline, the Board of Directors and its committees periodically meet with high-potential executives in formal and informal settings. More broadly, the Human Capital & Compensation Committee and the Board of Directors are regularly updated on key talent metrics for the overall workforce, including diversity and inclusion, pay equity, employee relations, recruiting and development programs, and overall progress against the Company's human capital development strategies. Diversity and inclusion are top priorities for the Company, and we actively work to ensure that our workplace includes a range of perspectives and backgrounds in senior leadership and throughout our management and associate base. The Company reports annually on employment data, including its racial, ethnic and gender diversity information on its corporate website, and continues to focus on building a culture which supports diversity, equity and inclusion, and which works to ensure fair compensation and opportunity for all employees regardless of gender or race.

As a woman-led company, we are proud of our industry-leading gender diversity statistics across every level of our organization, including our leadership team. We also understand it is important for our associate population to reflect the diversity of our customers in an effort to bring varied perspectives to our products and the way we communicate to our stakeholders. As of February 3, 2024, over 50% of our senior leadership team are women. As reported in the Company's latest ESG Report, during Fiscal 2022, 86% of the Company's associates were women. We also reported that 87% of new hires and 94% of promotions during Fiscal 2022 were women. The Company is committed to maintaining at least 80% representation of women in our overall workforce and at least 50% representation of women in our corporate leadership positions. Additionally, during Fiscal 2022, 68% of our associates identified as racially/ethnically diverse and associates identifying as racially/ethnically diverse represented 75% of new hires and 57% of promotions. The Company is committed to doubling its Black associate population at its corporate headquarters by 2025, from a base year of Fiscal 2020. The Company seeks to uphold its diverse and inclusive culture by striving to ensure its talent acquisition programs sustain and grow diverse representation across its workforce, developing and promoting talent from within, building an inclusive culture through awareness and education, and rewarding all employees equitably.

For additional information concerning the Company's environmental initiatives, DE&I initiatives and diversity data, please refer to the Company's ESG Report, which can be found on the Company's corporate website at <http://corporate.childrensplace.com> under the ESG section, and the Company's Proxy Statement for Fiscal 2023.

Company Stores

The following section highlights various store information for The Children's Place operated stores as of February 3, 2024.

Existing Stores

As of February 3, 2024, we had a total of 523 The Children's Place stores in the United States, Canada, and Puerto Rico and our online stores at www.childrensplace.com and www.gymboree.com. In addition, our six international partners operated 225 international points of distribution in 16 countries. The following table sets forth the number of stores in the U.S., Canada, and Puerto Rico as of the current and prior fiscal year end:

Location	Number of Stores	
	February 3, 2024	January 28, 2023
United States	454	533
Canada	63	73
Puerto Rico	6	7
Total Stores	523	613

At The Children’s Place, our store concepts consist of multiple formats ranging in size from approximately 2,800 to 29,000 square feet, which have evolved over time in response to market trends, and are strategically placed within each market. We try to create an open and brightly lit environment for customers. Our stores typically feature white fixtures to ensure the product is the focal point, using color to brand and create shop identifiers.

Fleet Optimization

We have closed 676 stores, including the 90 stores closed during Fiscal 2023, since the announcement of our fleet optimization initiative in 2013. As a result of the heightened demand for online purchasing, we accelerated our planned store closures in Fiscal 2020 and closed 405 stores over the past four fiscal years. Since 2013, we have reduced our total store square footage from 5.2 million to 2.6 million.

We continuously review the performance of our store fleet. We base our decisions to open, close, or remodel stores on a variety of factors, including lease terms, landlord negotiations, market dynamics, and projected financial performance. When assessing whether to close a store, we also consider remaining lease life and current financial performance.

E-commerce Sales

Each of our U.S. and International segments includes an e-commerce business located at www.childrensplace.com and www.gymboree.com and digital growth remains one of our top strategic priorities. We are committed to delivering a best in class, end-to-end user experience, including product assortment and website operation, fulfillment, and customer service. We are further committed to delivering these experiences to our customers when, where, and how they are looking to access our brands, accounting for cross-channel behavior, growth of mobile devices, and the growing interest in our brands from international consumers. We believe that the critical investments made in areas such as e-commerce infrastructure and mobile optimization, as well as additional front-end website features, have improved our customer experience.

Wholesale and International Franchisees

Our wholesale business includes our relationship with Amazon, which we strengthened in Fiscal 2022 and Fiscal 2023, and is a key focus area in our wholesale distribution growth strategy. Amazon is an important customer acquisition vehicle and continues to represent a significant growth opportunity in Fiscal 2024 and beyond.

We have 225 international points of distribution (stores, shop-in-shops, e-commerce sites) with six partners operating in 16 countries. We generate revenues from our franchisees from the sale of products and sales royalties.

Store Operations

The Children’s Place store operations are organized by geographic region. Our U.S. Vice Presidents and Canada Regional Director oversee a number of district managers residing within each region. We have a centralized corporate store operations function which supports the operations of our stores. Our stores are staffed by store managers and full-time and part-time sales associates, with additional temporary associates hired to support seasonal needs. Our store managers spend a high percentage of their time on the store’s selling floor providing direction, motivation, and development to store associates. To maximize selling productivity, our teams emphasize greeting, replenishment, presentation standards, procedures, and controls. In order to motivate our store management, we offer a monthly incentive compensation plan that awards bonuses for achieving certain financial goals.

Seasonality

Our business is subject to seasonal influences, with historically heavier concentrations of sales during the back-to-school and holiday seasons. Our first fiscal quarter results are dependent upon sales during the period leading up to the Easter holiday, our second and third fiscal quarter results are dependent upon back-to-school sales, and our fourth fiscal quarter results are dependent upon sales during the holiday season. The business is also subject to shifts due to unseasonable weather conditions.

The following table shows the quarterly distribution, as a percentage of the full year, of net sales, and the quarterly distribution of operating income (loss):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales as a percentage of full year				
Fiscal 2023	20.0 %	21.6 %	30.0 %	28.4 %
Fiscal 2022	21.2 %	22.3 %	29.8 %	26.7 %

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands)			
Operating income (loss)				
Fiscal 2023	\$ (30,067)	\$ (36,941)	\$ 44,967	\$ (61,757)
Fiscal 2022	19,254	(13,829)	57,837	(64,792)

For more information regarding the seasonality of our business, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Quarterly Results and Seasonality.”

Marketing

The Children’s Place and Gymboree are well-recognized brands, with a trend right offering and a compelling value proposition. Our direct marketing program utilizes both on-line and off-line channels. We relaunched the Gymboree brand in February 2020 with a meaningfully improved digital experience on www.gymboree.com, complemented by shop-in-shop locations in certain co-branded stores in the U.S. and Canada, by successfully executing on the specific design, sourcing, and merchandising characteristics that create Gymboree’s elevated, playful collections. We also launched the Sugar & Jade brand in November 2021 which is targeted at the girls’ “tween” market and is offered exclusively online, and launched the PJ Place brand in October 2022, which is a sleepwear lifestyle brand targeted towards Millennial and Gen Z customers, and is offered exclusively online.

We have a customer loyalty program and a private label credit card program. At the end of Fiscal 2023, members of our MyPLACE Rewards loyalty program and/or private label credit card program accounted for approximately 82% of sales. Our private label credit card is issued to our customers for use exclusively at The Children’s Place stores and online at www.childrensplace.com and www.gymboree.com, and credit is extended to such customers through a third-party financial institution on a non-recourse basis to us. Additionally, in our effort to reach an even wider customer base who are digitally savvy and to utilize other forms of spending arrangements available, we have partnered with Afterpay to allow our customers to purchase our products on a “buy-now-pay-later” program. We promote affinity and loyalty through our marketing programs by utilizing specialized incentive programs.

Distribution

In the United States, we own and operate a 700,000 square foot distribution center in Alabama, which supports both U.S. retail store operations and U.S. e-commerce operations. In Canada, we leased and operated a 95,000 square foot distribution center in Ontario, which supported both Canadian retail store operations and Canadian e-commerce operations. This lease expired in April 2024 and we moved these operations to the United States to our current distribution center in Alabama as of the end of the first quarter of Fiscal 2024. We also use a third-party provider operating a 315,000 square foot distribution center in Indiana and a 184,000 square foot distribution center in Ontario, Canada to support our U.S. and Canadian e-commerce fulfillment operations, respectively. On occasion, we may utilize additional facilities to support seasonal warehousing needs. We also use a third-party provider of warehousing and logistics services in both Malaysia and China to support our international franchise business.

Competition

The children's apparel, footwear, and accessories retail markets are highly competitive. Our primary competitors are specialty stores, mass merchants, and off-price stores, including Target Corporation, Old Navy, GapKids, and babyGap (each of which is a division of The Gap, Inc.), Carter's, Inc., T.J. Maxx and Marshall's (each of which is a division of TJX Companies, Inc.), Burlington Coat Factory, Inc., Kohl's Corporation, Walmart Stores, Inc., and other department stores. We also compete with regional retail chains, catalog companies, and e-commerce retailers. One or more of our competitors are present in substantially all of the areas in which we have stores.

Trademarks and Service Marks

"The Children's Place", "Place", "Baby Place", "Gymboree", "Crazy 8", "Sugar & Jade", "PJ Place" and certain other marks have been registered as trademarks and/or service marks with the United States Patent and Trademark Office and in Canada and other foreign countries. During the first quarter of fiscal 2019, the Company acquired certain intellectual property and related assets of Gymboree Group, Inc. and related entities, which included the worldwide rights to the names "Gymboree" and "Crazy 8" and other intellectual property, including trademarks, domain names, copyrights, and customer databases. In November 2021, we launched the Sugar & Jade brand, and in October 2022, we launched the PJ Place brand. Registration of our trademarks and the service marks may be renewed to extend the original registration period indefinitely, provided the marks are still in use. We intend to continue to use and protect our trademarks and service marks and maintain their registrations. We have also registered our trademarks in other countries where we source our products and where we have established and possibly may establish franchising operations. We believe our trademarks and service marks have received broad recognition and are of significant value to our business.

Government Regulation

We are subject to extensive federal, state, local, provincial, and other foreign laws and regulations affecting our business, including product testing and safety, consumer protection, privacy, truth-in-advertising, accessibility, customs, wage and hour laws and regulations, and zoning and occupancy ordinances that regulate retailers generally and/or govern the promotion and sale of merchandise and the operation of retail stores and e-commerce sites. We also are subject to similar international laws and regulations affecting our business. We believe that we are in material compliance with these laws and regulations.

We are committed to product quality and safety. We focus our efforts to adhere to all applicable laws and regulations affecting our business, including the provisions of the U.S. Consumer Product Safety Improvement Act of 2008 ("CPSIA"), the Federal Hazardous Substances Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the Canada Consumer Product Safety Act ("CCPSA"), the Canadian Textile Labelling Act, the Canadian Care Labelling Program, and various environmental laws and regulations. Each of our product styles currently covered by the CPSIA and the CCPSA is appropriately tested to meet current standards.

Virtually all of our merchandise is manufactured by third-party factories located outside of the United States. These products are imported and are subject to U.S. and Canadian customs laws and regulations, which restrict the importation of and impose tariffs, anti-dumping and countervailing duties on, certain imported products, including textiles, apparel, footwear, and accessories. We currently are not restricted by any such anti-dumping and countervailing duties in the operation of our business.

Internet Access to Reports

We are a public company and are subject to the disclosure requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, we file periodic reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information may be obtained by visiting the SEC website (<http://www.sec.gov>) that contains reports, proxy, and information statements and other information regarding us and other issuers that file electronically.

Our corporate website address is <http://corporate.childrensplace.com>. We make available, without charge, through our website, copies of our Proxy Statement, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports are filed with or furnished to the SEC. Our ESG Report is also available on our corporate website under the ESG tab. References in this document to our websites are not and should not be considered part of this Annual Report on Form 10-K, and the information on our websites is not incorporated by reference into this Annual Report on Form 10-K.

We also make available our corporate governance materials, including our corporate governance guidelines and our code of business conduct, on our website. If we make any substantive amendments to our code of business conduct or grant any waiver, including any implicit waiver, from a provision of the code for the benefit of our Chief Executive Officer and President or our Chief Operating Officer and Chief Financial Officer, we will disclose the nature of such amendment or waiver on our corporate website or in a Current Report on Form 8-K.

ITEM 1A. RISK FACTORS.

Investors in the Company should consider the following risk factors as well as the other information contained herein:

RISKS RELATED TO BUSINESS STRATEGIES AND GLOBAL OPERATIONS

We depend on generating sufficient cash flows, together with our existing cash balances and availability under our credit facility, to fund our ongoing operations, capital expenditures, debt service requirements, and any future share repurchases or payment of dividends.

Our ability to fund our ongoing operations, capital expenditures, debt service requirements, and any future share purchase programs or payment of dividends will depend on our ability to generate cash flows. Our cash flows are dependent on, and are affected by, many factors, including:

- seasonal fluctuations in our net sales and net income;
- the continued operation of our store fleet and e-commerce websites;
 - the timing of inventory purchases for upcoming seasons, such as when to purchase merchandise for the back-to-school season;
 - vendor and other supplier terms and related conditions, which may be less favorable to us as a smaller company in comparison to larger companies; and
 - consumer sentiment, general business conditions, including the high levels of inflation experienced in Fiscal 2023, macroeconomic uncertainties or slowdowns, and geopolitical conditions, including as a result of events such as acts of terrorism, effects of war, pandemics, or other health issues.

Most of these factors are beyond our control. It is difficult to predict the impact that general economic conditions, including the effects of inflation and geopolitical conditions, will continue to have on consumer spending and our financial results. However, we believe that they could continue to result in reduced spending by our target customer, which would reduce our revenues and our cash flows from operating activities from those that otherwise would have been generated. In addition, steps that we may take to limit cash outlays, such as delaying the purchase of inventory, may not be successful or could delay the arrival of merchandise for future selling seasons, which could reduce our net sales or profitability. If we are unable to generate sufficient cash flows, we may not be able to fund our ongoing operations, planned capital expenditures, debt service requirements, or any future share repurchases, and we may be required to seek additional sources of liquidity as we did in Fiscal 2023 and are continuing to do so in Fiscal 2024.

We require continued access to capital and our business and operating results have been and can be affected by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. We are party to an Amended and Restated Credit Agreement dated May 9, 2019 (as amended from time to time, the “Credit Agreement”), with Wells Fargo, National Association (“Wells Fargo”), Bank of America, N.A., HSBC Bank (USA), N.A., JPMorgan Chase Bank, N.A., Truist Bank and PNC Bank, National Association, as lenders (collectively, the “Credit Agreement Lenders”), and Wells Fargo, as Administrative Agent, Collateral Agent and Swing Line Lender. Under the Credit Agreement we use our asset-based revolving credit facility (the “ABL Credit Facility”) to finance our ongoing operations and our future growth, and some of the aforementioned factors have already affected our business, and could continue to: cause our cost of doing business to increase, limit our ability to pursue business opportunities, reduce cash flow used for sales and marketing, and place us at a competitive disadvantage. Our historical operating results, including the operational losses experienced in Fiscal 2023, macroeconomic uncertainties or slowdowns, volatility in the financial markets, significant losses in financial institutions’ U.S. retail portfolios, or environmental and social concerns, are all factors that may lead to a contraction in credit availability impacting our ability to finance our operations or our ability to refinance our ABL Credit Facility or other outstanding indebtedness. Any increase in interest rates could increase our interest expense and materially adversely affect our financial condition. These increased costs have, and could continue to, reduce our profitability and/or impair our ability to meet our debt obligations and to conduct ongoing operations. An increase in interest rates also could limit our ability to refinance existing debt upon maturity or cause us to pay higher rates upon refinancing. A significant reduction in cash flow from operations or the availability of credit could materially and adversely affect our cash available and our operating results, by inhibiting our ability to conduct ongoing operations and carry out our development plans.

Furthermore, as a retail company, we are inherently subject to the risk of inventory loss and theft. These losses may be caused by error or misconduct of associates, customers, vendors or other third parties, including through organized retail crime and professional theft. Since the onset of the COVID-19 pandemic, the retail industry has generally experienced an increase in inventory shrinkage, and there can be no assurance that the measures we are taking will effectively reduce inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be able to successfully execute our business strategies.

Our strategic initiatives currently involve a focus on (i) delivery of product of a quality and value that resonates with our customers, (ii) scaling and optimizing our infrastructure to support our e-commerce business given the continued shift in our customers' shopping patterns to online shopping, and (iii) optimization of our North American retail store fleet.

We will continue to implement and refine our business systems transformation initiatives designed to increase sales and profitability. Our business transformation through technology initiative has two key components: digital transformation and inventory management. With respect to digital transformation, we continue to implement a personalized customer contact strategy and are scaling our digital infrastructure to support increased digital demand. These initiatives require the execution of complex projects involving significant systems and operational changes, which place considerable demands on our management and our information and other systems. Our ability to successfully implement and capitalize on these projects is dependent on management's ability to manage these projects effectively and implement and operate them successfully, without adversely affecting the subject and/or other systems, and on our employees' ability to operationalize the required changes. If we fail to implement these projects effectively, including aligning them with our sourcing, distribution and logistics operations, if we experience significant delay, cost overruns, or unforeseen costs, or if the necessary operational changes and change management are not enacted properly, we may not realize the return on our investments that we anticipate, and we may adversely affect the operation of other systems, and our business, financial position, results of operations, and cash flows could be materially adversely affected.

We will continue our store fleet optimization program in Fiscal 2024, which is intended to address the accelerated consolidation of the brick and mortar retail channel resulting from the COVID-19 pandemic and to increase the profitability of our existing retail store fleet. Since the program was announced in 2013, we have closed 676 stores, including 90 stores closed in Fiscal 2023. Failure to properly identify or measure underperforming retail stores, failure to achieve anticipated sales transfer rates from closed stores to remaining retail stores and/or e-commerce sales, and failure to properly identify and analyze customer segmentation and spending patterns could have a material adverse effect on our business, financial position, results of operations, and cash flows. In addition, pursuant to U.S. GAAP, we are required to recognize an impairment charge when circumstances indicate that the carrying value of long-lived assets may not be recoverable. If a determination is made that the carrying value of a long-lived asset is not recoverable over its estimated useful life, the asset is written down to its estimated fair value.

Consumer demand, behavior, taste, and purchasing trends, as well as geopolitical conflicts and economic and political stability may differ in international markets and/or in the distribution channels through which our wholesale customers sell products, and, as a result, sales of our products may not be successful or meet our expectations, or the margins on those sales may not be in line with those we currently anticipate. We may also face difficulties integrating foreign business operations and/or wholesaling operations with our current sourcing, distribution, information technology systems, and other operations. In addition, our expanded marketing and advertising strategies to promote sales, including the sponsorship of sweepstakes, contests and donations, and an increased online presence through collaborations with social media influencers, may not generate sufficient interest in our products while exposing us to other risks. Any of these challenges could hinder our success in new and existing markets or new and existing distribution channels. There can be no assurance that we will successfully complete any planned expansion or that any new business will be profitable or meet our expectations.

In addition, a wholly-owned subsidiary of the Company acquired certain intellectual property and related assets of Gymboree Group, Inc. and related entities, including worldwide rights to the name "Gymboree". We have relaunched the Gymboree brand to expand our business across our retail stores, e-commerce, international, and wholesale businesses. We also launched the Sugar & Jade brand in November 2021 and launched the PJ Place brand in October 2022. The positioning of the Gymboree, Sugar & Jade and PJ Place brands and their products, relative to our existing products, the fashion choices we make with respect to our products, and our ability to integrate the Gymboree, Sugar & Jade and PJ Place brands and their products into our existing marketing, sourcing, inventory, sales/e-commerce, customer relations, and logistics operations and systems will be critical to our ability to leverage all of these brands to expand our business.

In addition, pursuant to U.S. GAAP, we are required to recognize an impairment charge when circumstances indicate that the carrying value of our indefinite-lived Gymboree tradename asset may not be recoverable. If a determination is made that the carrying value of the Gymboree tradename asset is not recoverable, the asset is written down to its estimated fair value. In Fiscal 2023, we recorded an impairment charge of \$29.0 million on the Gymboree tradename, primarily due to an increase in the discount rate used to value the tradename and reductions in Gymboree sales forecasts.

A failure to properly execute our plans and business strategies, delays in executing our plans and business strategies, increased costs associated with executing on our plans and business strategies, or failure to identify alternative strategies could have a material adverse effect on our business, financial position, results of operations, and cash flows.

A wide variety of factors can cause a decline in consumer confidence and spending which could have a material adverse effect on the retail and apparel industries and our business, financial position, results of operations, and cash flows.

The apparel industry is cyclical in nature and is particularly affected by adverse trends in the general economy. Purchases of apparel and related merchandise are generally discretionary and, therefore, tend to decline during recessionary, inflationary and weak economic periods and also may decline at other times. This is particularly true with our target customer who is a value conscious, lower to middle income mother buying for infants and children based on need rather than based on fashion, trend, or impulse. High inflation, high unemployment levels, increases in tax rates, declines in real estate values, availability of credit, volatility in the global financial markets, and the overall level of consumer confidence have negatively impacted, and could in the future negatively impact, the level of consumer spending for discretionary items. This could adversely affect our business as it is dependent on consumer demand for our products. In North America, we have experienced and continue to experience a decrease in customer traffic, including at shopping malls, and a highly promotional environment. If the current macroeconomic environment deteriorates further, there will likely be a negative effect on our revenues, operating margins, and earnings which could have a material adverse effect on our business, financial position, results of operations, and cash flows.

In addition to the economic environment, there are a number of other factors that could contribute to reduced customer traffic and/or reduced levels of consumer confidence and spending, such as actual or potential terrorist acts, including domestic terrorism, natural disasters, severe weather, pandemics or other health issues, political disruption, war, or geopolitical conflicts. These occurrences create significant instability and uncertainty in the United States and elsewhere in the world, causing consumers to defer purchases or to not shop in retail stores in shopping malls, or preventing our suppliers and service providers from providing required products, services, or materials to us. These factors could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Fluctuations in the prices of raw materials, labor, energy, and services could result in increased product and/or delivery costs. Our profitability and cash flows may decline as a result of increasing pressure on margins.

The apparel industry is subject to significant pricing pressure caused by many factors, including intense competition, the highly promotional retail environment, the financial health of competitors, changes in consumer demand, and macroeconomic conditions. If these factors cause us to reduce our sales prices and we fail to sufficiently reduce our product costs or operating expenses, our profitability and cash flows could decline.

Increases in the price of raw materials, including cotton and other materials used in the production of fabric, clothing, footwear, and accessories, as well as volatility and increases in labor (including increases in minimum wages and wage rates as a result of changes in laws or business practices), energy, shipping or distribution costs, pandemics or other health issues, and other costs, have resulted, and could continue to result, in significant increases in operating costs, as well as cost increases for our products and their importation from our foreign sources of supply and their distribution to our and our third-party partners' distribution centers, retail locations, international franchise partners, and wholesale and retail customers. To the extent we are unable to offset any such increased costs through value engineering or price increases, such increased costs could have a material adverse effect on our business, financial position, results of operations, and cash flows.

In addition, a shortage of labor or an increase in the cost of labor for our retail stores and/or such distribution centers could also have a material adverse effect on our business, financial position, results of operations, and cash flows.

Damage to, or a prolonged interruption of activities at, any facility that we use in our business operations could have a material adverse effect on our business.

Our single U.S. corporate headquarters is located in Secaucus, New Jersey. One of our company-operated distribution centers is located in Fort Payne, Alabama and supports our U.S. stores, wholesale, and e-commerce shipments in the U.S. We had another company-operated distribution center located in Mississauga, Ontario, which supported all of our store fulfillment activities in Canada. Its lease expired in April 2024 and we moved these operations to the United States to our current distribution center in Alabama as of the end of the first quarter of Fiscal 2024. We also use a third-party warehouse provider, with distribution centers located in Brownsburg, Indiana, to support our U.S. e-commerce operations, and Mississauga, Ontario to support our Canadian e-commerce operations. Our international franchise partners receive the vast majority of shipments of merchandise from our third-party warehouse provider located in Asia. On occasion, we may utilize additional facilities to

support our seasonal warehousing needs. Damage to, or prolonged interruption of operations at, any of the Company-operated or third-party facilities due to a work stoppage, pandemics or other health issues, weather conditions such as a tornado, hurricane or flood, other natural disaster, fire, or other event could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We depend on our relationships with unaffiliated manufacturers, suppliers, and transportation companies, both domestically and internationally. Our inability to maintain relationships with any of these entities, the disruption to or failure of any of their businesses, their failure to operate in a lawful or ethical manner, and the risks associated with international business, could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We do not own or operate any manufacturing facilities and, therefore, are dependent upon independent third parties for the manufacture of all of our products. The vast majority of our products are currently manufactured to our specifications, pursuant to purchase orders, by independent manufacturers located primarily in Asia and Africa. We have no exclusive or long-term contracts with our manufacturers. We compete with other companies for manufacturing facilities, many of which have greater financial resources than we have or pay a higher unit price than we do. If an existing manufacturer of merchandise must be replaced for any reason, we will have to find alternative sources of manufacturing or increase purchases from our other third-party manufacturers, and there is no assurance we will be able to do so or do so on terms that are acceptable to us.

We do not use commissioned buying agents to source any products. Although we believe that we have the in-house capability to more efficiently source all of our products, our inability to do so, or our inability to find adequate sources to support our current needs for merchandise and future growth, could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Our merchandise is shipped directly from manufacturers through third-party logistics providers to our or our third-party providers' distribution and fulfillment centers, and in turn, to our stores, our e-commerce customers, and our international franchise partners and wholesale customers. Our operating results depend, in material part, on the orderly, timely, and accurate operation of our shipping, receiving, and distribution processes, which depends, in material part, on our manufacturers' adherence to shipping schedules, the availability of ships, shipping containers and shipping routes, and our third-party providers' effective management of our domestic and international shipping functions, distribution processes, facilities, and capacity.

If our agents, manufacturers, suppliers or freight operators experience negative financial consequences, our inability to use or find substitute providers to support our manufacturing and distribution needs in a timely manner could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Additionally, given that virtually all of our merchandise is purchased from foreign suppliers, we are subject to various risks of doing business in foreign markets and importing merchandise from abroad, including from less politically or socially stable and/or less developed countries, such as:

- new tariffs or imposition of duties, taxes, and other charges on or costs of relying on imports;
- foreign governmental regulations, including, but not limited to, changing requirements in the course of dealing with regard to product safety, product testing, environmental matters, employment, taxation, and language preference;
- the failure of a direct or indirect vendor or supplier to comply with local laws or industry standards or ethical business practices, including worker safety (e.g., fire safety and building codes), worker rights of association, freedom from harassment and coercion, unauthorized subcontracting or use of forced, indentured or child labor, social compliance with health and welfare standards, and environmental matters;
- financial, political, or societal instability, or military action, war or other conflict;
- the rising cost of doing business in particular countries;
- pandemics or other health issues;
- bankruptcy or insolvency of our vendors;
- fluctuation of the U.S. dollar against foreign currencies;
- pressure from or campaigns by non-governmental organizations or other persons, including on social media;
- customer acceptance of foreign produced merchandise;
- developing countries with less or inadequate infrastructure;
- new and existing legislation relating to use of forced, indentured or child labor by unaffiliated manufacturers or suppliers, import quotas or other restrictions that may limit or prevent the import of our merchandise;

- changes to, or repeal, suspension or discontinuation of, trade agreements, trade legislation and/or trade preferences;
- significant delays in the manufacture, transportation and delivery of cargo due to epidemics or pandemics, port security considerations, political unrest, war, weather conditions, or cyber-security events;
- disruption of imports by labor disputes and local business or unethical practices;
- regulations under the United States Foreign Corrupt Practices Act; and
- increased costs of or shortages of equipment, containers for shipments, or transportation.

In addition to the above, it is possible that other events beyond our control, both domestically and internationally, such as labor disputes, cybersecurity events or allegations of misconduct or unethical behavior affecting our unaffiliated manufacturers, suppliers, or transportation companies, a terrorist or similar act, military action, strike, weather conditions, natural disasters, pandemics or other health issues, or government spending cuts, could result in delays or disruptions in the production, transportation and/or delivery of merchandise to our distribution centers or our stores, international franchise partners and wholesale customers, or the fulfillment of e-commerce orders to our customers, or require us to incur substantial additional costs, including in air freight, to ensure timely delivery. Any such event could have a material adverse effect on our business, financial position, results of operations, and cash flows.

In an attempt to mitigate the above risks within any one region or one country, we maintain relationships with many manufacturers and suppliers in various countries. We cannot predict the effect that this, or the other factors noted above, in any region or country from which we import products could have on our business. If any of these factors rendered the conduct of business in a particular region or country undesirable or impractical, or if our current foreign manufacturing and supply sources ceased doing business with us or we ceased doing business with them for any reason and we were unable to find alternative sources of supply, we could experience a material adverse effect on our business, financial position, results of operations, and cash flows.

Our vendor guidelines and code of conduct are designed to promote compliance with applicable law and industry standards and ethical business practices. We monitor our vendors' practices; however, we do not control these independent manufacturers, their business practices, their labor practices, their health and safety practices, the physical condition of their factories, worker dormitories or other facilities, the integrity of their information or other business systems, or from where they buy or otherwise source their raw materials or labor. The failure of our third-party manufacturers or suppliers, which we do not control, to address the risks described above, could result in accidents and practices that cause material disruptions or delays in production or delivery, the imposition of governmental penalties or restrictions, and/or material harm to our reputation, any of which could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We may experience disruptions at ports used to export our products from Asia, Africa, and other regions, or along the various shipping routes, or used as ports of entry in the United States and Canada.

We currently ship the vast majority of our products by ocean. If a disruption occurs in the operation of ports through which our products are exported or imported, or along the various shipping routes, we and our vendors may have to ship some or all of our products from Asia, Africa, and other regions by air freight or to or from alternative shipping destinations in the United States or in foreign countries. Shipping by air is significantly more expensive than shipping by ocean and our profitability could be materially reduced. Similarly, shipping to or from alternative destinations could lead to significantly increased costs for our products. A disruption at ports (domestic or abroad) through which our products are exported or imported or along the various shipping routes could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Because certain of our subsidiaries operate outside of the United States, some of our revenues, product costs, and other expenses are subject to foreign economic and currency risks.

We have store operations in Canada, a sourcing office in Hong Kong, sourcing operations in various locations in Asia and Africa, and store operations internationally through franchisees.

The currency market has seen significant volatility in the value of the U.S. dollar against other foreign currencies. While our business is primarily conducted in U.S. dollars, we purchase virtually all of our products overseas, and we generate significant revenues in Canada in Canadian dollars. Cost increases caused by currency exchange rate fluctuations could make our products less competitive or have a material adverse effect on our profitability. Currency exchange rate fluctuations could also disrupt the business of the third-party manufacturers that produce our products, or franchisees that purchase our products, by making their purchases of raw materials or products more expensive and more difficult to finance.

Changes in currency exchange rates affect the U.S. dollar value of the Canadian dollar denominated prices at which our Canadian business sells product. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses, which could have a material adverse effect on our business, financial position, results of operations, and cash flows. Additionally, we have foreign currency denominated receivables and payables that are not hedged against foreign currency fluctuations. When settled, these receivables and payables could result in significant transaction gains or losses.

Acts of terrorism, effects of war, pandemics or other health issues, natural disasters, other catastrophes, or political unrest could have a material adverse effect on our business.

Threatened or actual acts of terrorism, including U.S. domestic terrorism, continue to be a risk to the U.S. and global economies. Terrorism and potential military responses, political unrest, war and other conflicts, natural disasters, pandemics or other health issues, have disrupted and could disrupt commerce and impact our or our franchisees' ability to operate our stores in affected areas, produce our products in foreign countries, import our products from foreign countries, or provide critical functions necessary to the operation of our business. A disruption of commerce, or an inability to recover critical functions from such a disruption, could interfere with the production, shipment, or receipt of our merchandise in a timely manner or increase our costs to do so. Consequently, any such disruption could undermine consumer confidence, which could negatively impact consumer spending patterns or customer traffic, and thus have a material adverse effect on our business, financial position, results of operations, and cash flows.

We have franchise partners located in Middle-Eastern countries. When the current Israel-Palestine conflict began, our franchise partner in Israel had to shutter its stores temporarily. We are currently also providing a temporary hiatus on the collection of royalty payments from this franchise partner until December 2024. If the conflict continues or expands further into other countries, it could adversely affect our sales with this franchise partner and all other franchise partners in Middle-Eastern countries, and it could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Our success depends upon the service and capabilities of our management team. Changes in management or in our organizational structure, particularly in the most senior positions, or inadequate or ineffective management, could have a material adverse effect on our business.

Our business and success is materially dependent on retaining members of our senior leadership team, including our chief executive officer, and other key individuals within the organization, to formulate and execute the Company's strategic and business plans. Leadership changes can be inherently difficult to manage and may cause material disruption to our management team or our business operations and financial results. Senior level management establishes the "tone at the top" by which an environment of ethical values, operating style, and management philosophy is fostered. Changes in senior management could lead to an environment that lacks inspiration and/or a lack of commitment by our employees, which could have a material adverse effect on our business.

Any disruption in, or changes to, our consumer credit arrangements, including our private label credit card agreement, may adversely affect the ability of our customers to obtain consumer credit.

Credit card operations are subject to numerous federal and state laws that impose disclosure and other requirements upon the origination, servicing, and enforcement of credit accounts and limitations on the maximum amount of finance charges that may be charged by a credit provider, such as the Consumer Financial Protection Bureau's recent amendment to Regulation Z to limit the dollar amounts credit card companies can charge for late fees, which we expect could have a material adverse effect on the income and cash flow from our private label credit card program. Additionally, during periods of increasing consumer credit delinquencies, financial institutions may reexamine their lending practices and procedures. There can be no assurance that the delinquencies being experienced by providers of consumer credit generally would not cause providers of third-party credit offered by us to decrease the availability of, or increase the cost of, such credit.

Any of the above risks, individually or in aggregation, could have a material adverse effect on the way we conduct business and could materially negatively impact our business, financial position, results of operations, and cash flows.

We are subject to customer payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business.

We accept payments using a variety of methods, including cash, checks, credit and debit cards, Afterpay, ApplePay, PayPal, our private label credit card, and gift cards. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment card association operating rules, certification requirements and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly. Although no system can completely prevent theft, security countermeasures have been deployed to reduce the potential for fraud and theft by criminals. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial position, results of operations, and cash flows could be adversely affected.

RISKS RELATED TO THE RETAIL AND APPAREL INDUSTRIES

We may suffer material adverse business consequences if we are unable to anticipate, identify, and respond to merchandise trends, marketing and promotional trends, changes in technology, or customer shopping patterns. Profitability and our reputation could be materially negatively impacted if we do not adequately forecast the demand for our products and, as a result, create significant levels of excess inventory or insufficient levels of inventory.

The apparel industry is subject to rapidly changing fashion trends and shifting consumer preferences, including the increase in online shopping. Our success depends, in material part, on the ability of our design, merchandising and IT teams to anticipate and respond to these changes for our brands and our global sourcing team to source from vendors that produce merchandise which has a compelling quality and value proposition for our customers. Our design, manufacturing, and sourcing process generally takes up to one year, during which time fashion trends and consumer preferences may further change. If we miscalculate either the demand for our merchandise or our customers' tastes or purchasing habits, we could experience materially increased costs and lower selling prices due to a need to dispose of excess inventory. Conversely, if we forecast demand for our products that is lower than actual demand, we may experience insufficient levels of inventory, increased costs to fulfill demand from alternative locations of inventory, and reputational damage. Further, it is necessary to develop and implement uses and scaling of technology addressing changes in customer buying behaviors and/or successful customer marketing programs, including loyalty and private label credit card programs and "buy-now-pay-later" programs. Failure to address any of the above risks could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Product liability costs, related claims, and the cost of compliance with consumer product safety laws in the U.S. and in Canada or our inability to comply with such laws could have a material adverse effect on our business and reputation.

We are subject to regulation by the Consumer Product Safety Commission ("CPSC") in the U.S., Health Canada in Canada, and similar state, provincial, and international regulatory authorities. Although we test the products sold in our stores, on our website, and to our international franchise partners and our wholesale customers, concerns about product safety, including, but not limited to, concerns about those manufactured in developing countries, may lead us to recall selected products, either voluntarily or at the direction of a governmental authority, and may lead to a lack of consumer acceptance or loss of consumer trust. Product safety concerns, recalls, or the failure to properly manage recalls, defects, or errors could result in governmental fines, rejection of our products by customers, damage to our reputation, lost sales, product liability litigation, and increased costs, any or all of which could harm our business and have a material adverse effect on our business, financial position, results of operations, and cash flows.

The cost of compliance with current requirements and any future requirements of the CPSC, Health Canada, or other federal, state, provincial, or international regulatory authorities, consumer product safety laws, including initiatives labeled as "green chemistry" and regulatory testing, certification, packaging, labeling, and advertising and reporting requirements, or changes to existing laws could have a material adverse effect on our business, financial position, results of operations, and cash flows. In addition, any failure to comply with such requirements could result in significant penalties, litigation, or require us to recall products, any or all of which could have a material adverse effect on our business, reputation, financial position, results of operations, and cash flows.

We face significant competition in the retail and apparel industries, which could negatively impact our business.

The children's apparel retail market is highly competitive, and we face heightened price and promotional competition. We compete in substantially all of our markets with Target Corporation, Old Navy, GapKids, and babyGap (each of which is a division of The Gap, Inc.), Carter's, Inc., T.J. Maxx and Marshall's (each of which is a division of TJX Companies, Inc.), Burlington Coat Factory, Inc., Kohl's Corporation, Walmart Stores, Inc., and other department stores. We also compete with a wide variety of specialty stores, other national and regional retail chains, catalog companies, and e-commerce retailers, including Amazon. One or more of our competitors are present in virtually all of the areas in which we have stores. E-commerce only retailers generally do not incur the geographical limitations suffered by traditional brick and mortar stores, giving e-commerce only retailers a competitive advantage to and imposing significant pricing pressure on brick and mortar stores. In addition, while we view our business as a single omni-channel business, our e-commerce stores may divert sales from our brick and mortar stores. Many of our competitors are larger than us and have access to significantly greater financial, marketing, and other resources than we have. Increased competition, increased promotional activity, continuing economic pressure on and inflation affecting value-seeking consumers, and liquidation activities by bankrupt and other struggling retailers, including selling apparel, footwear, and accessory merchandise at substantial discounts, could also have a material adverse effect on our ability to compete successfully, and could have a material adverse effect on our business, reputation, financial position, results of operations, and cash flows. We may not be able to continue to compete successfully against existing or future competition.

If our landlords should suffer financial difficulty or if we are unable to successfully negotiate acceptable lease terms, it could have a material adverse effect on our business, financial position, results of operations, and cash flows.

If any of our landlords or their substantial tenants, such as anchor department stores, should suffer financial difficulty, it could render our landlords unable to fulfill their duties under our lease agreements and/or could render certain malls to experience reduced customer traffic. Such duties include providing a sufficient number of mall co-tenants, common area maintenance, utilities, and payment of real estate taxes. While we have certain remedies under our lease agreements, the loss of business that could result if a shopping center should close or if customer traffic were to significantly decline as a result of lost tenants or improper care of the facilities or due to macroeconomic effects, including inflation, could have a material adverse effect on our business, financial position, results of operations, and cash flows.

The leases for a substantial number of our retail stores come up for renewal each year. If we are unable to continue to negotiate acceptable lease and renewal terms, it could have a material adverse effect on our business, financial position, results of operations, and cash flows.

RISKS RELATED TO OUR STOCK AND STOCK PRICE

Changes in our sales, comparable retail sales, margins, operating income, earnings per share, cash flows, and/or other results of operations could have a material adverse effect on the market price of our common stock, which subsequently could lead to litigation.

Numerous factors affect our sales, comparable retail sales, margins, operating income, earnings per share, cash flows, and other financial results, including unseasonable weather conditions, merchandise assortment and product acceptance, the retail price of our merchandise, fashion trends, customer traffic, number of visits to our e-commerce site, as well as related conversion, economic conditions in general, including inflation and consumer confidence, and the retail sales environment in particular, calendar shifts of holidays or seasonal periods, birth rate fluctuations, timing or extent of promotional events by our Company or by competitors and other competitive factors, including competitor bankruptcies, fluctuations in currency exchange rates, macro-economic conditions, and our success in and the cost of executing our business strategies.

Unseasonable weather, for example, warm weather in the winter or cold weather in the spring over an extended period of time, or the occurrence of frequent or severe storms, may adversely affect our sales and, therefore, our comparable retail sales, operating income and earnings per share. The nature of our target customer heightens the effects of unseasonable weather on our sales. Our target customer is a value conscious, lower to middle income mother buying for infants and younger children primarily based on need rather than based on fashion, trend, or impulse. Therefore, for example, our target customer may not purchase warm weather spring clothing during an extended period of unseasonably cold weather occurring in what otherwise should be warmer weather months, particularly since infants and younger children tend to outgrow clothing at a faster rate than older children and adults.

Our sales, comparable retail sales, margins, operating income, earnings per share, cash flows, and other financial results have fluctuated significantly in the past (including during Fiscal 2023) due to the factors cited above, and we anticipate that they may continue to fluctuate in the future, particularly in the highly competitive retail environment in which we operate, which may result in declines or delays in consumer spending. The investment and analyst community follows all of these financial markers closely and fluctuations in these results, or the failure of our results to meet investors' or analysts' models or expectations, have had, and may continue to have, a significant adverse effect on the price of our common stock.

Following any such change in the price of our common stock, we have, and could in the future, be subject to litigation from our shareholders. For example, in February 2024, a putative class action was filed against us for violations of federal securities laws in the United States District Court of New Jersey. The complaint purported to assert claims under the federal securities laws, alleging that we had made materially false and/or misleading statements, and failed to disclose material adverse facts to our investors such that the price of our common stock dropped as a result. See "Item 3. Legal Proceedings" of this Form 10-K for further information. Any adverse results and/or settlements from such litigation could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We have a controlling shareholder who owns a majority of our outstanding shares of common stock, and as a result controls all matters requiring shareholder approval.

Mithaq Capital SPC, a Cayman segregated portfolio company ("Mithaq"), owns and controls the voting power of approximately 56.1% of our outstanding shares of common stock. As long as Mithaq continues to control a majority of our outstanding common shares, it will be able to determine the outcome of all corporate actions requiring shareholder approval.

Mithaq and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, Mithaq and its affiliates may engage in activities where their interests may not be the same as, or may conflict with, our interests or the interests of our other shareholders. Other shareholders will not be able to affect the outcome of any shareholder vote while Mithaq controls the majority of the voting power of our outstanding shares of common stock. As a result, Mithaq will be able to control, directly or indirectly and subject to applicable law, the composition of our Board of Directors, which in turn will be able to control all matters over which we have control, including, among others:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and directors;
- the adoption of amendments to our certificate of incorporation or our bylaws;
- any determinations with respect to financing, mergers, business combinations or dispositions of assets;
- our financing and dividend policy, and the payment of dividends on our common stock, if any;
- compensation and benefit programs and other human resources policy decisions;
- changes to any other agreements that may adversely affect us; and
- determinations with respect to tax matters.

Because Mithaq’s interests may differ from ours or from those of our other shareholders, Mithaq’s decisions on these matters may be contrary to other shareholders’ expectations or preferences, and they may take actions that could be contrary to other shareholders’ interests. So long as Mithaq beneficially owns a majority of our outstanding shares of common stock, they will be able to control the outcome of all corporate actions requiring shareholder approval.

Our share price may be volatile.

Our common stock is quoted on the Nasdaq Global Select Market. Stock markets in general have experienced, and are likely to continue to experience, price and volume fluctuations, which could have a material adverse effect on the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results, other risk factors identified here, announcements or actions by other competitors, the overall economy, legislative, regulatory and other actions resulting from the Presidential administration or U.S. Congress, and the geopolitical environment could individually or in aggregation cause the price of our common stock to fluctuate substantially.

We have experienced, and may experience, large “short” positions in our common stock relative to other publicly traded companies in our industry. The existence of a relatively large short position may result in substantial volatility in the trading price of our common stock, including due to an adverse impact on investors’ and analysts’ perceptions of our business and its prospects or due to “short covering” (relatively large purchases of our common stock). Purchasers of our common stock during periods of volatility, including as a result of “short covering” when the price of our common stock may rise rapidly, could later experience a significant decrease in stock price, eventually leading to a significant loss in value.

Declarations of quarterly cash dividends, and the establishment of future record and payment dates, are at the discretion of our Board of Directors based on a number of factors, including future financial performance, general business and market conditions, and other investment priorities. If payment of dividends is resumed, any subsequent reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline.

We have no current plans to pay regular cash dividends on our common stock for the foreseeable future.

We have no current plans to pay regular cash dividends on our common stock for the foreseeable future. Declarations of cash dividends, and the establishment of future record and payment dates, are at the discretion of our Board of Directors based on a number of factors, including future financial performance, general business and market conditions, and other investment priorities. If payment of dividends is resumed, any subsequent reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline.

Our actual operating results may not meet or exceed our guidance and investor expectations, which would likely cause our stock price to decline.

From time to time, we may release guidance in our earnings releases, earnings conference calls or otherwise, regarding our future performance that represent our management’s estimates as of the date of release. If given, this guidance, which will include forward-looking statements, will be based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. Our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in this “Risk Factors” section. The principal reason that we expect to release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. With or without our guidance, analysts and other investors may publish expectations regarding our business, financial performance and results of operations. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. If our actual performance does not meet or exceed our guidance or investor expectations, the trading price of our common stock may decline.

An active, liquid trading market for our common stock may not be sustained.

Although our common stock is currently listed on the Nasdaq Global Select Market under the symbol “PLCE,” an active trading market for our shares may not be sustained. Accordingly, if an active trading market for our common stock is not sustained, the liquidity of our common stock would be limited, and holders of our common stock may not be able to sell their shares when desired. Moreover, the prices that they may obtain for their shares would be adversely affected. An inactive market may also impair our ability to raise capital to continue to fund operations by issuing shares and may impair our ability to acquire other companies by using our shares as consideration.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our shares is influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

RISKS RELATED TO CYBERSECURITY, DATA PRIVACY, INFORMATION TECHNOLOGY AND E-COMMERCE

A privacy breach, through a cybersecurity incident or otherwise, or failure to comply with privacy laws could have a material adverse effect on our business.

As part of normal operations, we and our third-party vendors, consultants and other partners receive and maintain confidential and personally identifiable information about our customers and employees, and confidential financial, intellectual property, and other proprietary information. We regard the protection of our customer, employee, and Company information as critical. The regulatory environment surrounding information security and privacy is very demanding, with the frequent imposition of new and changing significant requirements, such as the California Consumer Privacy Act and the California Privacy Rights Act, and more recently, the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Act and the Utah Consumer Privacy Act, some of which involve significant costs to implement and significant penalties if not followed properly. A significant breach of federal, state, provincial, local, or international privacy laws could have a material adverse effect on our business, reputation, financial position, results of operations, and cash flows.

A cybersecurity breach, whether targeted, random, or inadvertent, and whether at the hands of cyber criminals, hackers, rogue employees, hostile agents of foreign governments, or other persons, may occur and could go undetected for a period of time. Any cybersecurity incident could result in any or all of the following:

- theft, destruction, loss, misappropriation, or release of confidential financial and other data, intellectual property, customer awards or loyalty points, or customer, employee or vendor information, including personally identifiable information such as payment card information, bank account information, email addresses, passwords, social security numbers, home addresses, or health information;
- operational or business delays resulting from the disruption of our e-commerce site, computer network, or the computer networks of our third-party vendors, consultants and other partners and subsequent material clean-up and mitigation costs and activities;
- negative publicity resulting in material reputation or brand damage with our investors, customers, vendors, third-party partners, or industry peers;
- loss of sales, including those generated through our e-commerce websites; and
- governmental penalties, fines and/or enforcement actions, payment and industry penalties and fines, and/or class action and other lawsuits.

Our efforts and technology to secure our computer network and systems may not be sufficient to defend us against all unauthorized attempts to access our employees’, customers’, vendors’ and/or our information. We have been and may be subject to attempts to gain unauthorized access to our computer network and systems, including emails. Similarly, a breach to the computer networks and systems of our third-party vendors, consultants or other partners, including those that are cloud-based, may also occur. Any such breach could lead to a material disruption of our computer network and/or the areas of our business dependent on the support, services, and other products provided by these third-party vendors, consultants and other partners, subsequently resulting in the events described above. To date, prior attempts to gain unauthorized access to the networks and systems of the Company, our third-party vendors, consultants or other partners have not had a material adverse effect on us.

Our systems and procedures are required to meet the Payment Card Industry (“PCI”) data security standards, which require periodic audits by independent third-parties to assess compliance. Failure to comply with the security requirements or rectify a security issue may result in substantial fines and the imposition of material restrictions on our ability to accept payment by credit or debit cards. There can be no assurance that we will be able to satisfy PCI security standards or to identify security issues in a timely fashion. In addition, PCI are controlled by a limited number of vendors who have the ability to impose changes in PCI’s fee structure and operational requirements on us without negotiation. Such changes in fees and operational requirements may result in our failure to comply with PCI security standards, as well as significant unanticipated expenses.

Any of the above risks, individually or in aggregation, could result in significant costs and/or materially damage our reputation and result in lost sales, governmental and payment card industry fines, and/or class action and other lawsuits, which in turn could have a material adverse effect on our business, financial position, results of operations, and cash flows. Although we carry cybersecurity insurance, in the event of a cyber-incident, that insurance may not be extensive enough or adequate in scope of coverage or amount to reimburse us for damages we may incur.

Our failure to successfully manage our e-commerce business could have a material adverse effect on our business.

The successful operation of our e-commerce business depends on our ability to conduct an efficient and uninterrupted operation of our online order-taking and our fulfillment operations, whether from our distribution center or from our third party provider’s, and on our ability to provide a shopping experience that will generate orders and return visits to our site, including by updating our e-commerce platform to stay abreast of changing consumer shopping habits such as the significantly increased use of mobile devices and apps to shop online. Risks associated with our e-commerce business include:

- risks associated with the failure of the computer systems that operate our website or the failure or disruption of our information technology and other business systems, including, but not limited to, inadequate system capacity, security breaches, computer viruses, human error, changes in programming, failure of third-parties to continue to support older systems or system upgrades, or unintended disruptions occasioned as a result of such upgrades, or migration of these services to new systems, including to the cloud;
- increased or unplanned costs associated with order fulfillment and delivery of merchandise to our customers;
- inadequacy of disaster recovery processes and the failure to align these processes with business continuity plans;
- the integration of the Gymboree brand in our stores and via our e-commerce website, the continued progress of our Sugar & Jade and PJ Place brands;
- consumer privacy and information security concerns and regulation;
- changes in applicable federal, state, provincial, local, or international regulations;
- disruptions in telephone service or power outages;
- reliance on third parties for computer hardware and software, cloud-based computing services, updates (patches), as well as delivery of merchandise to our customers;
- rapid technology changes and changes in consumer shopping habits, such as the significant increase in online shopping, including through the use of mobile devices and apps;
- credit or debit card fraud;
- the diversion of sales from our physical stores;
- natural disasters or adverse weather conditions;
- negative publicity related to the social media influencers we have engaged;
- negative customer reviews or influencer reviews on social media; and
- liability for online advertising and content.

Problems in any one or more of these areas, individually or in aggregation, could have a material adverse effect on our business, financial position, results of operations, and cash flows, and could damage our reputation and brands.

A material disruption in, failure of, inability to upgrade, or inability to properly implement disaster recovery plans for, our information technology or other business systems could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We rely heavily on various information and other business systems to manage our complex operations, including our online business, management of our global supply chain, merchandise assortment planning, inventory allocation and replenishment, order management, warehousing, distribution and shipping activities, point-of-sale processing in our stores, including credit and debit card processing, gift cards, our private label credit card, our customer loyalty program, and various other processes and transactions. We continue to evaluate and implement upgrades and changes to our information technology (“IT”) and other business systems.

Operation of our IT and/or implementation of upgrades and changes to our IT and other business systems carries substantial risk, including failure to operate as designed, failure to properly integrate with, or disruption of, other systems, potential loss of data or information, cost overruns or unforeseen costs, implementation delays, disruption of operations, inability to properly train associates on new processes, inability to properly direct change management, lower customer satisfaction resulting in lost customers or sales, inability to deliver the optimal level of merchandise to our stores in a timely manner, inventory shortages, inventory levels in excess of customer demand, inability to meet the demands of our international franchise partners or our wholesale and retail customers, and the inability to meet financial, regulatory, and other reporting requirements. Further, disruptions or malfunctions affecting our current or new information or other business systems could cause critical information upon which we rely to be lost, delayed, unreliable, corrupted, insufficient, or inaccessible. See also the risks associated with the risk factor above, *“Our failure to successfully manage our e-commerce business could have a material adverse effect on our business.”*

We continue to focus on the implementation of IT disaster recovery and/or implementation of high availability readiness with regard to our e-commerce, finance, reporting, distribution, logistics, store operations, merchandising, sourcing, and other key systems in order to protect against the loss or corruption of critical data. There can be no assurance that we will be successful in implementing or executing on the appropriate disaster recovery plans or high availability readiness to protect against such loss or corruption. There is also no assurance that a successfully implemented system will deliver or continue to deliver any anticipated sales or margin improvements or other benefits to us. The failure to do so could have a material adverse effect on our business, financial position, results of operations, and cash flows.

We also rely on third-party vendors and outsourcing partners to design, program, implement, maintain, and service our existing and planned information systems, including those operated through cloud-based technology. Any failures of these vendors to properly deliver their services in a timely fashion, any determination by those vendors to stop supporting certain systems or components, or any failure of these vendors to protect our competitively sensitive data, or the personal data of our customers or employees, or to prevent the unauthorized access to, or corruption of, such data, whether in their possession, through our information systems or cloud-based technology utilized by us, could have a material adverse effect on our business, financial position, results of operations, and cash flows.

RISKS RELATED TO LEGAL AND REGULATORY MATTERS

We may be unable to protect our trademarks and other intellectual property rights.

We believe that our trademarks and service marks are important to our success and our competitive position due to their name recognition with our customers. We devote substantial resources to the establishment and protection of our trademarks and service marks on a worldwide basis, including in the countries from which we source our merchandise and in which we have business operations or plan to have business operations, including through foreign franchise partners. We are not aware of any material claims of infringement or material challenges to our right to use any of our trademarks in the United States or Canada. Nevertheless, the actions we have taken, including to establish and protect our trademarks and service marks, may not be adequate to prevent others from imitating our products or to prevent others from seeking to block sales of our products. Also, others may assert proprietary rights in our intellectual property, or may assert that we are engaging in activities that infringe on their own intellectual property, and we may not be able to successfully resolve these types of claims, any of which could have a material adverse effect on our business, financial position, results of operations, and cash flows. In addition, the laws of certain foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States, and we may not be successful in obtaining our trademarks in foreign countries where we plan to conduct business. Our failure to protect our intellectual property rights could diminish the value of our brands, weaken our competitive position, and could have a material adverse effect on our business, reputation, financial position, results of operations, and cash flows.

Federal tax and other legislation has had and will continue to have a material effect on our business, financial position, results of operations, and cash flows. In addition, changes in current tax law could adversely impact our business, financial position, results of operations, and cash flows. Other legislative, regulatory, and other actions which might be taken by federal or state governments are unpredictable and could have unforeseen consequences having a material adverse effect on our business.

We are subject to income taxes in the United States and foreign jurisdictions, including Canada and Hong Kong. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors, including, but not limited to, income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities, and changes in tax laws, regulations, accounting principles or interpretations thereof, which could adversely impact our business, financial position, results of operations, and cash flows in future periods.

In addition, we are subject to the examination of our income tax returns by the Internal Revenue Service, Canada Revenue Agency, and other state, local and foreign tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income and other taxes. There can be no assurance that the outcomes from these continuous examinations will not have a material adverse effect on our business, financial position, results of operations, and cash flows.

Legislative, regulatory, and other actions, such as minimum wage requirements or overtime regulation and other wage and hour regulations, continue to be unpredictable and could have unforeseen consequences. Such changes could impact our relationship with our workforce, increase our expenses and have a material adverse effect on our business, financial position, results of operations, and cash flows. None of our employees is currently represented by a collective bargaining agreement. However, from time to time there have been efforts to organize our employees at various locations. There is no assurance that our employees will not unionize in the future.

Our failure to comply with federal, state or local law, and litigation involving such laws, or changes in such laws, could materially increase our expenses and expose us to legal risks and liability.

If we fail to comply with applicable laws and regulations, particularly wage and hour, accessibility, privacy and information security, product safety, and pricing, children's online privacy protection, advertising, sweepstakes, contests, and marketing laws, we could be subject to legal and reputational risk, government enforcement action, and class action civil litigation, which could have a material adverse effect on our business, financial position, results of operations, and cash flows. Changes in regulation and how regulations are enforced, such as taxes, privacy and information security, product safety, trade, consumer credit, pricing, advertising, and marketing, healthcare or environmental protection, among others, could cause our expenses to increase, margins to decrease, or tax deductible expenses to decrease, which could lead to a material adverse effect on our business, financial position, results of operations, and cash flows.

Legal and regulatory actions are inherent in our business and could have a material adverse effect on our business, reputation, financial position, results of operations, and cash flows.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our business. Some of these proceedings have been, and in the future may be, brought on behalf of various alleged classes of complainants. The plaintiffs may seek large and/or indeterminate amounts, including treble, punitive, or exemplary damages and/or payment of legal fees in these proceedings. Substantial legal liability could have a material adverse effect on our business, financial position, results of operations, and cash flows or cause us material reputational harm, which in turn could materially harm our business prospects.

Our litigation and regulatory enforcement and other matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. Our reserves for litigation and regulatory and enforcement matters may prove to be inadequate. In light of the unpredictability of our litigation and regulatory and enforcement matters, it is also possible that in certain cases an ultimately unfavorable resolution of, or decision in, one or more litigation or regulatory and enforcement matters could have a material adverse effect on our reputation and/or our business, financial position, results of operations, and cash flows.

Legislative actions and new accounting pronouncements could result in us having to increase our administrative expenses to remain compliant and could have other material adverse effects.

In order to comply with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, accounting guidance or disclosure requirements by the SEC, guidance that may come from the Public Company Accounting Oversight Board ("PCAOB"), or changes in listing standards by the Nasdaq Global Select Market, we may be required to enhance our internal controls, hire additional personnel, and utilize additional outside legal, accounting, and advisory services, all of which could cause our general and administrative expenses to increase materially.

Changes to existing tax or other laws, authoritative or regulatory guidance, and regulations may have a material adverse effect on our financial statements. The Financial Accounting Standards Board is continuing its convergence efforts with its international counterpart, the International Accounting Standards Board, to converge U.S. and International standards into one uniform set of accounting rules. The effect of changes in tax and other laws or changes in accounting rules or regulatory guidance on our financial statements could be significant. Changes to our financial position, results of operations, or cash flows could impact our debt covenant ratios or a lender's perception of our financial statements causing an adverse effect on our ability to obtain credit, or could adversely impact investor analyses and perceptions of our business causing the market value of our stock to decrease. In addition, any changes in the current accounting rules, including legislative and other proposals, could increase the expenses we report under U.S. GAAP and have a material adverse effect on our business, financial position, results of operations, and cash flows.

We have in the past experienced a material weakness in our internal controls over financial reporting. If we fail to maintain effective internal control and remediate any future control deficiencies, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and our reputation with investors, ultimately leading to a decline in the price of our common stock.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the Nasdaq Global Select Market. In particular, Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. It also requires our independent registered public accounting firm to attest to our evaluation of our internal controls over financial reporting. If any of our internal controls and systems do not perform as expected, we may experience material weaknesses in our internal controls. While we continually undertake steps to improve our internal control over financial reporting as our business changes, we may not be successful in making the improvements and changes necessary to be able to identify and remediate control deficiencies or material weaknesses on a timely basis. It is possible that our current internal controls and any new internal controls that we develop may become inadequate in the future because of changes in conditions in our business.

For example, as further discussed below in "Item 9A. Controls and Procedures" of this Form 10-K, we had previously identified a material weakness in the operation of our internal control related to the review of the borrowing base calculation provided to the Credit Agreement Lenders under our Credit Agreement. As of February 3, 2024, we have successfully remediated this material weakness by implementing additional review procedures over the accuracy of the borrowing base calculation. Although this material weakness has been remediated, and although our management has determined, and our independent registered public accounting firm has attested, that our internal controls over financial reporting were effective as of February 3, 2024, we cannot assure you that we or our independent registered public accounting firm will not identify a material weakness in our internal controls in the future.

If we have difficulty implementing and maintaining effective internal controls over financial reporting, or if we identify a material weakness in our internal controls over financial reporting in the future, we may not detect errors on a timely basis, such that it could harm our operating results, adversely affect our reputation, cause our stock price to decline, or result in inaccurate financial reporting or material misstatements in our annual or interim financial statements. We may be unable to maintain compliance with securities laws, stock exchange listing requirements and debt instruments' covenants regarding the timely filing of accurate periodic reports, which could lead to investigations by Nasdaq, the SEC or other regulatory authorities or litigations with our creditors and/or shareholders, hence requiring additional management attention and impairing our ability to operate our business. Our liquidity, access to capital markets and perceptions of our creditworthiness may be adversely affected. We could be required to implement expensive and time-consuming remedial measures. Our independent registered public accounting firm may issue reports that are adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating, or if it is not satisfied with our remediation of any identified material weaknesses. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material adverse effect on our business, financial position, results of operations, and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

Risk Management and Strategy

We consider cybersecurity and privacy to be important issues affecting the enterprise both in terms of reputational risk and economic risk. To effectively assess, identify, and manage material risks from cybersecurity threats, we maintain a cybersecurity risk management program, which is led by our Chief Technology, Logistics & Stores Officer (“CTO”) and our Vice President, Information Security & IT Risk (“VP, IT”), as a part of the Company’s overall risk management and compliance programs. To keep pace with ever-evolving threats and industry best practices, we have made, and will continue to make, sizable investments in building and developing cybersecurity talent and expertise and implementing state-of-the-art systems and tools, to detect, identify, classify and mitigate cybersecurity and other data privacy risks within our environment. We employ benchmarking to understand best practices and industry trends. We conduct security and compliance assessments throughout each year to validate the efficacy of our programs and practices. We also engage an independent third party expert to assess our cybersecurity maturity periodically against the retail industry. The results of these assessments inform our cybersecurity development roadmap going forward and are presented to the Audit Committee and the Board of Directors. We also maintain cybersecurity insurance as part of our comprehensive insurance portfolio.

We believe that we employ appropriate standards, guidelines and best practices to manage cybersecurity-related risk and have implemented comprehensive controls consistent with the requirements of the International Organization for Standardization (“ISO”) and assess our cybersecurity maturity levels against the National Institute of Standards and Technology (“NIST”) framework, including, but not limited to, the following:

- Intrusion prevention controls (such as network segmentation and firewalls);
- Access controls (such as identity and access management and multi-factor authentication on critical applications and systems);
- Detection controls (such as endpoint threat detection and response, and logging and monitoring involving the use of a third-party for security information and event management, with reports and alerts provided by the third-party to the CTO’s team); and
- Threat protection controls (such as mandatory cyber-threat training and simulated phishing campaigns with employees, vendor management programs, and vulnerability and patch management).

In an effort to ensure that our associates are knowledgeable about our data security and protection policies, and to enable them to proficiently handle the threat of cyber-attacks, all associates are required to participate in a cybersecurity awareness training program annually. Financial, IT and other associates who have access to sensitive information are also required to attend additional training courses during the year. We also conduct frequent phishing simulations throughout the year to test our employees’ responses to suspicious emails and to better inform our cyber awareness training program.

We circulate cyber awareness materials on a periodic basis on our intranet and hold a “Cyber Awareness Month” each year to promote the importance of cybersecurity topics. In addition, members of senior management participate in periodic crisis management exercises with third-party experts on crisis management best practices to apply their learnings to the Company’s business continuity management program. In particular, in Fiscal 2023, the table-top exercise that was conducted for senior management focused on the handling of a cyber-security incident.

Because we are aware of the risks associated with third-party service providers, we also have implemented processes to oversee and manage these risks. We conduct security assessments of third-party providers before engagement and maintain ongoing monitoring to help ensure compliance with our cybersecurity standards. In addition, we perform periodic risk assessments of key vendors. This approach is designed to mitigate risks related to potential data breaches or other security incidents originating from or at third-party service providers.

We have experienced targeted and non-targeted cybersecurity attacks and incidents in the past, and we could in the future experience similar attacks. As of Fiscal 2023, we have not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected us, our business strategy, results of operations or financial condition. For more information about the Company’s assessment of cybersecurity risks, see the risk factor titled “A privacy breach, through a cybersecurity incident or otherwise, or failure to comply with privacy laws could have a material adverse effect on our business” in Part I, Item 1A, “Risk Factors”.

We are committed to maintaining the trust we have established with our customers and associates. They expect that we will protect their personal information. Our comprehensive privacy program includes standards and practices focused on keeping data we collect secure and reflects our commitment to respecting privacy rights. Our Privacy Policy is available on our website and we continually assess and update this Policy to reflect industry best practices and applicable laws and regulations.

Governance

Our Board of Directors recognizes the important role of information security and mitigating cybersecurity and other data security threats, as part of our efforts to protect and maintain the confidentiality and security of customer, employee and vendor information, as well as non-public information about our Company. Although the Board of Directors as a whole is ultimately responsible for the oversight of our risk management function, the Board of Directors uses its committees to assist in its risk oversight function. The Audit Committee of our Board of Directors has primary responsibility for our cybersecurity risk identification and mitigation activities, and that Committee and senior management provide reports regularly to the Board of Directors.

The Audit Committee receives periodic reports from management, including our CTO and VP, IT. These reports encompass a broad range of topics, such as our cybersecurity risks, the current cybersecurity landscape and the status of ongoing cybersecurity initiatives. Furthermore, management informs the Audit Committee as deemed necessary, about any notable cybersecurity incidents.

Our management team, including our CTO and VP, IT, is responsible for assessing and managing our material risks from cybersecurity threats. The VP, IT’s team has primary responsibility for the day-to-day operation and implementation of our overall cybersecurity risk management program and supervises both our internal cybersecurity team and our retained external cybersecurity consultants. The VP, IT’s team also supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel, threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us, and alerts and reports produced by security tools deployed in the IT environment.

Our CTO’s background includes more than 20 years of experience in the technology domain, with 15 years in the retail industry, leading e-commerce implementations and large scale transformation projects like adopting cybersecurity best practices. Our VP, IT has more than 30 years of experience implementing security in complex manufacturing and retail environments. Their combined in-depth knowledge and experience are instrumental in developing and executing our cybersecurity risk management program.

The Company’s management maintains and implements a written Cyber Security Incident Response Policy and Cyber Security Incident Response Plan, both of which are reviewed and updated on a periodic basis. In the event we identify a potential cybersecurity, privacy or other data security issue, we have defined procedures for responding to such issues, including procedures that address when and how to engage with Company management, the Audit Committee, our Board of Directors, other stakeholders and law enforcement when responding to such issues.

ITEM 2. PROPERTIES.

We lease all of our existing store locations in the United States, Puerto Rico, and Canada, with lease terms expiring through 2032. The average unexpired lease term for our stores is approximately 1.8 years in the United States, Puerto Rico, and Canada. Generally, we enter into initial lease terms ranging between 1 - 10 years at inception and provide for contingent rent based on sales in excess of specific minimums. We anticipate that we will be able to extend those leases which we wish to extend on satisfactory terms as they expire or relocate to more desirable locations.

The following table sets forth information with respect to certain of our non-store locations as of February 3, 2024:

Location	Use	Approximate Sq. Footage	Current Lease Term Expiration
Fort Payne, AL ⁽¹⁾	Store Distribution Center / E-commerce Fulfillment Center	700,000	Owned
Ontario, Canada ⁽²⁾	Store Distribution Center / E-commerce Fulfillment Center	95,000	4/30/2024
Hong Kong, China ⁽³⁾	Product Support	11,000	4/30/2027
500 Plaza Drive, Secaucus, NJ ⁽³⁾⁽⁴⁾	Corporate Offices	120,000	5/31/2037
500 Plaza Drive, Secaucus, NJ ⁽⁵⁾	Corporate Offices	80,000	5/31/2024

⁽¹⁾ Supports our U.S. stores, wholesale, and e-commerce business.

⁽²⁾ Supports our Canadian stores and our Canadian e-commerce business. We moved these operations to the United States to our current distribution center in Alabama as of the end of the first quarter of Fiscal 2024.

⁽³⁾ Supports our U.S. stores, our e-commerce business, our Canadian stores, our international franchisees, and wholesale business.

- ⁽⁴⁾ We signed a new lease in January 2024 under more favorable terms, which expires in May 2037, with a termination right after the seventh year, and two five-year renewal options at fair market value.
- ⁽⁵⁾ Supports our U.S. stores, our e-commerce business, our Canadian stores, our international franchisees, and wholesale business. The current lease expires on May 31, 2024 but will continue on a month-to-month basis until May 31, 2025, which we can terminate by providing the landlord with a 60-day notice period.

We also use a third-party provider operating a 315,000 square foot distribution center in Indiana and a 184,000 square foot distribution center in Ontario, Canada to support our U.S. and Canadian e-commerce fulfillment operations, respectively.

ITEM 3. LEGAL PROCEEDINGS.

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 were eligible for redemption in multiple rounds through November 2023. On February 23, 2024, a hearing on motion for preliminary injunction and permanent injunction and to enforce judgement and settlement agreement was held. Pending receipt of the court's ruling, upon the court's order, the plaintiff filed a renewed motion for attorneys' fees, costs and incentive awards on March 4, 2024, to which the Company filed a statement of non-opposition on April 1, 2024. Because the plaintiff was seeking less than the maximum amount agreed to in the settlement, the Company requested that such difference in amount be distributed as vouchers to authorized class members, pursuant to the settlement agreement. The hearing for the motion for attorneys' fees, costs, and incentive awards is set for May 3, 2024. 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.

Similar to the *Rael* case above, the Company is also a defendant in *Gabriela Gonzalez v. The Children's Place, Inc.*, a purported class action, pending in the U.S. District Court, Central District of California. The plaintiff alleged that the Company had falsely advertised discounts that do not exist, in violation of California's Unfair Competition Laws, False Advertising Law and the California Consumer Legal Remedies Act. The Company filed a motion to compel arbitration, which the plaintiff did not oppose, and the court granted the motion on August 17, 2022—staying the case pending the outcome of the arbitration. The demand for arbitration was filed on October 4, 2022, in connection with the individual claim of the plaintiff. A mass arbitration firm associated with plaintiff's counsel then conducted an advertising campaign for claimants to conduct a mass arbitration. In part, to avoid the mass arbitration, the parties stipulated to return the original plaintiff's claim to court to proceed as a class action. Accordingly, the arbitration would not be proceeding and the Company's response to the original plaintiff's complaint in court was filed on July 20, 2023. On August 16, 2023, however, the Company began to receive notices regarding approximately 1,300 individual demands that were filed with Judicial Arbitration and Mediation Services, Inc. as part of a related mass arbitration claim. The parties participated in mediation proceedings on November 15, 2023 and February 9, 2024. The parties agreed to further discuss settlement options in May 2024.

As of February 2024, the Company is also a defendant in *Randeep Singh Khalsa v. The Children's Place, Inc. et al.*, a purported class action, pending in the United States District Court of New Jersey. The complaint purports to assert claims under the federal securities laws, alleging that between March 16, 2023, and February 8, 2024, the Company made materially false and/or misleading statements, and failed to disclose material adverse facts to its investors, which the complaint alleges led to a drop in the price of the Company's common stock. The Company intends to defend this case vigorously and it is currently too early to assess the possible outcome of this case.

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.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is listed on the Nasdaq Global Select Market, or Nasdaq, under the symbol “PLCE”. As of February 12, 2024, Mithaq had acquired more than 50% of our outstanding shares of common stock and became a controlling shareholder of the Company. On April 29, 2024, the number of holders of record of our common stock was 37 and the number of beneficial holders of our common stock was approximately 16,500.

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. Currently, pursuant to the terms of our Credit Agreement, as amended by its seventh amendment dated as of April 16, 2024, described in “Note 9. Debt” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K, we are not expecting to repurchase any shares in Fiscal 2024, except as described below, pursuant to our practice as a result of our insider trading policy. As of February 3, 2024, there was \$157.2 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 summarizes our share repurchases:

	Fiscal Years Ended			
	February 3, 2024		January 28, 2023	
	Shares	Amount	Shares	Amount
(in thousands)				
Share repurchases related to:				
Share repurchase program	210	\$ 7,131	1,953	\$ 92,945
Shares acquired and held in treasury	8	\$ 245	6	\$ 293

The following table provides a month-to-month summary of our share repurchase activity during the 14 weeks ended February 3, 2024:

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
10/29/23-11/25/23	—	\$ —	—	\$ 157,333
11/26/23-12/30/23 ⁽¹⁾	6,139	24.24	4,308	157,232
12/31/23-2/3/24 ⁽²⁾	411	20.88	411	157,223
Total	<u>6,550</u>	<u>\$ 24.03</u>	<u>4,719</u>	<u>\$ 157,223</u>

⁽¹⁾ Includes 1,831 shares acquired as treasury stock as directed by participants in the Company’s deferred compensation plan and 4,308 shares withheld to cover taxes in conjunction with the vesting of stock awards.

⁽²⁾ Includes 411 shares withheld to cover taxes in conjunction with the vesting of stock awards.

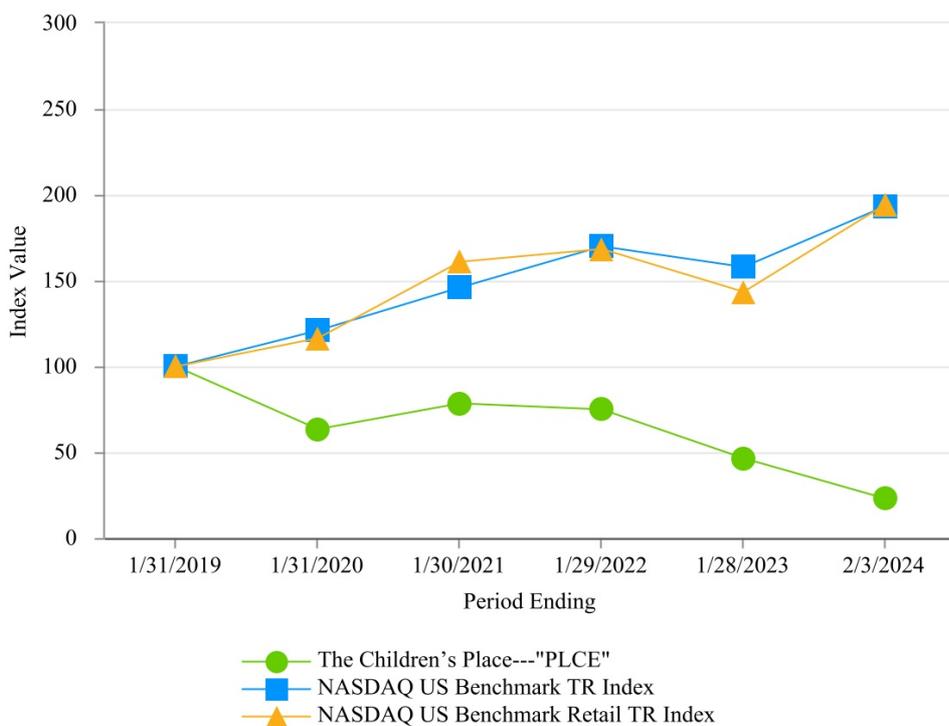
Equity Plan Compensation Information

On May 20, 2011, our shareholders approved the 2011 Equity Incentive Plan (the “2011 Equity Plan”). The following table provides information as of February 3, 2024, about the shares of our common stock that may be issued under our equity compensation plans.

Plan Category	COLUMN (A)	COLUMN (B)	COLUMN (C)
	Securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Securities remaining available for future issuances under equity compensation plans (excluding securities reflected in Column (A))
Equity Compensation Plans Approved by Security Holders	N/A	N/A	470,805
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total	N/A	N/A	470,805

Performance Graph

The following graph compares the cumulative stockholder return on our common stock with the return of companies comprising the NASDAQ US Benchmark TR Index and the NASDAQ US Benchmark Retail TR Index. The graph and the table below assume that \$100 was invested on January 31, 2019 in each of our common stock, the NASDAQ US Benchmark TR Index and the NASDAQ US Benchmark Retail TR Index.



	FY19	FY20	FY21	FY22	FY23
The Children's Place---"PLCE"	\$ 63.46	\$ 78.14	\$ 74.92	\$ 46.36	\$ 22.74
NASDAQ US Benchmark TR Index	120.73	145.89	169.72	157.91	193.50
NASDAQ US Benchmark Retail TR Index	116.29	160.89	168.29	143.42	194.21

The table below sets forth the closing price of our common stock and the closing indices for the NASDAQ US Benchmark TR Index and the NASDAQ US Benchmark Retail TR Index on the last day of each of our last five fiscal years.

	FY19	FY20	FY21	FY22	FY23
The Children's Place---"PLCE"	\$ 59.67	\$ 73.47	\$ 70.44	\$ 43.60	\$ 21.39
NASDAQ US Benchmark TR Index	2,819.09	3,406.63	3,963.21	3,687.47	4,518.41
NASDAQ US Benchmark Retail TR Index	3,768.85	5,214.30	5,453.85	4,647.98	6,293.98

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with our audited financial statements and notes thereto included in Part IV, Item 15. Exhibits and Financial Statement Schedules. This Annual Report on Form 10-K 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 this Annual Report on Form 10-K for the fiscal year ended February 3, 2024. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unable to achieve operating results at levels sufficient to fund and/or finance the Company's current level of operations and repayment of indebtedness, 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 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 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 securities, 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, risks related to the existence of a controlling shareholder, 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.

As used in this Annual Report on Form 10-K, references to the "Company", "The Children's Place", "we", "us", "our", and similar terms refer to The Children's Place, Inc. and its subsidiaries. Our fiscal year ends on the Saturday on or nearest to January 31. Other terms that are commonly used in our Management's Discussion and Analysis of Financial Condition and Results of Operations are defined as follows:

- Fiscal 2023 — The fifty-three weeks ended February 3, 2024
- Fiscal 2022 — The fifty-two weeks ended January 28, 2023
- Fiscal 2021 — The fifty-two weeks ended January 29, 2022
- Fiscal 2024 — Our next fiscal year representing the fifty-two weeks ending February 1, 2025
- 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 re-opened 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 February 3, 2024, we had 523 stores across North America, our e-commerce business at www.childrensplace.com and www.gymboree.com, social media channels on Instagram, Facebook, X, formerly known as Twitter, YouTube and Pinterest, and 225 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 and www.gymboree.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 no customers that individually accounted for more than 10% of our net sales.

Recent Developments

Macroeconomic conditions in Fiscal 2023 increased the cost of goods and services necessary to produce, import, and distribute our products, including due to increased costs of labor that reflected increases in wage rates. Inflationary pressures have also adversely affected our core customer, resulting in a decrease in discretionary apparel purchases during Fiscal 2023. We expect these macroeconomic conditions, including but not limited to increased product input costs, transportation costs, distribution costs, labor costs, and other inflationary pressures, to continue to have an impact during Fiscal 2024.

In October 2023, we became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the Credit Agreement Lenders under our Credit Agreement, all of which have since been remedied. While the Credit Agreement 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 Credit Agreement Lenders entered into a Waiver and Amendment Agreement (the “Waiver Agreement”) on October 24, 2023, pursuant to which the Credit Agreement 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 accordance with its terms.

As of February 12, 2024, Mithaq had acquired more than 50% of our outstanding shares of common stock. Mithaq’s acquisition of our common stock resulted in a change of control of the Company, thereby triggering an event of default under the Credit Agreement. As a result of this event of default, we became subject to cash dominion by the Credit Agreement Lenders.

On February 29, 2024, we and the Credit Agreement Lenders entered into a forbearance agreement, pursuant to which, among other things, the Credit Agreement Lenders agreed to forbear from enforcing certain rights and remedies (other than cash dominion and increasing the interest rate payable on borrowings outstanding under the Credit Agreement to the default interest rate) under the Credit Agreement during a limited forbearance period, and which contemplated a permanent waiver of the change of control default upon the satisfaction of certain conditions.

Also on February 29, 2024, we and certain of our subsidiaries entered into an interest-free unsecured subordinated promissory note with Mithaq, providing for up to \$78.6 million in term loans (the “Initial Mithaq Term Loan”). We received \$30 million on February 29, 2024 and \$48.6 million on March 8, 2024. The Initial Mithaq Term Loan matures on February 15, 2027.

In addition, on February 29, 2024, we and Mithaq entered into a letter agreement for purposes of, among other things, ensuring an orderly transition of the governance of the Company following the change of control. As of the date of filing of this Annual Report on Form 10-K, the size of our Board of Directors has been reduced from ten to six, and other than our Chief Executive Officer, all other then members of the Board of Directors have resigned and have been replaced by designees of Mithaq.

On April 16, 2024, we and certain of our subsidiaries entered into a new financing agreement with Mithaq for a Shariah-compliant unsecured and subordinated \$90 million term loan (the “New Mithaq Term Loan”). The New Mithaq Term Loan matures on April 16, 2027, and requires monthly payments equivalent to interest charged at the Secured Overnight Financing Rate (“SOFR”) plus 4.000% per annum, with such monthly payments to Mithaq deferred until April 30, 2025. We received the funds from the New Mithaq Term Loan on April 18, 2024 and a portion of those funds were used to repay our \$50 million term loan under the Credit Agreement.

Also on April 16, 2024, we and certain of our subsidiaries entered into a seventh amendment to the Credit Agreement (the “Seventh Amendment”) with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default. The Seventh Amendment reduced the ABL Credit Facility to \$433.0 million and, until we achieve certain excess availability thresholds, preserved the temporary enhanced reporting requirements under the Waiver Agreement and continued to impose cash dominion. The Seventh Amendment also modified certain existing requirements to restrict certain payments, including the repurchase of shares and the payment of dividends.

On May 2, 2024, we entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million senior unsecured credit facility (the “Mithaq Credit Facility”). Under the Mithaq Credit Facility, we may request for advances at any time up to July 1, 2025. If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. Additionally, such debt shall require no mandatory prepayments and shall mature no earlier than July 1, 2025.

In addition, the lease for our distribution center in Toronto, Canada (“TODC”) expired in April 2024. We moved these operations to the United States to our current distribution center in Alabama as of the end of the first quarter of Fiscal 2024.

Also, as of February 2024, a purported class action was filed against us, pending in the United States District Court of New Jersey. The complaint purports to assert claims under the federal securities laws, alleging that we made materially false and/or misleading statements, and failed to disclose material adverse facts to our investors, which the complaint alleges led to a drop in the price of the Company’s common stock. See “Item 3. Legal Proceedings” of this Form 10-K for further information.

Operating Highlights

Net sales decreased \$106.0 million, or 6.2%, to \$1.603 billion during Fiscal 2023 from \$1.708 billion during Fiscal 2022, primarily due to reductions in retail sales due to lower store count and traffic declines to stores, partially offset by continued strength in e-commerce and an increase in wholesale revenue. During Fiscal 2023, we closed 90 stores and did not open any new stores. Comparable retail sales decreased 4.7% for Fiscal 2023.

Gross profit decreased \$68.9 million, or 13.4%, to \$445.3 million during Fiscal 2023 from \$514.2 million during Fiscal 2022. Gross margin decreased 230 basis points to 27.8% during Fiscal 2023 from 30.1% during Fiscal 2022. The decrease was primarily the result of lower retail revenue attributed to reduced store count and traffic declines and the related lower merchandise margins on those sales. Additionally, gross profit margin was impacted by a significantly larger wholesale business which operates at a lower gross margin rate but is accretive to operating margin. Gross profit was also impacted by higher than planned distribution and fulfillment costs due to growth in our e-commerce business and the deleveraging of fixed expenses resulting from the decline in net sales.

Operating loss increased \$(82.3) million to a loss of \$(83.8) million during Fiscal 2023 from a loss of \$(1.5) million during Fiscal 2022. Operating loss was impacted by an impairment charge of \$29.0 million on the Gymboree tradename, primarily due to an increase in the discount rate used to value the tradename and reductions in Gymboree sales forecasts, and \$5.6 million of impairment charges to stores during the year. Operating margin deleveraged 510 basis points to (5.2)% of net sales.

Net loss increased \$(153.4) million to a loss of \$(154.5) million, or \$(12.36) per diluted share, during Fiscal 2023, compared to a loss of \$(1.1) million, or \$(0.09) per diluted share, during Fiscal 2022, primarily due to the factors discussed above, in addition to higher interest expense due to higher borrowings and higher average interest rates associated with our revolving credit facility and term loan, and the establishment of a valuation allowance against our net deferred tax assets in the fourth quarter of Fiscal 2023.

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 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. The results from our new marketing strategies have been very encouraging and we continue to position marketing as a key growth lever in Fiscal 2024 and beyond. As our digital business continues to expand, we continue to strengthen our partnership with our third party logistics providers in an effort to provide our customers with a best-in-class digital experience.

We have closed 676 stores since the announcement of our fleet optimization initiative in 2013, including 90 during Fiscal 2023. 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 1.8 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 terms of our Credit Agreement as amended by its Seventh Amendment described above, we are not expecting to repurchase any shares in Fiscal 2024, except as described above in “Item 5, Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities”, pursuant to our practice as a result of our insider trading policy. During Fiscal 2023, we repurchased approximately 0.2 million shares of our common stock for \$7.1 million, consisting of shares surrendered to cover tax withholdings associated with the vesting of equity awards. As of February 3, 2024, there was \$157.2 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:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
<u>Average Translation Rates</u> ⁽¹⁾			
Canadian dollar	0.7414	0.7469	0.7986
Hong Kong dollar	0.1277	0.1277	0.1286

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

CRITICAL ACCOUNTING ESTIMATES

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. “Note 1. Basis of Presentation and Summary of Significant Accounting Policies” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K describes the significant accounting policies and methods used in the preparation of the Company’s consolidated financial statements.

The accounting estimates discussed below include those that we believe are the most critical to aid in fully understanding and evaluating our financial results. Senior management has discussed the development and selection of our critical accounting estimates with the Audit Committee of our Board of Directors, which has reviewed our related disclosures herein.

Impairment of Long-Lived Assets

We periodically review our long-lived assets for impairment when events indicate that their carrying value may not be recoverable. Such events include a historical or projected trend of cash flow losses or a future expectation that we will sell or dispose of an asset significantly before the end of its previously estimated useful life. In reviewing for impairment, we group our long-lived assets at the lowest possible level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

We review all stores that have reached comparable sales status for impairment on at least an annual basis, or sooner if circumstances so dictate. We believe waiting this period of time allows a store to reach a maturity level where a more comprehensive analysis of financial performance can be performed. For each store that shows indications of impairment, we perform a recoverability test comparing estimated undiscounted future cash flows to the carrying value of the related long-lived assets. If the undiscounted future cash flows are less than the related net book value of the long-lived assets, they are written down to their fair market value. We primarily use discounted future cash flows directly associated with those assets, which consist principally of property and equipment and right-of-use (“ROU”) lease assets, to determine their fair market values. Estimating the fair market value of long-lived assets using the discounted cash flow model requires management to estimate future revenues, expenses, discount rates, long-term growth rates, and other factors in order to project future cash flows. The assumptions used to assess impairment consider external and internal factors. External factors comprise the local environment in which the store resides, including mall traffic, competition, and their effect on sales trends, as well as macroeconomic factors, such as inflationary pressures impacting our customer, and changes in product input costs, transportation costs, distribution costs and wage rates. Internal factors include our ability to gauge the fashion taste of our customers, control over variable costs such as cost of sales and payroll, and in certain cases, our ability to renegotiate lease costs. In addition, the Company utilizes market-corroborated inputs, including sales per square foot and cost of occupancy rates, in its calculation of the fair value of its ROU assets and any necessary discounting required for rent rates based on macroeconomic conditions or local mall conditions. If external factors should change unfavorably, if actual sales should differ from our projections, or if our ability to control costs is insufficient to sustain the necessary cash flows, changes in these estimates can have a significant impact on the assessment of fair market value, which could result in material impairment charges.

Impairment of Indefinite-Lived Intangible Assets

Intangible assets with indefinite lives consist primarily of trademarks and acquired tradenames, which are tested for impairment annually at the end of December or whenever circumstances indicate that a decline in value may have occurred. We estimate the fair value of these intangible assets based on an income approach using the relief-from-royalty method. Estimating the fair value of indefinite-lived intangible assets using the relief-from-royalty method requires management to estimate future revenues, royalty rates, discount rates, long-term growth rates, and other factors in order to project future cash flows. If macroeconomic conditions deteriorate, if interest rates increase, or if actual sales should differ from our projections, changes in these estimates can have a significant impact on the assessment of fair value, which could result in material impairment charges.

We performed our annual impairment assessment of the Gymboree tradename as of December 31, 2023. Based on this assessment, we recorded an impairment charge of \$29.0 million on the tradename, primarily due to an increase in the discount rate used to value the tradename and reductions in Gymboree sales forecasts, which reduced the carrying value to its fair value of \$41.0 million. The discount rate used in our annual impairment testing was 15.0%, which was developed with the assistance of an independent third-party valuation specialist.

Unfavorable changes in certain of our key assumptions may affect future testing results. For example, keeping all other assumptions constant, a 100-basis point increase in the discount rate would result in further impairment charges of approximately \$3.0 million or a 10% decrease in forecasted revenue would result in further impairment charges of approximately \$4.0 million.

Income Taxes

We utilize the liability method of accounting for income taxes as set forth in FASB ASC 740—*Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities, as well as for net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates applied to taxable income in effect for the years in which the basis differences and tax assets are expected to be realized. Although we believe our assumptions, judgments and estimates are reasonable, changes in tax laws or our interpretation of tax laws and the resolution of any tax audits could significantly impact the amounts reflected for income taxes in our consolidated financial statements.

A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances, we consider projected future taxable income, the availability of tax planning strategies, taxable income in prior carryback years, and future reversals of existing taxable temporary differences. The assumptions utilized in determining future taxable income require significant judgment. Actual operating results in future years could differ from our current assumptions, judgments and estimates. If we determine that we would not be able to realize our recorded deferred tax assets, an increase in the valuation allowance would decrease earnings in the period in which such determination is made. As of February 3, 2024, we believe it is not more likely than not that future taxable income will be sufficient to allow us to recover substantially all of the value assigned to our deferred tax assets. Thus, in Fiscal 2023, we increased our valuation allowance to \$69.9 million, primarily related to assets in the U.S.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the consolidated financial statements. Due to uncertainties in any income tax audit, our assumptions regarding the ultimate settlement of unrecognized tax positions may change and the actual tax benefits may differ significantly from current estimates.

Stock-Based Compensation

We account for stock-based compensation according to the provisions of FASB ASC 718— *Compensation-Stock Compensation*. We grant time-vesting and performance-based stock awards to employees at senior management levels. We also grant time-vesting stock awards to our non-employee directors. Time-vesting awards are granted in the form of restricted stock units that require each recipient to complete a service period (“Deferred Awards”). Deferred Awards granted to employees generally vest ratably over three years. Deferred Awards granted to non-employee directors generally vest after one year. Performance-based stock awards are granted in the form of restricted stock units, which have performance criteria that must be achieved for the awards to be earned, in addition to a service period requirement (“Performance Awards”), and each Performance Award has a defined number of shares that an employee can earn (the “Target Shares”). With the approval of the Human Capital & Compensation Committee, we may settle vested Deferred Awards and Performance Awards in shares, in a cash amount equal to the market value of such shares at the time all requirements for delivery of the award have been met, or in part shares and cash. For Performance Awards granted in Fiscal 2023 and Fiscal 2022, employees may earn from 0% to 200% of their Target Shares, and for Performance Awards granted in Fiscal 2021, employees may earn from 0% to 300% of their Target Shares, based on the terms of the award and our achievement of certain performance goals established at the beginning of the applicable service period. Performance Awards cliff vest, if earned, after completion of the applicable service period, which is generally three years. The expense (benefit) recognized for Performance Awards throughout the service period and the number of shares that are projected to ultimately vest, are based on the estimated degree to which the related performance metrics are expected to be achieved. Actual performance may differ from such projections, which would impact the number of shares that vest and the total amount of expense (benefit) recognized for the related Performance Awards, which could have a material impact on our consolidated financial statements.

As discussed in “Note 18. Subsequent Events” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K, there was a change of control of the Company in February 2024, which triggered a conversion of all Performance Awards into service-based Performance Awards. As a result, the Fiscal 2023, Fiscal 2022 and Fiscal 2021 Performance Awards are all expected to vest at their Target Shares on their respective vesting dates without regard to the achievement of any of the performance metrics associated with those awards.

Inventory Valuation

We value inventory at the lower of cost or net realizable value, with cost determined using an average cost method. The estimated market value of inventory is determined based on an analysis of historical sales trends of our individual product categories, the impact of market trends and economic conditions, and a forecast of future demand, as well as plans to sell through inventory. Estimates may differ from actual results due to the quantity, quality, and mix of products in inventory, consumer and retailer preferences, and market conditions such as those resulting from disease pandemics and other catastrophic events. Reserves for inventory shrinkage, representing the risk of physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts. Our historical estimates for inventory obsolescence and shrinkage have not differed materially from actual results.

Recently Issued Accounting Standards

Refer to “Note 1. Basis of Presentation and Summary of Significant Accounting Policies” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K for discussion regarding the impact of recently issued accounting standards on our 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 approximately 90 basis points to 27.9% of Net sales during Fiscal 2023 from 27.0% during Fiscal 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 utilized the investments we have made in our business less efficiently.

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales (exclusive of depreciation and amortization)	72.2	69.9	58.5
Gross profit	27.8	30.1	41.5
Selling, general, and administrative expenses	27.9	27.0	24.0
Depreciation and amortization	2.9	3.0	3.0
Asset impairment charges	2.2	0.2	0.1
Operating income (loss)	(5.2)	(0.1)	14.4
Interest expense, net	(1.9)	(0.8)	(1.0)
Income (loss) before provision (benefit) for income taxes	(7.1)	(0.9)	13.4
Provision (benefit) for income taxes	2.5	(0.8)	3.6
Net income (loss)	(9.6)%	(0.1)%	9.8 %
Number of Company stores, end of period	523	613	672

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

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Net sales:			
The Children’s Place U.S.	\$ 1,457,352	\$ 1,533,934	\$ 1,723,887
The Children’s Place International	145,156	174,548	191,477
Total Net sales	\$ 1,602,508	\$ 1,708,482	\$ 1,915,364

Fiscal 2023 Compared to Fiscal 2022

Net sales decreased \$106.0 million, or 6.2%, to \$1.603 billion during Fiscal 2023 from \$1.708 billion during Fiscal 2022, primarily due to reductions in retail sales due to lower store count and traffic declines to stores, partially offset by continued strength in e-commerce and an increase in wholesale revenue. Comparable retail sales decreased 4.7% for Fiscal 2023.

The Children’s Place U.S. Net sales decreased \$76.7 million, or 5.0%, to \$1.457 billion during Fiscal 2023, compared to \$1.534 billion during Fiscal 2022. The decrease was primarily due to reductions in retail sales due to lower store count and traffic declines to stores, partially offset by continued strength in e-commerce and an increase in wholesale revenue.

The Children's Place International net sales decreased \$29.3 million, or 16.8%, to \$145.2 million during Fiscal 2023, compared to \$174.5 million during Fiscal 2022. The decrease was primarily due to reductions in retail sales due to lower store count and traffic declines to stores.

Total e-commerce sales, which include postage and handling, were 53.9% of net retail sales and 48.3% of net sales during Fiscal 2023, compared to 47.7% and 44.0%, respectively, during Fiscal 2022.

Gross profit decreased \$68.9 million, or 13.4%, to \$445.3 million during Fiscal 2023 from \$514.2 million during Fiscal 2022. Gross margin decreased 230 basis points to 27.8% of net sales during Fiscal 2023 from 30.1% during Fiscal 2022. Adjusted gross profit decreased \$68.3 million to \$445.3 million during Fiscal 2023, compared to \$513.5 million during Fiscal 2022. The decrease was primarily the result of lower retail revenue attributed to reduced store count and traffic declines and the related lower merchandise margins on those sales. Additionally, gross profit margin was impacted by a significantly larger wholesale business which operates at a lower gross margin rate but is accretive to operating margin. Gross profit was also impacted by higher than planned distribution and fulfillment costs due to growth in our e-commerce business and the deleveraging 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, changes in foreign currency exchange rates, and fluctuations in 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 \$13.6 million, or 3.0%, to \$447.3 million during Fiscal 2023 from \$461.0 million during Fiscal 2022. As a percentage of net sales, SG&A increased 90 basis points to 27.9% during Fiscal 2023 from 27.0% during Fiscal 2022. Fiscal 2023 results included incremental operating expenses, including restructuring costs of \$10.5 million, fleet optimization costs of \$3.1 million, a reserve of \$3.0 million for a customer lawsuit, contract termination costs of \$3.0 million, professional and consulting fees of \$1.8 million, offset by a settlement payment received of \$6.5 million. Fiscal 2022 results included incremental expenses, including restructuring costs of \$1.9 million, fleet optimization costs of \$1.8 million, professional and consulting fees of \$0.7 million, a provision for foreign settlement of \$0.4 million, and a provision for legal settlement of \$0.4 million. Excluding the impact of these charges, SG&A expenses deleveraged 30 basis points to 27.0% of net sales, compared to 26.7%, primarily as a result of the deleveraging of fixed expenses resulting from the decline in net sales and higher planned marketing spending, partially offset by permanent reductions in store payroll and home office payroll, and reductions in variable performance-based equity compensation.

Asset impairment charges were \$34.5 million during Fiscal 2023 for long-lived assets, inclusive of property and equipment and ROU assets, of \$5.6 million and the Gymboree tradename of \$29.0 million. Asset impairment charges were \$3.3 million during Fiscal 2022 for long-lived assets, inclusive of property and equipment and ROU assets. The impairment of the Gymboree tradename in Fiscal 2023 was primarily due to an increase in the discount rate used to value the tradename and reductions in Gymboree sales forecasts. The remaining impairment charges were related to underperforming stores identified in our ongoing store portfolio evaluation.

Depreciation and amortization was \$47.2 million during Fiscal 2023, compared to \$51.5 million during Fiscal 2022. This decrease was primarily driven by reduced depreciation of capitalized software, the permanent closure of 90 stores during Fiscal 2023, and a decrease in net book value as a result of the impairment charges recorded in Fiscal 2023, partially offset by the accelerated depreciation related to the voluntary early termination of the corporate office lease.

Operating loss increased \$(82.3) million to \$(83.8) million during Fiscal 2023 from \$(1.5) million during Fiscal 2022. Operating margin deleveraged 510 basis points to (5.2)% of net sales in Fiscal 2023. Operating loss was impacted by an impairment charge of \$29.0 million on the Gymboree tradename, primarily due to an increase in the discount rate used to value the tradename and reductions to future Gymboree sales forecasts, and \$5.6 million of impairment charges to stores during the year. Fiscal 2023 and Fiscal 2022 results included incremental operating expenses of \$51.3 million and \$8.6 million, respectively, as described above, and included all asset impairment charges recorded. Excluding the impact of these incremental charges, adjusted operating loss was \$(32.5) million during Fiscal 2023, compared to adjusted operating income of \$7.1 million during Fiscal 2022, and deleveraged 240 basis points to (2.0)% of net sales.

Interest expense, net was \$30.0 million during Fiscal 2023, compared to \$13.2 million during Fiscal 2022. The increase was largely 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 provision of \$40.7 million during Fiscal 2023, compared to a benefit of \$(13.6) million during Fiscal 2022. Our effective tax rate was a provision of 35.8% and a benefit of (92.3)% during Fiscal 2023 and Fiscal 2022, respectively. The change in the provision (benefit) for income taxes was primarily driven by the establishment of a valuation allowance against our net deferred tax assets in the fourth quarter of Fiscal 2023 and by the release of a reserve for unrecognized tax benefits as a result of a settlement with a taxing authority in Fiscal 2022. The change in the effective tax rate for Fiscal 2023 compared to Fiscal 2022 was primarily driven by a larger pretax loss compared to the prior year, along with the items noted immediately above.

Net loss increased \$(153.4) million to \$(154.5) million, or \$(12.36) per diluted share, during Fiscal 2023, compared to \$(1.1) million, or \$(0.09) per diluted share, during Fiscal 2022, due to the factors discussed above. Adjusted net loss was \$(103.3) million, or \$(8.26) per diluted share during Fiscal 2023, compared to \$(1.1) million, or \$(0.08) per diluted share, during Fiscal 2022.

Fiscal 2022 Compared to Fiscal 2021

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2023 for the Fiscal 2022 to Fiscal 2021 comparative discussion.

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. Our primary uses of cash are for working capital requirements, which are principally inventory purchases; the payment of interest expense on our ABL Credit Facility and, prior to it being repaid in full as of the effective date of the Seventh Amendment, the term loan under the Credit Agreement; 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 by entering into a fourth amendment to our Credit Agreement. The refinanced debt consisted of a \$350.0 million 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.

In October 2023, we became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the Credit Agreement Lenders under our Credit Agreement, all of which have since been remedied. While the Credit Agreement 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 Credit Agreement Lenders entered into a Waiver Agreement on October 24, 2023, pursuant to which the Credit Agreement 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 accordance with its terms.

During the first quarter of Fiscal 2024, we entered into financing agreements with our new majority shareholder, Mithaq, for a \$78.6 million Initial Mithaq Term Loan and a \$90 million New Mithaq Term Loan. On April 16, 2024, we and certain of our subsidiaries entered into a Seventh Amendment to the Credit Agreement with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default that was caused by Mithaq’s acquisition of more than 50% of our outstanding shares of common stock. As of the effective date of the Seventh Amendment, the ABL Credit Facility was reduced to \$433.0 million and the Term Loan was fully repaid, and until we achieve certain excess availability thresholds, the Seventh Amendment preserved the temporary enhanced reporting requirements under the Waiver Agreement and continued to impose cash dominion. On May 2, 2024, we entered into a commitment letter with Mithaq for the \$40.0 million Mithaq Credit Facility. See “Recent Developments” above for further information.

Our working capital deficit increased \$77.9 million to \$164.3 million at February 3, 2024, compared to \$86.4 million at January 28, 2023, primarily reflecting a lower inventory balance, driven by lower average unit costs and improved inventory management, as well as a decrease in receivables and an increase in accounts payable, partially offset by lower outstanding borrowings under our ABL Credit Facility. During Fiscal 2023, we repurchased approximately 0.2 million shares for \$7.1 million, consisting of shares surrendered to cover tax withholding associated with the vesting of equity awards. During Fiscal 2022, we repurchased approximately 2.0 million shares for \$92.9 million, consisting of shares repurchased on the open market and shares surrendered to cover tax withholding associated with the vesting of equity awards.

At February 3, 2024, we had \$226.7 million of outstanding borrowings under our ABL Credit Facility. As of February 3, 2024, we had total liquidity of \$37.9 million, including \$24.3 million of availability under our ABL Credit Facility (after factoring in our excess availability requirement), and \$13.6 million of cash on hand. At February 3, 2024, 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.

At April 30, 2024, we had \$204.1 million of outstanding borrowings under our ABL Credit Facility. As of April 30, 2024, we had total liquidity of \$48.8 million, including \$44.8 million of availability under our ABL Credit Facility (after factoring in our excess availability requirement), and \$4.0 million of cash on hand. At April 30, 2024, we had \$12.2 million of outstanding letters of credit with an additional \$37.8 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

As of February 3, 2024, we and certain of our subsidiaries maintained 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 and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and Term Agent. Both the ABL Credit Facility and the Term Loan would mature in November 2026.

The ABL Credit Facility included 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 bore interest, at our 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%.

We were charged a fee of 0.200% on the unused portion of the commitments. Letter of credit fees ranged from 1.000% to 1.125% for commercial letters of credit and ranged from 1.500% to 1.750% for standby letters of credit. Letter of credit fees were determined based on the amount of our average daily excess availability under the facility. The amount available for loans and letters of credit under the ABL Credit Facility was 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 would be determined based on the amount of our average daily excess availability under the facility.

For Fiscal 2023, Fiscal 2022, and Fiscal 2021, we recognized \$24.2 million, \$10.2 million, and \$7.0 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 were not subject to any early termination fees.

The ABL Credit Facility contained 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 would become effective in the event that borrowings and other uses of credit exceeded 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 limited 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 was 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 as of the end of Fiscal 2023 and Fiscal 2022:

	February 3, 2024	January 28, 2023
	(in millions)	
Total borrowing base availability, net of the excess availability threshold, as applicable	\$ 258.4	\$ 363.8
Credit facility maximum, net of the excess availability threshold, as applicable	400.5	315.0
Maximum borrowing availability ⁽¹⁾	258.4	315.0
Outstanding borrowings	226.7	287.0
Letters of credit outstanding—standby	7.4	7.4
Utilization of credit facility at end of period	234.1	294.4
Availability ⁽²⁾	\$ 24.3	\$ 20.6
Interest rate at end of period	8.1%	5.9%
	February 3, 2024	January 28, 2023
	(in millions)	
Average end of day loan balance during the period	\$ 315.5	\$ 274.9
Highest end of day loan balance during the period	\$ 379.4	\$ 297.7
Average interest rate	7.5%	3.7%

⁽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 February 3, 2024, January 28, 2023, and January 29, 2022.

The Term Loan bore interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that was a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that was a base rate loan. The Term Loan was pre-payable at any time without penalty, and did not require amortization. For Fiscal 2023, Fiscal 2022, and Fiscal 2021, we recognized \$4.0 million, \$2.3 million, and \$5.9 million, respectively, in interest expense related to the Term Loan.

The Term Loan was 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 was guaranteed by each of our subsidiaries that guaranteed the ABL Credit Facility and contained substantially the same covenants as provided in the ABL Credit Facility.

Both the ABL Credit Facility and the Term Loan contained customary events of default, which included (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, such as a change of control. As of February 3, 2024 and January 28, 2023, unamortized deferred financing costs amounted to \$2.4 million and \$2.3 million, of which \$2.2 million and \$2.0 million related to our ABL Credit Facility.

During the first quarter of Fiscal 2024, we entered into financing agreements with our new majority shareholder, Mithaq, and on April 16, 2024, among other things, we and certain of our subsidiaries entered into a Seventh Amendment to the Credit Agreement with the Credit Agreement Lenders. As of the effective date of the Seventh Amendment, the ABL Credit Facility was reduced to \$433.0 million and the Term Loan was fully repaid. See “Recent Developments” above for further information.

Cash Flows and Capital Expenditures

Cash provided by operating activities was \$92.8 million during Fiscal 2023, compared to \$8.2 million of cash used in operating activities during Fiscal 2022. Cash provided by operating activities during Fiscal 2023 was primarily the result of a lower inventory balance, reflecting lower average unit costs, and improved inventory management, as well as an increase in

accounts payable and other planned changes in working capital. Cash used in operating activities during Fiscal 2022 was primarily the result of a higher inventory balance, reflecting higher average unit costs, higher inbound transportation costs, and amounts on hand to support growth initiatives, as well as other planned changes in working capital, partially offset by the receipt of a net income tax refund of \$15.0 million.

Cash used in investing activities was \$27.8 million during Fiscal 2023, compared to \$45.9 million during Fiscal 2022. The decrease was driven by lower capital expenditures incurred during the year.

Cash used in financing activities was \$68.3 million during Fiscal 2023, compared to cash provided by financing activities of \$17.1 million during Fiscal 2022. The increase primarily resulted from higher net payments under our ABL Credit Facility.

Our ability to continue to meet our capital requirements in Fiscal 2024 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 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.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

For a discussion of our contractual obligations and commercial commitments, see “Note 8. Leases”, “Note 9. Debt”, and “Note 10. Commitments and Contingencies” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operations.

QUARTERLY RESULTS AND SEASONALITY

Our quarterly results of operations have fluctuated and are expected to continue to fluctuate materially depending on a variety of factors, including overall economic conditions, the timing and number of store closures, increases or decreases in Comparable Retail Sales, weather conditions (such as unseasonable temperatures or storms), shifts in timing of certain holidays, and changes in our merchandise mix and pricing strategy, including changes to address competitive factors. The combination and severity of one or more of these factors could result in material fluctuations in our results of operations.

The following table sets forth certain statement of operations data for each of our last four fiscal quarters. The quarterly statement of operations data set forth below reflect, in our opinion, all adjustments (consisting only of normal recurring adjustments) necessary to fairly present the results of operations for these fiscal quarters (unaudited):

	Fiscal Year Ended February 3, 2024			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except diluted earnings (loss) per common share)			
Net sales	\$ 321,640	\$ 345,599	\$ 480,234	\$ 455,034
Gross profit	96,462	87,759	162,052	98,911
Selling, general, and administrative expenses	112,931	111,965	104,770	117,587
Depreciation and amortization	11,848	11,953	11,732	11,652
Asset impairment charges	1,750	782	583	31,429
Operating income (loss)	(30,067)	(36,941)	44,967	(61,757)
Interest expense, net	(5,903)	(7,641)	(7,939)	(8,518)
Income (loss) before provision (benefit) for income taxes	(35,970)	(44,582)	37,028	(70,275)
Provision (benefit) for income taxes	(7,136)	(9,227)	(1,454)	58,561
Net income (loss)	\$ (28,834)	\$ (35,355)	\$ 38,482	\$ (128,836)
Diluted earnings (loss) per common share	\$ (2.33)	\$ (2.82)	\$ 3.05	\$ (10.26)
Diluted weighted average common shares outstanding	12,374	12,522	12,619	12,556

ITEM 7A. 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 bore 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 February 3, 2024, we had \$226.7 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 bore interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that was a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that was a base rate loan. As of February 3, 2024, 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. As of the effective date of the Seventh Amendment, our Term Loan has been fully repaid. See “Recent Developments” above for further information.

During the first quarter of Fiscal 2024, we entered into the New Mithaq Term Loan, which requires monthly payments equivalent to interest charged at the SOFR per annum plus 4.000% per annum, with such monthly payments to Mithaq deferred until April 30, 2025. We also entered into a commitment letter for the Mithaq Credit Facility. If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. See “Recent Developments” above for further information.

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 February 3, 2024, net assets in Canada and Hong Kong amounted to \$5.5 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 \$0.6 million. All changes in the net investments in our foreign subsidiaries are recorded in other comprehensive income (loss).

As of February 3, 2024, we had \$3.9 million of our cash and cash equivalents held in foreign subsidiaries, of which \$1.5 million was in India, \$1.3 million was in China, \$0.5 million was in Canada, \$0.4 million was in Hong Kong, and \$0.2 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, Fiscal 2023 net sales would have decreased or increased by approximately \$13.1 million, and total costs and expenses would have decreased or increased by approximately \$15.9 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 Vietnam, Bangladesh, Ethiopia, Cambodia, Kenya, India, 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated herein by reference to the consolidated financial statements and supplementary data set forth in “Item 15. Exhibits and Financial Statement Schedules” of Part IV of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. 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 February 3, 2024.

Based on that evaluation, our Chief Executive Officer and President and our Chief Operating Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level, as of February 3, 2024, 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.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the U.S. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Under the supervision and with the participation of our management, including our Chief Executive Officer and President and our Chief Operating Officer and Chief Financial Officer, we conducted an evaluation of the design and effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on our evaluation under the Internal Control-Integrated Framework, our management concluded that our internal control over financial reporting was effective as of February 3, 2024. Our independent registered public accounting firm that audited the consolidated financial statements included in this annual report has issued an attestation report on our internal control over financial reporting, which is included herein.

Remediation of Material Weakness

As previously reported in Item 4. “Controls and Procedures” of our Quarterly Report on Form 10-Q for the quarter ended October 28, 2023, in connection with our assessment of the effectiveness of internal control over financial reporting as of 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 Credit Agreement Lenders under our Credit Agreement, resulting in certain technical defaults for which we obtained a waiver, subject to certain temporary enhanced reporting requirements and temporary restrictions on certain payments. We have completed execution of our remediation plan for this material weakness and, as of February 3, 2024, successfully remediated this material weakness by implementing additional review procedures over the accuracy of the borrowing base calculation, in consideration of any recent amendments to the Credit Agreement.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of The Children's Place, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited The Children's Place, Inc. and subsidiaries' internal control over financial reporting as of February 3, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Children's Place, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 3, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 3, 2024 and January 28, 2023, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity (deficit) and cash flows for each of the three years in the period ended February 3, 2024, and the related notes and our report dated May 3, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ Ernst & Young LLP

Iselin, New Jersey
May 3, 2024

ITEM 9B. OTHER INFORMATION.

On May 2, 2024, we entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million senior unsecured credit facility (the “Mithaq Credit Facility”). Under the Mithaq Credit Facility, we may request for advances at any time up to July 1, 2025. If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. Additionally, such debt shall require no mandatory prepayments and shall mature no earlier than July 1, 2025.

The foregoing description of the Mithaq Credit Facility is qualified in its entirety by reference to the full text thereof, a copy of which is filed herewith as Exhibit 10.27 and is incorporated herein by reference.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required to be included by Item 10 of Form 10-K will be set forth in the Company's proxy statement for its 2024 annual meeting of stockholders to be filed with the SEC within 120 days after February 3, 2024 (the "Proxy Statement") and is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION.

The information required to be included by Item 11 of Form 10-K will be set forth in the Proxy Statement and is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required to be included by Item 12 of Form 10-K will be set forth in the Proxy Statement and is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required to be included by Item 13 of Form 10-K will be set forth in the Proxy Statement and is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required to be included by Item 14 of Form 10-K will be set forth in the Proxy Statement and is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

The following documents are filed as part of this report:

Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	55
Consolidated Balance Sheets as of February 3, 2024 and January 28, 2023	57
Consolidated Statements of Operations for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	58
Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	59
Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	60
Consolidated Statements of Cash Flows for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	61
Notes to Consolidated Financial Statements	62

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of The Children’s Place, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Children’s Place, Inc. and subsidiaries (the Company) as of February 3, 2024 and January 28, 2023, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity (deficit) and cash flows for each of the three years in the period ended February 3, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for each of the three years in the period ended February 3, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 3, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 3, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Gymboree Tradename

Description of the Matter

At February 3, 2024, the Company's Gymboree tradename had a carrying value of \$41.0 million. As discussed in Note 1 to the consolidated financial statements, the Company tests the indefinite-lived tradename for impairment at least annually, or more frequently when events or changes in circumstances indicate that a decline in value may have occurred. An impairment loss is recognized when the fair value of tradename is less than the carrying value. As discussed in Note 4 to the consolidated financial statements, the Company performed its annual impairment assessment of the Gymboree tradename as of December 31, 2023 and recorded an impairment charge of \$29.0 million in Fiscal 2023, which reduced the carrying value to its fair value of \$41.0 million as of February 3, 2024.

Auditing management's Gymboree tradename impairment test is complex and involves a high degree of subjectivity due to the level of management judgment and estimation necessary to determine the fair value of the tradename. The significant assumptions used in management's fair value analysis includes future net sales for the brand, royalty rates, and the weighted average cost of capital. These assumptions are forward-looking and changes in market, industry and company-specific conditions could materially impact the determination of the fair value of the Gymboree tradename and the measurement of an impairment.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's valuation of the Gymboree tradename. This included testing management's review controls relating to the Company's valuation model and significant assumptions, described above.

To test the estimated fair value of the Gymboree tradename, we performed audit procedures that included, among others, assessing the valuation methodology and significant assumptions discussed above used by the Company in its analysis. We involved a valuation specialist to assist in our evaluation of the valuation model, royalty rates and the weighted average cost of capital used in the valuation. Additionally, we evaluated the completeness and accuracy of the underlying data used by the Company supporting the significant assumptions in its analysis. When evaluating the assumption related to the future net sales for the brand, we compared the forecasted information to historical results and current industry and economic trends. We also performed a sensitivity analysis of the significant assumptions to evaluate the change in the fair values that would result from changes in the significant assumptions.

/S/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

Iselin, New Jersey
May 3, 2024

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

	February 3, 2024	January 28, 2023
(in thousands, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,639	\$ 16,689
Accounts receivable	33,219	49,584
Inventories	362,099	447,795
Prepaid expenses and other current assets	43,169	47,875
Total current assets	452,126	561,943
Long-term assets:		
Property and equipment, net	124,750	149,874
Right-of-use assets	175,351	155,481
Tradenames, net	41,123	70,891
Deferred income taxes	—	36,616
Other assets	6,958	11,476
Total assets	\$ 800,308	\$ 986,281
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Revolving loan	\$ 226,715	\$ 286,990
Accounts payable	225,549	177,147
Current portion of operating lease liabilities	69,235	78,576
Income taxes payable	5,297	6,014
Accrued expenses and other current liabilities	89,608	99,658
Total current liabilities	616,404	648,385
Long-term liabilities:		
Long-term debt	49,818	49,752
Long-term portion of operating lease liabilities	118,073	96,482
Income taxes payable	9,486	17,199
Other tax liabilities	4,664	2,757
Other long-term liabilities	10,882	13,228
Total liabilities	809,327	827,803
Commitments and contingencies (see Note 10)		
Stockholders' equity (deficit):		
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; 12,585 and 12,292 issued; 12,529 and 12,225 outstanding	1,259	1,229
Additional paid-in capital	141,083	150,956
Treasury stock, at cost (56 and 67 shares)	(2,909)	(3,736)
Deferred compensation	2,909	3,736
Accumulated other comprehensive loss	(16,496)	(16,247)
Retained earnings (deficit)	(134,865)	22,540
Total stockholders' equity (deficit)	(9,019)	158,478
Total liabilities and stockholders' equity (deficit)	\$ 800,308	\$ 986,281

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands, except earnings (loss) per common share)		
Net sales	\$ 1,602,508	\$ 1,708,482	\$ 1,915,364
Cost of sales (exclusive of depreciation and amortization)	1,157,234	1,194,320	1,120,624
Gross profit	445,274	514,162	794,740
Selling, general, and administrative expenses	447,343	460,972	459,169
Depreciation and amortization	47,186	51,464	58,417
Asset impairment charges	34,543	3,256	1,506
Operating income (loss)	(83,798)	(1,530)	275,648
Interest expense	(30,087)	(13,324)	(18,634)
Interest income	87	92	16
Income (loss) before provision (benefit) for income taxes	(113,798)	(14,762)	257,030
Provision (benefit) for income taxes	40,743	(13,624)	69,859
Net income (loss)	\$ (154,541)	\$ (1,138)	\$ 187,171
Earnings (loss) per common share			
Basic	\$ (12.36)	\$ (0.09)	\$ 12.82
Diluted	\$ (12.36)	\$ (0.09)	\$ 12.59
Weighted average common shares outstanding			
Basic	12,501	13,041	14,597
Diluted	12,501	13,041	14,870

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Net income (loss)	\$ (154,541)	\$ (1,138)	\$ 187,171
Other comprehensive loss:			
Foreign currency translation adjustment	(249)	(2,061)	(370)
Total comprehensive income (loss)	<u>\$ (154,790)</u>	<u>\$ (3,199)</u>	<u>\$ 186,801</u>

See accompanying notes to these consolidated financial statements.

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

(in thousands)	Common Stock		Additional Paid-In Capital	Deferred Compensation	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Equity (Deficit)
	Shares	Amount					Shares	Amount	
Balance, January 30, 2021	14,641	\$ 1,464	\$ 148,519	\$ 3,165	\$ (42,790)	\$ (13,816)	(57)	\$ (3,165)	\$ 93,377
Vesting of stock awards	348	35	(35)						—
Stock-based compensation expense			30,942						30,942
Purchase and retirement of common stock	(1,025)	(103)	(19,078)		(66,467)				(85,648)
Other comprehensive loss						(370)			(370)
Deferral of common stock into deferred compensation plan				278			(4)	(278)	—
Net income					187,171				187,171
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	281	28	(28)						—
Stock-based compensation expense			29,150						29,150
Purchase and retirement of common stock	(1,953)	(195)	(38,514)		(54,236)				(92,945)
Other comprehensive loss						(2,061)			(2,061)
Deferral of common stock into deferred compensation plan				293			(6)	(293)	—
Net loss					(1,138)				(1,138)
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	503	51	(51)						—
Stock-based compensation benefit			(5,576)						(5,576)
Purchase and retirement of common stock	(210)	(21)	(4,246)		(2,864)				(7,131)
Other comprehensive loss						(249)			(249)
Distribution of common stock from deferred compensation plan, net of deferrals				(827)			11	827	—
Net loss					(154,541)				(154,541)
Balance, February 3, 2024	12,585	\$ 1,259	\$ 141,083	\$ 2,909	\$ (134,865)	\$ (16,496)	(56)	\$ (2,909)	\$ (9,019)

See accompanying notes to these consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
(in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (154,541)	\$ (1,138)	\$ 187,171
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:			
Non-cash portion of operating lease expense	83,591	88,936	100,564
Depreciation and amortization	47,186	51,464	58,417
Non-cash stock-based compensation expense (benefit), net	(5,576)	29,150	30,942
Asset impairment charges	34,543	3,256	1,506
Deferred income tax provision (benefit)	36,975	(13,675)	25,846
Loss on extinguishment of debt	—	—	3,679
Other non-cash charges, net	729	601	1,387
Changes in operating assets and liabilities:			
Inventories	85,307	(20,741)	(40,870)
Accounts receivable and other assets	21,305	(28,143)	16,200
Prepaid expenses and other current assets	1,855	10,440	(7,191)
Income taxes payable, net of prepayments	(2,199)	14,690	(5,982)
Accounts payable and other current liabilities	39,955	(41,734)	(58,334)
Lease liabilities	(93,396)	(102,522)	(172,454)
Other long-term liabilities	(2,934)	1,198	(7,605)
Net cash provided by (used in) operating activities	<u>92,800</u>	<u>(8,218)</u>	<u>133,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(27,559)	(45,577)	(29,307)
Change in deferred compensation plan	(231)	(371)	17
Net cash used in investing activities	<u>(27,790)</u>	<u>(45,948)</u>	<u>(29,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under revolving credit facility	579,655	713,718	758,681
Repayments under revolving credit facility	(639,931)	(602,046)	(753,140)
Proceeds from issuance of term loan, net of discount	—	—	50,000
Repayment of term loan	—	—	(81,840)
Payment of debt issuance costs	(861)	—	(2,468)
Purchase and retirement of common stock, including shares surrendered for tax withholdings and transaction costs	(7,131)	(94,616)	(83,974)
Net cash provided by (used in) financing activities	<u>(68,268)</u>	<u>17,056</u>	<u>(112,741)</u>
Effect of exchange rate changes on cash and cash equivalents	208	(988)	(6)
Net decrease in cash and cash equivalents	<u>(3,050)</u>	<u>(38,098)</u>	<u>(8,761)</u>
Cash and cash equivalents, beginning of period	16,689	54,787	63,548
Cash and cash equivalents, end of period	<u>\$ 13,639</u>	<u>\$ 16,689</u>	<u>\$ 54,787</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Net cash paid (received) for income taxes	\$ 5,775	\$ (14,969)	\$ 49,563
Cash paid for interest	29,038	12,354	14,774
Purchases of property and equipment not yet paid	7,156	9,801	8,447

See accompanying notes to these consolidated financial statements.

THE CHILDREN’S PLACE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Children’s Place, Inc. and its subsidiaries (collectively, the “Company”) operate an omni-channel children’s specialty portfolio of brands with an industry-leading digital-first operating model. Its global retail and wholesale network includes two 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 and www.gymboree.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:

- *Fiscal 2023 - The fifty-three weeks ended February 3, 2024*
- *Fiscal 2022 - The fifty-two weeks ended January 28, 2023*
- *Fiscal 2021 - The fifty-two weeks ended January 29, 2022*
- *Fiscal 2024 - The Company’s next fiscal year representing the fifty-two weeks ending February 1, 2025*
- *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*

Fiscal Year

The Company’s fiscal year is a 52-week or 53-week period ending on the Saturday on or nearest to January 31. Fiscal 2023 was a 53-week year, Fiscal 2022 and 2021 were 52-week years.

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

Liquidity

The Company incurred net losses in Fiscal 2023 and Fiscal 2022. As of February 3, 2024, the Company had an accumulated deficit of \$134.9 million, a working capital deficit of \$164.3 million, which included borrowings of \$226.7 million under its asset-based revolving credit facility, which do not mature until November 2026, and the Company had availability under its asset-based revolving credit facility of \$24.3 million. These conditions had raised concerns for the Company about its ability to fund its operations without additional liquidity. Subsequent to February 3, 2024, the Company raised additional debt financing of \$168.6 million from Mithaq Capital SPC, a Cayman segregated portfolio company ("Mithaq"). The proceeds from these financings have been used to pay down the Company's \$50.0 million term loan that existed as of February 3, 2024, and the remaining proceeds were used to support the general operations of the business, including working capital. The Company plans to alleviate its liquidity concerns with additional financing. On May 2, 2024, the Company and Mithaq entered into a commitment letter pursuant to which Mithaq agreed to provide the Company an unsecured credit facility of up to \$40.0 million in accordance with the terms described in "Note 18. Subsequent Events" of the Consolidated Financial Statements, "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. This credit facility will be available to draw on during the availability period to augment its liquidity position, if needed. The Company concluded that its existing cash on hand, expected cash generated from operations, funds available to it through its asset-based revolving credit facility and the additional financings received from Mithaq subsequent to Fiscal 2023, including that to be provided pursuant to the commitment letter, will be sufficient to fund its capital and other cash requirements for at least the next twelve months from the date that the consolidated financial statements were issued.

Basis of Presentation

The consolidated financial statements and accompanying notes to consolidated financial statements are prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly owned subsidiaries. Intercompany balances and transactions have been eliminated. As of February 3, 2024 and January 28, 2023, 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.

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

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.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of credit and debit card receivables, wholesale and franchisee receivables, and other miscellaneous items. Credit and debit card receivables represent credit and debit card sales, inclusive of private label credit card sales, for which the respective third-party service company has yet to remit the cash. The unremitted balance approximates the last few days of related credit and debit card sales for each reporting period. Wholesale and franchisee receivables represent product sales and sales royalties in which cash has not yet been remitted by our partners. Bad debt associated with all sales has not been material.

Inventories

Inventories, which consist primarily of finished goods, are stated at the lower of cost or net realizable value, with cost determined on an average cost basis. The Company capitalizes certain buying, design, and supply chain costs in inventory, and these costs are reflected within Cost of sales as the inventories are sold. Inventory shrinkage is estimated based upon the historical results of physical inventory counts in the context of current year facts and circumstances.

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

Deferred Financing Costs

The Company capitalizes costs directly associated with acquiring third-party financing. Deferred financing costs for the asset-based revolving credit facility are included in Other assets and deferred financing costs for the term loan are recorded in Long-term debt. These costs are amortized as Interest expense over the term of the related indebtedness.

Property and Equipment, Net

Property and equipment are stated at cost. Leasehold improvements are depreciated on a straight-line basis over the shorter of the life of the lease or the estimated useful life of the asset. All other property and equipment is depreciated on a straight-line basis based upon estimated useful lives, with furniture and fixtures and equipment generally ranging from 3 to 10 years and buildings and improvements generally ranging from 20 to 25 years. Repairs and maintenance are expensed as incurred.

The Company accounts for internally developed software intended for internal use in accordance with provisions of FASB ASC 350—*Intangibles-Goodwill and Other*. The Company capitalizes development-stage costs such as direct external costs and direct payroll related costs. When development is substantially complete and the software is ready for its intended use, the Company amortizes the cost of the software on a straight-line basis over the expected life of the software, which is generally 3 to 10 years. Preliminary project costs and post-implementation costs such as training, maintenance, and support are expensed as incurred.

Intangible Assets

The Company's intangible assets include both indefinite-lived and finite-lived assets. Intangible assets with an indefinite life consists of the acquired Gymboree tradename, which is tested for impairment annually at the end of December or whenever circumstances indicate that a decline in value may have occurred. The Company estimates the fair value of this intangible asset based on an income approach using the relief-from-royalty method. The Company's finite-lived intangible assets consist primarily of customer lists and other acquisition-related assets. Finite-lived intangible assets are amortized over their estimated useful economic lives and are reviewed for impairment when factors indicate that an impairment may have occurred. The Company recognizes an impairment charge when the estimated fair value of the intangible asset is less than the carrying value.

Impairment of Long-Lived Assets

The Company periodically reviews its long-lived assets for impairment when events indicate that their carrying value may not be recoverable. Such events include historical trends or projected trends of cash flow losses or a future expectation that the Company will sell or dispose of an asset significantly before the end of its previously estimated useful life. In reviewing for impairment, the Company groups its long-lived assets at the lowest possible level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

The Company reviews all stores that have reached comparable sales status for impairment on at least an annual basis, or sooner if circumstances so dictate. The Company believes waiting this period of time allows a store to reach a maturity level where a more comprehensive analysis of financial performance can be performed. For each store that shows indications of impairment, the Company performs a recoverability test comparing estimated undiscounted future cash flows to the carrying value of the related long-lived assets. If the undiscounted cash flows are less than the related net book value of the long-lived assets, they are written down to their fair market value. The Company primarily uses discounted future cash flows directly associated with those assets, which consist principally of property and equipment and right-of-use ("ROU") assets, to determine their fair market values. In evaluating future cash flows, the Company considers external and internal factors. External factors comprise the local environment in which the store resides, including mall traffic, competition, and their effect on sales trends, as well as macroeconomic factors, such as inflationary pressures impacting our customer, and changes in product input costs, transporting costs, distribution costs and wage rates. Internal factors include the Company's ability to gauge the fashion taste of its customers, control variable costs such as cost of sales and payroll, and in certain cases, its ability to renegotiate lease costs. In addition, the Company utilizes market-corroborated inputs, including sales per square foot and cost of occupancy rates, in its calculation of the fair value of its ROU assets and any necessary discounting required for rent rates based on macroeconomic conditions or local mall conditions.

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

Insurance and Self-Insurance Reserves

The Company self-insures and purchases insurance policies to provide for workers' compensation, general liability and property losses, cyber-security coverage, as well as director and officers' liability, vehicle liability, and employee medical benefits. The Company estimates risks and records a liability based on historical claim experience, insurance deductibles, severity factors, and other actuarial assumptions. The Company records the current portions of employee medical benefits, workers compensation, and general liability reserves within Accrued expenses and other current liabilities.

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 13 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 lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For operating leases, the ROU asset is initially and subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, less any accrued lease payments and unamortized lease incentives. For finance leases, the ROU asset is initially measured at cost and subsequently amortized using the straight-line method, generally from the lease commencement date to the earlier of the end of its useful life or the end of the lease term.

The discount rate is the rate implicit in the lease, unless that rate cannot be readily determined. In that case, the Company is required to use its incremental borrowing rate. The discount rate for a lease is determined based on the information available at lease commencement. The Company accounts for the underlying leased asset and applies a discount rate at the lease level. However, there are certain non-real estate leases for which the Company utilizes the portfolio method by aggregating similar leased assets based on the underlying lease term.

The Company has made an accounting policy election by class of underlying asset to not apply the recognition requirements of FASB ASC 842—*Leases* ("Topic 842") to leases with an initial term of 12 months or less. Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. The Company has elected a policy to account for lease and non-lease components as a single component for all asset classes.

In certain leases, the Company has the right to exercise lease renewal options. Renewal option periods are included in the measurement of lease liability and related ROU asset where the exercise is reasonably certain to occur.

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 Company has certain lease agreements structured with both fixed base rent and contingent rent based on a percentage of sales over contractual levels, others with only contingent rent based on a percentage of sales, and some with a fixed base rent adjusted periodically for inflation or changes in fair market value of the underlying real estate. Contingent rent is recognized as sales occur. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss primarily consists of cumulative translation adjustments.

Treasury Stock

Treasury stock is recorded at acquisition cost. Gains and losses on disposition are recorded as increases or decreases to Additional paid-in capital with losses in excess of previously recorded gains charged directly to Retained earnings (deficit). When treasury shares are retired and returned to authorized but unissued status, the carrying value in excess of par is allocated to Additional paid-in capital and Retained earnings (deficit) on a pro rata basis.

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

Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in FASB ASC 740—*Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities, as well as for net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates applied to taxable income in effect for the years in which the basis differences and tax assets are expected to be realized.

A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances, the Company considers projected future taxable income, the availability of tax planning strategies, taxable income in prior carryback years, and future reversals of existing taxable temporary differences. The assumptions utilized in determining future taxable income require significant judgment. Actual operating results in future years could differ from current assumptions, judgments and estimates. If the Company determines that it would not be able to realize its recorded deferred tax assets, an increase in the valuation allowance would decrease earnings in the period in which such determination is made.

The Company assesses income tax positions and records tax benefits for all years subject to examination based upon the Company's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the consolidated financial statements. The Company recognizes accrued interest and penalties for its unrecognized tax benefits as a component of tax expense.

The Company accounts for the tax effects of the tax on global intangible low-taxed income ("GILTI") of certain foreign subsidiaries in the income tax provision in the period the tax arises.

Deferred Compensation Plan

The Company has a deferred compensation plan (the "Deferred Compensation Plan"), which is a nonqualified, unfunded plan, for eligible senior level employees. Under the Deferred Compensation Plan, a participant may elect to defer up to 80% of his or her base salary and/or up to 100% of his or her bonus to be earned for the year following the year in which the deferral election is made. The Deferred Compensation Plan also permits members of the Board of Directors to elect to defer payment of all or a portion of their retainer and other fees to be earned for the year following the year in which a deferral election is made, and they may elect to defer payment of any shares of Company stock that are earned with respect to deferred stock awards. Directors may elect to have all or a portion of their fees earned for their service on the Board invested in shares of the Company's common stock. The Deferred Compensation Plan does not allow for the deferral of the Company's common stock by employee participants. The Company is not required to contribute to the Deferred Compensation Plan, but at its sole discretion, can make additional contributions on behalf of the participants. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the Deferred Compensation Plan, as directed by each participant. Payments of deferred amounts (as adjusted for earnings and losses) are payable following separation from service or at a date or dates elected by the participant at the time the deferral is elected. Payments of deferred amounts are generally made in either a lump sum or in annual installments over a period not exceeding 15 years. During fiscal year 2010, the Deferred Compensation Plan was amended to allow for cash deferrals made by members of the Board of Directors to be invested in shares of the Company's common stock. Such elections are irrevocable and will be settled in shares of common stock. All deferred amounts are payable in the form in which they were made, except for Board of Directors fees invested in shares of the Company's common stock, which are settled in shares of Company common stock. Earlier distributions are not permitted, except in the case of an unforeseen hardship.

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

The Company has established a rabbi trust that serves as an investment to shadow the Deferred Compensation Plan liability. The assets of the rabbi trust are general assets of the Company and, as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. Investments of the rabbi trust consist of mutual funds and Company common stock. The Deferred Compensation Plan liability, excluding Company common stock, is included within Other long-term liabilities, and changes in the balance, except those relating to payments, are recognized as compensation expense within Selling, general, and administrative expenses. The value of the mutual funds in the rabbi trust is included in Other assets and related earnings and losses are recognized as investment income or loss, within Selling, general, and administrative expenses. Company stock deferrals are included within the equity section of the Company's Consolidated Balance Sheets as Treasury stock and as Deferred compensation. Deferred stock is recorded at fair market value at the time of deferral, and any subsequent changes in fair market value are not recognized.

Legal Contingencies

The Company reserves for the outcome of litigation and contingencies when it determines an adverse outcome is probable and can estimate losses. Estimates are adjusted as facts and circumstances require. The Company expenses the costs to resolve litigation as incurred, net of amounts, if any, recovered through insurance coverage.

Foreign Currency Translation and Transactions

The Company has determined that the local currencies of its Canadian and Asian subsidiaries are their functional currencies. In accordance with FASB ASC 830—*Foreign Currency Matters*, the assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the current rates of exchange existing at period-end, and revenues and expenses are translated at average monthly exchange rates. Related translation adjustments are reported as a separate component of stockholders' equity (deficit). The Company also transacts certain business in foreign denominated currencies primarily with its Canadian subsidiary purchasing inventory in U.S. dollars, and there are intercompany charges between various subsidiaries.

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 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 \$3.1 million and \$2.9 million within Accrued expenses and other current liabilities as of February 3, 2024 and January 28, 2023, 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 \$9.0 million and \$5.0 million as of February 3, 2024 and January 28, 2023, 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 \$1.7 million and \$1.0 million as of February 3, 2024 and January 28, 2023, 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 and www.gymboree.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.

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

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 \$1.7 million and \$2.6 million as of February 3, 2024 and January 28, 2023, 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 was \$6.8 million and \$11.1 million as of February 3, 2024 and January 28, 2023, respectively. During Fiscal 2023, the Company recognized Net sales of \$9.3 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 its 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.

Cost of Sales (exclusive of depreciation and amortization)

In addition to the cost of inventory sold, the Company includes certain buying, design, and distribution expenses, shipping and handling costs on merchandise sold directly to customers, and letter of credit fees in Cost of sales. The Company records all occupancy costs in Cost of sales, except for administrative office buildings, which are recorded in Selling, general, and administrative expenses. All depreciation is reported on a separate line in the Company's Consolidated Statements of Operations.

Stock-based Compensation

The Company's stock-based compensation plans are administered by the Human Capital & Compensation Committee of the Board of Directors. The Human Capital & Compensation Committee is comprised of independent members of the Board of Directors. Effective May 20, 2011, the shareholders approved the 2011 Equity Incentive Plan (the "Equity Plan"). The Equity Plan allows the Human Capital & Compensation Committee to grant multiple forms of stock-based compensation, such as stock options, stock appreciation rights, restricted stock awards, deferred stock awards, and performance stock awards.

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

The Company accounts for stock-based compensation in accordance with the provisions of FASB ASC 718— *Compensation—Stock Compensation*. These provisions require, among other things: (a) the fair value at grant date of all stock awards be expensed over their respective vesting periods; (b) the amount of cumulative compensation cost recognized at any date must at least be equal to the portion of the grant-date value of the award that is vested at that date; and (c) that compensation expense (benefit) include a forfeiture estimate for those shares not expected to vest. The fair value of all stock awards is based on the closing price of the Company’s common stock on the grant date. Also, in accordance with these provisions, for those awards with multiple vest dates, the Company recognizes compensation cost on a straight-line basis over the requisite service period for the entire award. The expense (benefit) recognized for Performance Awards throughout the service period and the number of shares that are projected to ultimately vest, are based on the estimated degree to which the related performance metrics are expected to be achieved.

Advertising and Marketing Costs

The Company defers costs associated with the production of advertising until the first time the advertising takes place. Costs associated with communicating advertising that has been produced are expensed when the advertising event takes place. Advertising and other marketing costs are recorded in Selling, general, and administrative expenses and amounted to \$99.9 million, \$55.5 million, and \$44.3 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively. Deferred advertising, marketing, and promotional costs, which principally relate to advertisements that have not yet been exhibited or services that have not yet been received, were \$0.2 million and \$1.4 million at February 3, 2024 and January 28, 2023, respectively, and were recorded within Prepaid expenses and other current assets in the Company’s Consolidated Balance Sheets.

Earnings (Loss) per Common Share

The Company reports its earnings (loss) per share in accordance with FASB ASC 260—*Earnings Per Share*, which requires the presentation of both basic and diluted earnings per share on the Consolidated Statements of Operations. The diluted weighted average common shares include adjustments for the potential effects of outstanding Deferred Awards and Performance Awards (as both terms are used in “Note 12. Stock-Based Compensation” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K), but only in the periods in which such effect is dilutive under the treasury stock method. Included in basic and diluted weighted average common shares are those shares, due to participants in the Deferred Compensation Plan, which are held in treasury stock. Anti-dilutive stock awards are comprised of unvested deferred, restricted, and performance shares which would have been anti-dilutive in the application of the treasury stock method in accordance with FASB ASC 260—*Earnings Per Share*.

Recent Accounting Standards Updates

In November 2023, the FASB issued Accounting Standards Update No. 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” (“ASU 2023-07”). The amendments in ASU 2023-07 are designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses during interim and annuals periods. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” (“ASU 2023-09”). The amendments in ASU 2023-09 are designed to enhance the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

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

2. REVENUES

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

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Net sales:			
South	\$ 586,370	\$ 633,430	\$ 724,375
Northeast	304,554	339,072	412,785
West	208,249	231,135	277,162
Midwest	185,126	196,075	242,392
International and other ⁽¹⁾	318,209	308,770	258,650
Total net sales	\$ 1,602,508	\$ 1,708,482	\$ 1,915,364

⁽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.

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 Fiscal 2023, the Company voluntarily entered into an early termination of its corporate office lease and implemented a workforce reduction.

The Company proactively accelerated the termination of its corporate office lease to capitalize on the prevailing tenant-favorable market conditions and subsequently executed an amendment to its corporate office lease in January 2024 with its current landlord at more favorable rates. The amended lease will expire in May 2037, with a termination right after the seventh year, and two five-year renewal options at fair market value. The Company expects to reduce its square footage at its corporate office in May 2024 when its current lease expires.

The Company also implemented a plan that encompassed multiple headcount reductions, which accounted for approximately 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 associated workforce reduction was substantially completed as of the end of the first quarter of Fiscal 2024.

In addition, the lease for the Company’s distribution center in Toronto, Canada (“TODC”) expired in April 2024. The Company moved these operations to the United States to its current distribution center in Alabama as of the end of the first quarter of Fiscal 2024.

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

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 \$11.8 million in restructuring costs during Fiscal 2023 on a pretax basis, summarized in the following table:

	Fiscal Years Ended	
	February 3, 2024	January 28, 2023
	(in thousands)	
Employee-related costs	\$ 7,382	\$ —
Lease termination costs ⁽¹⁾	4,158	—
Professional fees	268	—
Total restructuring costs ⁽²⁾	<u>\$ 11,808</u>	<u>\$ —</u>

⁽¹⁾ Includes non-cash charges related to accelerated depreciation on certain assets in the corporate office over the reduced term, amounting to \$1.8 million during Fiscal 2023.

⁽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 February 3, 2024. The remaining related liability is expected to be settled with cash payments in Fiscal 2024 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
Provision	1,275	—	—	1,275
Cash Payments	(462)	—	—	(462)
Balance at February 3, 2024	<u>\$ 1,666</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,666</u>

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

4. INTANGIBLE ASSETS

On April 4, 2019, the Company acquired certain intellectual property and related assets of Gymboree Group, Inc. and related entities, which included the worldwide rights to the names “Gymboree” and “Crazy 8” and other intellectual property, including trademarks, domain names, copyrights, and customer databases. These intangible assets, inclusive of acquisition costs, are recorded in the long-term assets section of the Consolidated Balance Sheets.

The Company performed its annual impairment assessment of the Gymboree tradename as of December 31, 2023 and recorded an impairment charge of \$29.0 million in Fiscal 2023, which reduced the carrying value to its fair value of \$41.0 million. There were no impairment charges recorded in Fiscal 2022 or Fiscal 2021.

The Company’s intangible assets were as follows:

	Useful Life	February 3, 2024		
		Gross Amount	Accumulated Amortization	Net Amount
(in thousands)				
Gymboree tradename ⁽¹⁾	Indefinite	\$ 41,000	\$ —	\$ 41,000
Crazy 8 tradename ⁽¹⁾	5 years	4,000	(3,877)	123
Total intangible assets		\$ 45,000	\$ (3,877)	\$ 41,123

	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

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

⁽²⁾ Included within Other assets on the Consolidated Balance Sheets.

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

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	February 3, 2024	January 28, 2023
	(in thousands)	
Property and equipment:		
Land and land improvements	\$ 3,403	\$ 3,403
Building and improvements	36,187	36,187
Material handling equipment	90,637	71,404
Leasehold improvements	162,898	196,302
Store fixtures and equipment	173,667	210,413
Capitalized software	333,953	336,336
Construction in progress	3,386	23,959
	<u>804,131</u>	<u>878,004</u>
Less accumulated depreciation and amortization	(679,381)	(728,130)
Property and equipment, net	<u>\$ 124,750</u>	<u>\$ 149,874</u>

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 during Fiscal 2023, Fiscal 2022, and Fiscal 2021 of \$5.6 million, \$3.3 million, and \$1.5 million, respectively, inclusive of ROU assets.

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	February 3, 2024	January 28, 2023
	(in thousands)	
Prepaid income taxes	\$ 26,493	\$ 30,781
Prepaid cloud computing	8,329	6,635
Prepaid insurance	2,679	3,305
Prepaid maintenance contracts	1,843	2,107
Other	3,825	5,047
Total prepaid expenses and other current assets	<u>\$ 43,169</u>	<u>\$ 47,875</u>

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

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	February 3, 2024	January 28, 2023
	(in thousands)	
Accrued salaries and benefits	\$ 19,140	\$ 16,191
Accrued freight	10,324	4,275
Sales taxes and other taxes payable	7,212	5,643
Customer liabilities	6,817	11,132
Accrued legal costs	6,771	3,880
Accrued real estate expenses	6,366	10,799
Deferred revenue	4,832	3,954
Accrued outside services	4,044	7,235
Accrued insurance	3,786	4,277
Accrued IT costs	2,995	4,676
Accrued marketing	3,177	4,286
Accrued store expenses	2,319	4,230
Accrued professional fees	2,301	2,529
Loyalty points	1,686	2,626
Accrued construction-in-progress	1,045	3,613
Other	6,793	10,312
Total accrued expenses and other current liabilities	<u>\$ 89,608</u>	<u>\$ 99,658</u>

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

8. LEASES

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

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Fixed operating lease cost	\$ 91,066	\$ 99,988	\$ 113,681
Variable operating lease cost ⁽¹⁾	44,195	51,905	39,711
Total operating lease cost	\$ 135,261	\$ 151,893	\$ 153,392

⁽¹⁾ Includes short term leases with lease periods of less than 12 months as well as lease abatements accounted for as reductions to variable lease costs under the COVID-19 expedient in Fiscal 2022 and Fiscal 2021 of \$1.5 million and \$12.1 million, respectively.

As of February 3, 2024, the weighted-average remaining operating lease term was 4.2 years, and the weighted-average discount rate for operating leases was 7.1%. Cash paid for amounts included in the measurement of operating lease liabilities in Fiscal 2023 was \$93.4 million. ROU assets obtained in exchange for new operating lease liabilities were \$120.5 million in Fiscal 2023.

As of February 3, 2024, the maturities of operating lease liabilities were as follows:

	February 3, 2024
	(in thousands)
2024	\$ 79,480
2025	50,582
2026	28,096
2027	15,252
2028	13,257
Thereafter	40,605
Total operating lease payments	227,272
Less: imputed interest	(39,964)
Present value of operating lease liabilities	\$ 187,308

9. 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 our credit agreement, dated as of May 9, 2019 (as amended from time to time, the “Credit Agreement”), with the lenders party thereto (collectively, the “Credit Agreement Lenders”). 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.

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

The Company became aware of an inadvertent calculation error contained in the June, July and August 2023 borrowing base certificates provided to the Credit Agreement Lenders under its Credit Agreement, all of which have since been remedied. While the Credit Agreement 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 Credit Agreement Lenders entered into a Waiver and Amendment Agreement (the "Waiver Agreement") on October 24, 2023, pursuant to which the Credit Agreement 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 in accordance with its terms.

During the first quarter of Fiscal 2024, Mithaq became a controlling shareholder of the Company and this change of control triggered an event of default under the Credit Agreement, thus subjecting the Company to cash dominion by the Credit Agreement Lenders. Subsequently, the Credit Agreement Lenders agreed to forbear from enforcing certain other rights and remedies during a limited forbearance period. The Company then entered into financing agreements with Mithaq for an initial \$78.6 million term loan, and subsequently, a separate \$90.0 million term loan. On April 16, 2024, the Company and certain of its subsidiaries entered into a seventh amendment to the Credit Agreement (the "Seventh Amendment") with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default. As of the effective date of the Seventh Amendment, the ABL Credit Facility was reduced to \$433.0 million and the Term Loan was fully repaid, and until the Company achieves certain excess availability thresholds, the Seventh Amendment preserved the temporary enhanced reporting requirements under the Waiver Agreement and continued to impose cash dominion. On May 2, 2024, the Company entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million senior unsecured credit facility. See "Note 18. Subsequent Events" of the Consolidated Financial Statements, "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information.

ABL Credit Facility and Term Loan

As of February 3, 2024, the Company and certain of its subsidiaries maintained 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, and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and Term Agent. Both the ABL Credit Facility and the Term Loan would mature in November 2026.

The ABL Credit Facility included 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 bore 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 was charged a fee of 0.200% on the unused portion of the commitments. Letter of credit fees ranged from 1.000% to 1.125% for commercial letters of credit and ranged from 1.500% to 1.750% for standby letters of credit. Letter of credit fees were 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 was 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 0.8750% 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.

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

For Fiscal 2023, Fiscal 2022, and Fiscal 2021, the Company recognized \$24.2 million, \$10.2 million, and \$7.0 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 was not subject to any early termination fees.

The ABL Credit Facility contained 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 would become effective in the event that borrowings and other uses of credit exceeded 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 limited 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 was 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 as of the end of Fiscal 2023 and Fiscal 2022:

	February 3, 2024	January 28, 2023
	(in millions)	
Total borrowing base availability, net of the excess availability threshold, as applicable	\$ 258.4	\$ 363.8
Credit facility maximum, net of the excess availability threshold, as applicable	400.5	315.0
Maximum borrowing availability ⁽¹⁾	258.4	315.0
Outstanding borrowings	226.7	287.0
Letters of credit outstanding—standby	7.4	7.4
Utilization of credit facility at end of period	234.1	294.4
Availability ⁽²⁾	\$ 24.3	\$ 20.6
Interest rate at end of period	8.1%	5.9%
	February 3, 2024	January 28, 2023
	(in millions)	
Average end of day loan balance during the period	\$ 315.5	\$ 274.9
Highest end of day loan balance during the period	\$ 379.4	\$ 297.7
Average interest rate	7.5%	3.7%

⁽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 February 3, 2024, January 28, 2023, and January 29, 2022.

The Term Loan bore interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that was a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that was a base rate loan. The Term Loan was pre-payable at any time without penalty, and did not require amortization. For Fiscal 2023, Fiscal 2022, and Fiscal 2021, the Company recognized \$4.0 million, \$2.3 million, and \$5.9 million respectively, in interest expense related to the Term Loan.

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

The Term Loan was 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 was guaranteed by each of the Company's subsidiaries that guaranteed the ABL Credit Facility and contained substantially the same covenants as provided in the ABL Credit Facility.

Both the ABL Credit Facility and the Term Loan contained customary events of default, which included (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, such as a change of control. As of February 3, 2024 and January 28, 2023, unamortized deferred financing costs amounted to \$2.4 million and \$2.3 million, of which \$2.2 million and \$2.0 million related to the Company's ABL Credit Facility.

As described above, during the first quarter of Fiscal 2024, the Company entered into financing agreements with its new majority shareholder, Mithaq, and on April 16, 2024, among other things, the Company and certain of its subsidiaries entered into a Seventh Amendment to the Credit Agreement with the Credit Agreement Lenders. As of the effective date of the Seventh Amendment, the ABL Credit Facility was reduced to \$433.0 million and the Term Loan was fully repaid. See "Note 18. Subsequent Events" of the Consolidated Financial Statements, "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information.

10. COMMITMENTS AND CONTINGENCIES

Commitments

As of February 3, 2024, the Company entered into various purchase commitments for the next 12 months for merchandise for re-sale of approximately \$229.8 million and approximately \$34.0 million for equipment, construction, and other non-merchandise commitments. The Company also has operating lease and standby letters of credit commitments of \$227.3 million and \$7.4 million, respectively.

Legal and Regulatory Matters

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 were eligible for redemption in multiple rounds through November 2023. On February 23, 2024, a hearing on motion for preliminary injunction and permanent injunction and to enforce judgement and settlement agreement was held. Pending receipt of the court's ruling, upon the court's order, the plaintiff filed a renewed motion for attorneys' fees, costs and incentive awards on March 4, 2024, to which the Company filed a statement of non-opposition on April 1, 2024. Because the plaintiff was seeking less than the maximum amount agreed to in the settlement, the Company requested that such difference in amount be distributed as vouchers to authorized class members, pursuant to the settlement agreement. The hearing for the motion for attorneys' fees, costs, and incentive awards is set for May 3, 2024. 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 CHILDREN’S PLACE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Similar to the *Rael* case above, the Company is also a defendant in *Gabriela Gonzalez v. The Children’s Place, Inc.*, a purported class action, pending in the U.S. District Court, Central District of California. The plaintiff alleged that the Company had falsely advertised discounts that do not exist, in violation of California’s Unfair Competition Laws, False Advertising Law and the California Consumer Legal Remedies Act. The Company filed a motion to compel arbitration, which the plaintiff did not oppose, and the court granted the motion on August 17, 2022—staying the case pending the outcome of the arbitration. The demand for arbitration was filed on October 4, 2022, in connection with the individual claim of the plaintiff. A mass arbitration firm associated with plaintiff’s counsel then conducted an advertising campaign for claimants to conduct a mass arbitration. In part, to avoid the mass arbitration, the parties stipulated to return the original plaintiff’s claim to court to proceed as a class action. Accordingly, the arbitration would not be proceeding and the Company’s response to the original plaintiff’s complaint in court was filed on July 20, 2023. On August 16, 2023, however, the Company began to receive notices regarding approximately 1,300 individual demands that were filed with Judicial Arbitration and Mediation Services, Inc. as part of a related mass arbitration claim. The parties participated in mediation proceedings on November 15, 2023 and February 9, 2024. The parties agreed to further discuss settlement options in May 2024.

As of February 2024, the Company is also a defendant in *Randeep Singh Khalsa v. The Children’s Place, Inc. et al.*, a purported class action, pending in the United States District Court of New Jersey. The complaint purports to assert claims under the federal securities laws, alleging that between March 16, 2023, and February 8, 2024, the Company made materially false and/or misleading statements, and failed to disclose material adverse facts to its investors, which the complaint alleges led to a drop in the price of the Company’s common stock. The Company intends to defend this case vigorously and it is currently too early to assess the possible outcome of this case.

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.

11. STOCKHOLDERS’ EQUITY (DEFICIT)

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 terms of the Company’s Credit Agreement as amended by its Seventh Amendment described above, the Company is not expecting to repurchase any shares in Fiscal 2024, except as described below, pursuant to our practice as a result of our insider trading policy. As of February 3, 2024, there was \$157.2 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:

	Fiscal Years Ended					
	February 3, 2024		January 28, 2023		January 29, 2022	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in thousands)					
Share repurchases related to:						
Share repurchase program	210	7,131	1,953	92,945	1,025	85,648
Shares acquired and held in treasury	8	245	6	293	4	278

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

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 Fiscal 2023, Fiscal 2022, and Fiscal 2021, \$2.9 million, \$54.2 million, and \$66.5 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 terms of the Company’s Credit Agreement as amended by its Seventh Amendment described above, the Company is not expecting to pay any cash dividends in Fiscal 2024.

12. 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. Deferred Awards are granted in the form of restricted stock units that require each recipient to complete a service period. Deferred Awards generally vest ratably over three years, except for those granted to non-employee directors, which generally vest over one year. Performance Awards are granted in the form of restricted stock units which have performance criteria that must be achieved for the awards to vest in addition to a service period requirement, and each Performance Award has a defined number of shares that an employee can earn (the “Target Shares”). With the approval of the Human Capital & Compensation Committee, the Company may settle vested Deferred Awards and Performance Awards to the employee in shares, in a cash amount equal to the market value of such shares at the time all requirements for delivery of the award have been met, or in part shares and cash.

For Performance Awards granted in Fiscal 2023 and Fiscal 2022, employees may earn from 0% to 200% of their Target Shares, and for Performance Awards granted in Fiscal 2021, employees may earn from 0% to 300% of their Target Shares, based on the terms of the award and the Company’s achievement of certain performance goals established at the beginning of the applicable service period. Performance Awards cliff vest, if earned, after completion of the applicable service period, which is generally three years.

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

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Deferred Awards	\$ 6,619	\$ 9,937	\$ 13,061
Performance Awards ⁽¹⁾	(12,195)	19,213	17,881
Total stock-based compensation expense (benefit) ⁽²⁾	\$ (5,576)	\$ 29,150	\$ 30,942

⁽¹⁾ Included within the Performance Awards benefit for Fiscal 2023 was a combination of ongoing expense associated with existing grants and \$13.5 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 \$0.4 million, \$2.2 million, and \$3.3 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively. All other stock-based compensation expense is included in Selling, general, and administrative expenses.

The Company recognized a tax benefit related to stock-based compensation expense (benefit) of \$0.3 million, \$2.5 million, and \$2.6 million for Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

At February 3, 2024, the Company had 470,805 shares available for grant under the Equity Plan.

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

Changes in the Company's Unvested Stock Awards

Deferred Awards

	Fiscal Years Ended					
	February 3, 2024		January 28, 2023		January 29, 2022	
	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value
Unvested Deferred Awards at beginning of year	282	\$ 49.78	467	\$ 57.60	550	\$ 55.43
Granted	170	25.35	159	46.56	157	76.59
Vested	(203)	50.08	(222)	62.13	(229)	63.73
Forfeited	(11)	52.27	(122)	53.09	(11)	92.10
Unvested Deferred Awards at end of year	<u>238</u>	<u>\$ 31.99</u>	<u>282</u>	<u>\$ 49.78</u>	<u>467</u>	<u>\$ 57.60</u>

Total unrecognized stock-based compensation expense related to unvested Deferred Awards was \$4.7 million as of February 3, 2024, which will be recognized over a weighted average period of approximately 1.9 years.

The fair value of Deferred Awards that vested during Fiscal 2023, Fiscal 2022, and Fiscal 2021 was \$4.7 million, \$11.4 million, and \$14.6 million, respectively.

Performance Awards

	Fiscal Years Ended					
	February 3, 2024		January 28, 2023		January 29, 2022	
	Number of Shares ⁽¹⁾ (in thousands)	Weighted Average Grant Date Fair Value	Number of Shares ⁽¹⁾ (in thousands)	Weighted Average Grant Date Fair Value	Number of Shares ⁽¹⁾ (in thousands)	Weighted Average Grant Date Fair Value
Unvested Performance Awards at beginning of year	483	\$ 55.85	366	\$ 70.01	350	\$ 74.37
Granted	131	21.55	90	48.84	164	75.01
Shares earned in excess of (below) Target Shares	—	—	192	48.17	(22)	65.34
Vested shares, including shares earned in excess of Target Shares	(300)	44.71	(58)	101.62	(119)	89.44
Forfeited	(18)	55.01	(107)	59.86	(7)	90.22
Unvested Performance Awards at end of year	<u>296</u>	<u>\$ 51.98</u>	<u>483</u>	<u>\$ 55.85</u>	<u>366</u>	<u>\$ 70.01</u>

⁽¹⁾ For awards for which the performance period is complete, the number of unvested shares is based on actual shares that will vest upon completion of the service period. For awards for which the performance period is not yet complete, the number of unvested shares is based on the participants earning their Target Shares at 100%.

The cumulative expense (benefit) recognized for Performance Awards reflects changes in the probability that the performance criteria will be achieved as they occur. Based on the current number of Performance Awards expected to be earned, total unrecognized stock-based compensation expense related to unvested Performance Awards was \$1.9 million as of February 3, 2024, which will be recognized over a weighted average period of approximately 2.3 years.

The fair value of Performance Awards that vested during Fiscal 2023, Fiscal 2022, and Fiscal 2021 was \$11.8 million, \$3.0 million, and \$10.6 million, respectively.

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

As discussed in “Note 18. Subsequent Events” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K, there was a change of control of the Company in February 2024, which triggered a conversion of all Performance Awards into service-based Performance Awards. As a result, the Fiscal 2023, Fiscal 2022, and Fiscal 2021 Performance Awards are all expected to vest at their Target Shares on their respective vesting dates without regard to the achievement of any of the performance metrics associated with those awards.

13. 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:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Net income (loss)	\$ (154,541)	\$ (1,138)	\$ 187,171
Basic weighted average common shares outstanding	12,501	13,041	14,597
Dilutive effect of stock awards	—	—	273
Diluted weighted average common shares outstanding	12,501	13,041	14,870
Anti-dilutive shares excluded from diluted earnings (loss) per common share calculation	114	184	—

14. FAIR VALUE MEASUREMENT

FASB ASC 820—*Fair Value Measurement* provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices, but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

The Company’s cash and cash equivalents, accounts receivable, investments in the rabbi trust, accounts payable, and revolving loan are all short-term in nature. As such, their carrying amounts approximate fair value. The Company’s Deferred Compensation Plan assets and liabilities fall within Level 1 of the fair value hierarchy. The Company stock included in the Deferred Compensation Plan is not subject to fair value measurement.

The Company’s assets measured at fair value on a nonrecurring basis include long-lived assets, such as intangible assets, fixed assets, and ROU assets. The Company reviews the carrying amounts of such assets when events indicate that their carrying amounts may not be recoverable. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to fall within Level 3 of the fair value hierarchy.

Impairment of Long-Lived Assets

The fair value of the Company’s long-lived assets is primarily calculated using a discounted cash-flow model directly associated with those assets, which consist principally of property and equipment and ROU assets. These assets are tested for impairment when events indicate that their carrying value may not be recoverable.

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

The Company performed periodic quantitative impairment assessments of its long-lived assets, inclusive of ROU assets and recorded impairment charges of \$5.6 million, \$3.3 million, and \$1.5 million during Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, primarily due to reductions in Gymboree sales forecasts. Impairment charges were primarily recorded in The Children’s Place U.S. segment.

Impairment of Indefinite-Lived Intangible Assets

The Company estimates the fair value of its indefinite-lived Gymboree tradename based on an income approach using the relief-from-royalty method. Estimating fair value using this method requires management to estimate future revenues, royalty rates, discount rates, long-term growth rates, and other factors in order to project future cash flows.

The Company performed its annual tradename impairment assessment of the Gymboree tradename as of December 31, 2023, in accordance with FASB ASC 350—*Intangibles – Goodwill and Other*. Based on this assessment, the Company recorded an impairment charge of \$29.0 million, primarily due to an increase in the discount rate used to value the tradename and reductions in Gymboree sales forecasts, which reduced the carrying value to its fair value of \$41.0 million. The impairment charge was recorded in The Children’s Place U.S. segment.

15. INCOME TAXES

The components of Income (loss) before provision (benefit) for income taxes were as follows:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Domestic	\$ (156,703)	\$ (61,065)	\$ 198,173
Foreign	42,905	46,303	58,857
Total income (loss) before provision (benefit) for income taxes	<u>\$ (113,798)</u>	<u>\$ (14,762)</u>	<u>\$ 257,030</u>

The components of the Company’s Provision (benefit) for income taxes consisted of the following:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Current:			
Federal	\$ (1,239)	\$ 4,172	\$ 29,406
State and local	249	(1,193)	7,389
Foreign	4,758	(2,842)	7,218
	<u>3,768</u>	<u>137</u>	<u>44,013</u>
Deferred:			
Federal	21,125	(12,030)	14,517
State and local	13,019	(2,712)	8,780
Foreign	2,831	981	2,549
	<u>36,975</u>	<u>(13,761)</u>	<u>25,846</u>
Total provision (benefit) for income taxes	<u>\$ 40,743</u>	<u>\$ (13,624)</u>	<u>\$ 69,859</u>
Effective tax rate	(35.8)%	92.3 %	27.2 %

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

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 February 3, 2024 is included within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

A reconciliation between the calculated tax provision (benefit) based on the U.S. federal statutory rate of 21.0% and the effective tax rate for Fiscal 2023, Fiscal 2022, and Fiscal 2021 follows:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
	(in thousands)		
Calculated income tax provision (benefit) at U.S. federal statutory rate	\$ (23,898)	\$ (3,100)	\$ 53,976
State and local income taxes, net of federal benefit	(6,901)	(3,812)	14,394
Foreign tax rate differential ⁽¹⁾	(4,937)	(5,498)	(3,598)
Non-deductible expenses	(1,488)	3,696	7,301
Excess tax detriment (benefit) related to stock compensation	558	816	(293)
Unrecognized tax benefits	3,127	(5,324)	1,050
Change in valuation allowance	68,625	163	358
Global intangible low-taxed income	9,505	1,760	1,476
Federal tax credits	(3,242)	(2,934)	(2,882)
Other	(606)	609	(1,923)
Total provision (benefit) for income taxes	\$ 40,743	\$ (13,624)	\$ 69,859

⁽¹⁾ The Company has substantial operations in Hong Kong, which has a lower statutory income tax rate as compared to the U.S. The Company’s foreign effective tax rate for Fiscal 2023, Fiscal 2022, and Fiscal 2021 was 11.6%, 9.8%, and 16.6%, respectively. This rate will fluctuate from year to year in response to changes in the mix of income by country, as well as changes in tax laws in foreign jurisdictions.

The assessment of the amount of value assigned to the Company’s deferred tax assets under the applicable accounting rules is judgmental. The Company is required to consider all available positive and negative evidence in evaluating the likelihood that it will be able to realize the benefit of the Company’s deferred tax assets in the future. Such evidence includes scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and the results of recent operations. Since this evaluation requires consideration of events that may occur some years into the future, there is an element of judgment involved. Realization of the Company’s deferred tax assets is dependent on generating sufficient taxable income in future periods. The Company believes that it is not more likely than not that future taxable income will be sufficient to allow it to recover substantially all of the value assigned to the Company’s deferred tax assets. Thus, in the fourth quarter of Fiscal 2023, the Company increased its valuation allowance accordingly.

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

The tax effects of temporary differences which give rise to deferred tax assets and liabilities were as follows:

	February 3, 2024	January 28, 2023
	(in thousands)	
Deferred tax assets:		
Operating lease liabilities	\$ 48,122	\$ 48,079
Capitalized research and development, net	23,653	17,856
Net operating loss carryforward	13,704	3,453
Reserves	10,167	12,038
Interest expense carryforward	9,980	1,106
Tax credits	6,630	2,727
Inventory	3,333	4,612
Tradenames and customer databases, net	3,304	—
Charitable contributions	1,084	—
Stock-based compensation	924	2,461
Subtotal	120,901	92,332
Less: valuation allowance	(69,898)	(1,273)
Total deferred tax assets	51,003	91,059
Deferred tax liabilities:		
Right-of-use assets	(44,844)	(43,576)
Property and equipment, net	(3,149)	(2,407)
Prepaid expenses	(2,038)	(3,704)
Foreign and state tax on unremitted earnings	(1,554)	(1,554)
Tradenames and customer databases, net	—	(3,202)
Total deferred tax liabilities	(51,585)	(54,443)
Total deferred tax assets (liabilities), net	\$ (582)	\$ 36,616

The Company has gross federal NOL carryforwards of approximately \$24.5 million which do not expire, state NOL carryforwards of approximately \$133.3 million which either expire between two and twenty years, or carryforward indefinitely, and foreign NOL carryforwards of approximately \$3.7 million which expire between five and twenty years. The Company also has an Alternative Minimum Tax credit (“AMT”) in Puerto Rico of approximately \$0.6 million.

The Company has concluded that it is not more likely than not that its deferred tax assets, including NOLs, can be utilized in the foreseeable future. Thus, the Company’s valuation allowance increased \$68.6 million to \$69.9 million in Fiscal 2023, primarily related to deferred tax assets in the U.S, compared to \$1.3 million in Fiscal 2022. However, to the extent that tax benefits related to these deferred tax assets are realized in the future, the reduction of the valuation allowance will reduce income tax expense accordingly.

As discussed in “Note 18. Subsequent Events” of the Consolidated Financial Statements, “Item 8. Financial Statements and Supplementary Data” of this Form 10-K, subsequent to the end of Fiscal 2023, there was a change of control of the Company. This change of control constitutes an “ownership change” under Internal Revenue Code Section 382, where the Company will be subject to an annual limitation on its ability to utilize its existing NOLs and tax credits as of the ownership change date to offset future taxable income. The application of such limitation may cause U.S. federal income taxes to be paid by the Company earlier than they otherwise would be paid if such limitation was not in effect, which would adversely affect the Company’s operating results and cash flows if it has taxable income in the future. In addition to the aforementioned federal income tax implications pursuant to Section 382 of the Code, most U.S. states follow the general provision of Section 382 of the Code, either explicitly or implicitly resulting in separate state NOL limitations. This could cause state income taxes to be paid earlier than otherwise would be paid if such limitation was not in effect and could cause such NOLs to expire unused.

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

On December 22, 2017, the U.S. government passed the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act is a comprehensive tax legislation that implements complex changes to the U.S. tax code including, but not limited to, the reduction of the corporate tax rate from 35% to 21% and a move from a global tax regime to a modified territorial regime which requires U.S. companies to pay a mandatory one-time transition tax on historical offshore earnings that have not been repatriated to the U.S. The remaining unpaid transition tax, which had begun to be repaid in Fiscal 2023, amounted to \$17.1 million at February 3, 2024. This balance is shown as \$9.5 million as long-term Income taxes payable and \$7.6 million is shown net in Prepaid expenses and other current assets on the Consolidated Balance Sheet as of February 3, 2024.

While the Company is no longer permanently reinvested to the extent earnings were subject to the transition tax under the Tax Act, no additional income taxes have been provided on any earnings subsequent to the transition tax or for any additional outside basis differences inherent in the Company's foreign subsidiaries, as these amounts continue to be permanently reinvested in foreign operations. Determining the amount of the unrecognized deferred tax liability related to any additional outside basis differences in the Company's foreign subsidiaries (i.e., basis differences in excess of that subject to the one-time transition tax) is not practicable. The unremitted foreign earnings earned subsequent to the transition tax, which are permanently reinvested, were \$255.5 million at February 3, 2024.

Unrecognized Tax Benefits

Tax positions are evaluated in a two-step process. First, the Company determines whether it is more-likely-than-not that a tax position will be sustained upon examination. Second, if a tax position meets the more-likely-than-not recognition threshold, it is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement.

A reconciliation of the gross amounts of unrecognized tax benefits, excluding accrued interest and penalties, is as follows:

	Fiscal Years Ended	
	February 3, 2024	January 28, 2023
	(in thousands)	
Beginning Balance	\$ 3,626	\$ 8,937
Additions for current year tax positions	1,756	750
Additions for prior year tax positions	1,608	261
Reductions for prior year tax positions	—	(6,322)
Ending Balance	<u>\$ 6,990</u>	<u>\$ 3,626</u>

Unrecognized tax benefits of \$6.5 million, excluding accrued interest and penalties, at February 3, 2024 would affect the Company's effective tax rate in future periods, if recognized. The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits as of February 3, 2024 could decrease by up to \$0.6 million in the next 12 months as a result of settlements with taxing authorities or the expiration of statutes of limitations.

The Company accrues interest and penalties related to unrecognized tax benefits as part of the provision for income taxes. At February 3, 2024 and January 28, 2023, accrued interest and penalties of \$0.6 million and \$0.4 million, respectively, were included in unrecognized tax benefits. Interest, penalties, and reversals thereof, net of taxes, amounted to an expense of \$0.3 million in Fiscal 2023 and a benefit of \$(0.1) million in Fiscal 2022.

The Company is subject to tax in the U.S. 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 2015 and prior.

The IRS is currently conducting an examination of the Company's tax return for Fiscal 2020 in conjunction with its review of the CARES Act NOL carryback to fiscal year 2015 through fiscal year 2019. The Company believes that its reserves for uncertain tax positions are adequate to cover existing risks or exposures.

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

16. RETIREMENT AND SAVINGS PLANS**401(k) Plan**

The Company has adopted The Children's Place 401(k) Savings Plan (the "401(k) Plan"), which qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The 401(k) Plan is a defined contribution plan established to provide retirement benefits for employees. The 401(k) Plan is employee funded up to an elective annual deferral amount and also provides for Company matching contributions up to a certain percentage of the employee's salary.

The 401(k) Plan is available for all U.S. employees of the Company. Following guidance in IRS Notice 98-52 related to the design-based alternative, or "safe harbor," 401(k) plan method, the Company modified its 401(k) Plan for Company match contributions for non-highly compensated associates, as defined in the Code. For non-highly compensated associates, the Company matches the first 3% of the participant's contributions and 50% of the next 2% of the participant's contributions, and the Company match contribution vests immediately. For highly compensated associates, the Company has the discretion to match the lesser of 50% of the participant's contributions or 2.5% of the participant's covered compensation and the Company match contribution vests over five years. The Company's matching contributions were \$4.0 million in Fiscal 2023, \$4.5 million in Fiscal 2022, and \$3.5 million in Fiscal 2021.

Deferred Compensation Plan

The Deferred Compensation Plan liability, excluding Company stock, was \$1.2 million and \$1.3 million at February 3, 2024 and January 28, 2023, respectively. The value of the assets held in the rabbi trust was \$1.2 million and \$1.3 million at February 3, 2024 and January 28, 2023, respectively. The cost of the Company's stock repurchased was \$2.9 million and \$3.7 million at February 3, 2024 and January 28, 2023, respectively.

Other Plans

Under statutory requirements, the Company contributes to retirement plans for its operations in Canada, Puerto Rico, and Asia. Contributions under these plans were \$0.6 million, \$0.6 million, and \$0.6 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

17. 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 and www.gymboree.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 no customer that individually accounted for more than 10% of its net sales. As of February 3, 2024, The Children's Place U.S. had 460 stores and The Children's Place International had 63 stores. As of January 28, 2023, The Children's Place U.S. had 540 stores and The Children's Place International had 73 stores.

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

The following tables provide segment level financial information for Fiscal 2023, Fiscal 2022, and Fiscal 2021:

	Fiscal Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
(in thousands)			
Net sales:			
The Children's Place U.S.	\$ 1,457,352	\$ 1,533,934	\$ 1,723,887
The Children's Place International ⁽¹⁾	145,156	174,548	191,477
Total net sales	<u>\$ 1,602,508</u>	<u>\$ 1,708,482</u>	<u>\$ 1,915,364</u>
Operating income (loss):			
The Children's Place U.S.	\$ (86,482)	\$ (8,781)	\$ 253,419
The Children's Place International	2,684	7,251	22,229
Total operating income (loss)	<u>\$ (83,798)</u>	<u>\$ (1,530)</u>	<u>\$ 275,648</u>
Operating income (loss) as a percentage of net sales:			
The Children's Place U.S.	(5.9)%	(0.6)%	14.7 %
The Children's Place International	1.8 %	4.2 %	11.6 %
Total operating income (loss) as a percentage of net sales	(5.2)%	(0.1)%	14.4 %
Depreciation and amortization:			
The Children's Place U.S.	\$ 43,428	\$ 47,612	\$ 53,984
The Children's Place International	3,758	3,852	4,433
Total depreciation and amortization	<u>\$ 47,186</u>	<u>\$ 51,464</u>	<u>\$ 58,417</u>
Capital expenditures:			
The Children's Place U.S.	\$ 27,462	\$ 44,970	\$ 28,551
The Children's Place International	97	607	756
Total capital expenditures	<u>\$ 27,559</u>	<u>\$ 45,577</u>	<u>\$ 29,307</u>

⁽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.

	February 3, 2024	January 28, 2023
	(in thousands)	
Total assets:		
The Children's Place U.S.	\$ 758,003	\$ 922,120
The Children's Place International	42,305	64,161
Total assets	<u>\$ 800,308</u>	<u>\$ 986,281</u>

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

Geographic Information

The Company’s long-lived assets were located in the following countries:

	February 3, 2024	January 28, 2023
(in thousands)		
Long-lived assets ⁽¹⁾:		
United States	\$ 334,425	\$ 377,388
Canada	13,382	9,883
Asia	375	451
Total long-lived assets	\$ 348,182	\$ 387,722

⁽¹⁾ The Company’s long-lived assets are comprised of net Property and equipment, ROU assets, Tradenames, and Other assets.

18. SUBSEQUENT EVENTS

As of February 12, 2024, Mithaq had acquired more than 50% of the Company’s outstanding shares of common stock. Mithaq’s acquisition of the Company’s common stock resulted in a change of control of the Company, thereby triggering an event of default under the Credit Agreement. As a result of this event of default, the Company became subject to cash dominion by the Credit Agreement Lenders.

On February 29, 2024, the Company and the Credit Agreement Lenders entered into a forbearance agreement, pursuant to which, among other things, the Credit Agreement Lenders agreed to forbear from enforcing certain rights and remedies (other than cash dominion and increasing the interest rate payable on borrowings outstanding under the Credit Agreement to the default interest rate) under the Credit Agreement during a limited forbearance period, and which contemplated a permanent waiver of the change of control default upon the satisfaction of certain conditions.

On February 29, 2024, the Company and certain of its subsidiaries also entered into an interest-free unsecured subordinated promissory note with Mithaq, providing for up to \$78.6 million in term loans (the “Initial Mithaq Term Loan”). The Company received \$30 million on February 29, 2024 and \$48.6 million on March 8, 2024. The Initial Mithaq Term Loan matures on February 15, 2027.

On April 16, 2024, the Company and certain of its subsidiaries entered into a new financing agreement with Mithaq for a Shariah-compliant unsecured and subordinated \$90.0 million term loan (the “New Mithaq Term Loan”). The New Mithaq Term Loan matures on April 16, 2027, and requires monthly payments equivalent to interest charged at the SOFR plus 4.00% per annum, with such monthly payments to Mithaq deferred until April 30, 2025. The Company received the funds from the New Mithaq Term Loan on April 18, 2024 and a portion of those funds were used to repay the Company’s \$50 million term loan under the Credit Agreement.

On April 16, 2024, the Company and certain of its subsidiaries also entered into a Seventh Amendment to the Credit Agreement with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default. The Seventh Amendment reduced the ABL Credit Facility to \$433.0 million and, until the Company achieves certain excess availability thresholds, preserved the temporary enhanced reporting requirements under the Waiver Agreement and continued to impose cash dominion. The Seventh Amendment also modified certain existing requirements to restrict certain payments, including the repurchase of shares and the payment of dividends.

On May 2, 2024, the Company entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million senior unsecured credit facility (the “Mithaq Credit Facility”). Under the Mithaq Credit Facility, the Company may request for advances at any time up to July 1, 2025. If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. Additionally, such debt shall require no mandatory prepayments and shall mature no earlier than July 1, 2025.

(a)(3) Exhibits.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Company dated May 31, 2016 filed as Exhibit 3.1 to the registrant’s Current Report on Form 8-K filed on June 7, 2016 is incorporated by reference herein.
3.2	Seventh Amended and Restated Bylaws of The Children’s Place, Inc. filed as Exhibit 3.1 to the registrant’s Current Report of Form 8-K filed on November 14, 2023, is incorporated by reference herein.
3.3	Amendment to the 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 March 4, 2024, is incorporated by reference herein.
3.4	Amendment No. 2 to the Seventh Amended and Restated Bylaws of The Children’s Place, Inc. filed as Exhibit 3.2 to the registrant’s Current Report on Form 8-K filed on March 14, 2024, is incorporated by reference herein.
4.1⁽¹⁾	Form of Certificate for Common Stock of the Company filed as an exhibit to the registrant’s Registration Statement No. 333-31535 on Form S-1, is incorporated by reference herein.
4.2⁽¹⁾	Amended Form of Certificate for Common Stock of the Company filed as Exhibit 4.2 to the registrant’s Annual Report on Form 10-K for the period ended January 28, 2017, is incorporated by reference herein.
4.3	Description of capital stock of the Company filed as Exhibit 4.3 to the registrant’s Annual Report on Form 10-K for the period ended February 1, 2020, is incorporated by reference herein.
10.1	Lease Agreement as of August 12, 2003 between Orlando Corporation and The Children’s Place (Canada), LP, together with Indemnity Agreement as of August 12, 2003 between the Company and Orlando Corporation, together with Surrender of Lease as of August 12, 2003 between the Company and Orlando Corporation and Orion Properties Ltd. (Canadian Distribution Center) filed as Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q for the period ended November 1, 2003, is incorporated by reference herein.
10.2	Form of Indemnity Agreement between the Company and certain members of management and the Board of Directors filed as Exhibit 10.7 to registrant’s Quarterly Report on Form 10-Q for the period ended August 2, 2008, is incorporated by reference herein.
10.3	Lease Agreement between The Children’s Place Services Company, LLC and 500 Plaza Drive Corp. effective as of March 12, 2009 (500 Plaza Drive), Secaucus, New Jersey filed as Exhibit 10.67 to the registrant’s Annual Report on Form 10-K for the period ended January 31, 2009, is incorporated by reference herein.
10.4	Guaranty between the Company and 500 Plaza Drive Corp. effective as of March 12, 2009 filed as Exhibit 10.68 to the registrant’s Annual Report on Form 10-K for the period ended January 31, 2009, is incorporated by reference herein.
10.5	The First Lease Modification Agreement, dated as of August 27, 2009, between The Children’s Place Services Company, LLC and 500 Plaza Drive Corp. filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q for the period ended August 1, 2009, is incorporated by reference herein.
10.6(+)	Sixth Modification Agreement, dated as of January 23, 2024, by and between Hancock S-REIT SECA LLC and The Children’s Place Services Company, LLC.
10.7	The Company Nonqualified Deferred Compensation Plan effective January 1, 2010 filed as Exhibit 10.82 to the registrant’s Annual Report on Form 10-K for the period ended January 30, 2010, is incorporated by reference herein.
10.8(*)	Amended and Restated Employment Agreement, dated as of March 28, 2011, by and between the Company and Jane T. Elfers filed as Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2011, is incorporated by reference herein.
10.9(*)	Amendment No. 1 as of March 23, 2012 to Amended and Restated Employment Agreement dated as of March 28, 2011, by and between the Company and Jane T. Elfers filed as Exhibit 10.31 to the Registrant’s Annual Report on Form 10-K for the period ended January 28, 2012, is incorporated by reference herein.
10.10	Form of Amended and Restated Change in Control Agreement filed as Exhibit 10.41 to the registrant’s Annual Report on Form 10-K for the period ended January 29, 2011, is incorporated by reference herein.
10.11	Agreement dated May 22, 2015, by and among The Children’s Place, Inc., Macellum SPV II, LP, Barington Companies Equity Partners, L.P., Jonathan Duskin, James A. Mitarotonda, certain of their affiliates listed on Schedule A to the Agreement, and Robert L. Mettler filed as Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on May 29, 2015, is incorporated by reference herein.

Exhibit	Description
10.12(*)	The Company Profit Sharing/401(k) Plan Adoption Agreement No.#001 for use with Fidelity Basic Plan Document No. 17 entered into by the Company and Fidelity Management Trust Company on September 11, 2015 as filed as Exhibit 10.28 to the registrant’s Annual Report on Form 10-K for the period ended January 30, 2016, is incorporated by reference herein.
10.13	The Children’s Place, Inc. Fourth Amended and Restated 2011 Equity Incentive Plan filed as Annex B to the registrant’s Definitive Proxy Statement on Schedule 14A filed on April 2, 2021, is incorporated by reference herein.
10.14(*)	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan (Senior Vice President & above) filed as Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q for the period ended May 4, 2019, is incorporated by reference herein.
10.15(*)	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan (below Senior Vice President) filed as Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q for the period ended May 4, 2019, is incorporated by reference herein.
10.16(*)	Letter Agreement dated February 13, 2019 between The Children’s Place Services Company, LLC and Claudia Lima-Guinehut filed as Exhibit 10.3 to the registrant’s Quarterly Report on Form 10-Q for the period ended May 4, 2019, is incorporated by reference herein.
10.17(*)	Amended and Restated Credit Agreement, dated as of May 9, 2019, by and among the Company and The Children’s Place Services Company, LLC, as borrowers, The Children’s Place (International), LLC, The Children’s Place Canada Holdings, Inc., the childrensplace.com, inc., TCP IH II, LLC, TCP International IP Holdings, LLC and TCP International Product Holdings, LLC, as guarantors, Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent and Collateral Agent, L/C Issuer, Swing Line Lender and as a lender and Bank of America, N.A., HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A., as lenders, filed as Exhibit 10.5 to the registrant’s Quarterly Report on Form 10-Q for the period ended May 4, 2019, is incorporated by reference herein.
10.18	First Amendment to Amended and Restated Credit Agreement, dated April 24, 2020, by and among the Company and The Children’s Place Services Company, LLC, as borrowers, The Children’s Place (International), LLC, The Children’s Place Canada Holdings, Inc., the childrensplace.com, inc., TCP IH II, LLC, TCP International IP Holdings, LLC and TCP International Product Holdings, LLC, as guarantors, Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent and Collateral Agent, L/C Issuer, Swing Line Lender and as a lender and HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A., as lenders, filed as Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q for the period ended May 2, 2020, is incorporated by reference herein.
10.19	Joiner and Second Amendment to Amended and Restated Credit Agreement and Other Loan Documents, dated as of October 5, 2020, among the Company, the Borrowers identified on Schedule I thereto, TCP Brands, LLC, TCP Investment Canada I Corp., collectively, the New Guarantors, the Guarantors identified on Schedule II thereto, the Credit Agreement Lenders and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent and Collateral Agent, L/C Issuer, Swing Line Lender and as a lender, filed as Exhibit 4.2 to the registrant’s Current Report on Form 8-K filed on October 6, 2020, is incorporated by reference herein.
10.20	Third Amendment to Amended and Restated Credit Agreement, dated as of April 23, 2021, by and among the Company, the Borrowers identified on Schedule I thereto, the Guarantors identified on Schedule II thereto, the Credit Agreement Lenders and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, L/C Issuer, and Swing Line Lender filed as Exhibit 10.23 to the registrant’s Annual Report on Form 10-K for the period ended January 29, 2022, is incorporated by reference herein.
10.21	Joiner and Fourth Amendment to Amended and Restated Credit Agreement and Other Loan Documents, dated as of November 15, 2021, among the Company, the Borrowers identified on Schedule I thereto, TCP Brands, LLC, The Children’s Place International, LLC, collectively the New Borrowers, the Guarantors identified on Schedule II thereto, the Credit Agreement Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender and Term Agent, filed as Exhibit 10.4 to the registrant’s Quarterly Report on Form 10-Q for the period ended October 30, 2021, is incorporated by reference herein.
10.22	Joiner and Fifth Amendment to the Amended and Restated Credit Agreement and Other Loan Documents, dated as of June 5, 2023, among the Company, the Borrowers identified on Schedule I thereto, the Guarantors identified on Schedule II thereto, the Credit Agreement Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender and Term Agent filed as Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q for the quarterly period ended April 29, 2023, is incorporated by reference herein.

Exhibit	Description
10.23	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 Credit Agreement Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender and Term Agent, filed as Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the period ended October 28, 2023, is incorporated by reference herein.
10.24(+)	Seventh Amendment to Amended and Restated Credit Agreement, dated April 16, 2024, among the Company, certain subsidiaries of the Company, the Credit Agreement Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender.
10.25	Promissory Note, dated February 29, 2024, among the Company, certain subsidiaries of the Company, and Mithaq Capital SPC filed as Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on March 4, 2024, is incorporated by reference herein.
10.26(+)	Unsecured Promissory Note, dated April 16, 2024, among the Company, certain subsidiaries of the Company, and Mithaq Capital SPC.
10.27(+)	Commitment Letter for \$40 Million Senior Unsecured Credit Facility (Third), dated as of May 2, 2024, among the Company, certain subsidiaries of the Company, and Mithaq Capital SPC.
10.28	Asset Purchase Agreement, dated March 1, 2019, by and among TCP Brands, LLC, as buyer, and Gymboree Group, Inc. and its subsidiaries, as sellers, filed as Exhibit 10.6 to the registrant's Quarterly Report on Form 10-Q for the period ended May 4, 2019, is incorporated by reference herein.
10.29(*)	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan (Senior Vice President & above), filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the period ended May 2, 2020, is incorporated by reference herein.
10.30	The Fifth Lease Modification Agreement, dated as of January 29, 2021, by and between The Children's Place Services Company, LLC and Hancock S-REIT SECA LLC filed as Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the period ended January 30, 2021, is incorporated by reference herein.
10.31(*)	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan (Senior Vice President & above) filed as Exhibit 10.25 to the registrant's Annual Report on Form 10-K for the period ended January 30, 2021, is incorporated by reference herein.
10.32(*)	Form of Time-Based Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan (Senior Vice President & above) filed as Exhibit 10.29 to the registrant's Annual Report on Form 10-K for the period ended January 29, 2022, is incorporated by reference herein.
10.33(*)	Letter Agreement dated July 21, 2021 between The Children's Place Services Company, LLC and Jared Shure filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the period ended July 31, 2021, is incorporated by reference herein.
10.34(*)	Letter Agreement dated October 16, 2022 between The Children's Place Services Company, LLC and Sheamus Toal filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the period ended October 29, 2022, is incorporated by reference herein.
10.35(*)	Updated Letter Agreement dated August 1, 2023 between The Children's Place Services Company, LLC and Sheamus Toal filed as Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended July 29, 2023, is incorporated by reference herein.
10.36(*)	Updated Letter Agreement dated August 1, 2023 between The Children's Place Services Company, LLC and Maegan Markee filed as Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended July 29, 2023, is incorporated by reference herein.
21.1(+)	Subsidiaries of the Company.
23.1(+)	Consent of Independent Registered Public Accounting Firm Ernst & Young, LLP.
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.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

⁽¹⁾ Exhibit numbers are identical to the exhibit numbers incorporated by reference to such registration statement.

(*) Compensation Arrangement.

(+) 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.

(b) Exhibits. The exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated by reference.

(c) Financial Statement Schedules and Other Financial Statements.

All other financial statement schedules are omitted from this Annual Report on Form 10-K, as they are not required or applicable or the required information is included in the financial statements or notes thereto.

ITEM 16. FORM 10-K SUMMARY.

Omitted at registrant's option.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /S/ Jane T. Elfers

Jane T. Elfers

*Chief Executive Officer and President
(Principal Executive Officer)*

May 3, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ Turki Saleh A. AlRajhi</u> Turki Saleh A. AlRajhi	Chairman of the Board	May 3, 2024
<u>/S/ Jane T. Elfers</u> Jane T. Elfers	Director, Chief Executive Officer and President (Principal Executive Officer)	May 3, 2024
<u>/S/ Sheamus Toal</u> Sheamus Toal	Chief Operating Officer and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 3, 2024
<u>/S/ Douglas Edwards</u> Douglas Edwards	Director	May 3, 2024
<u>/S/ Hussan Arshad</u> Hussan Arshad	Director	May 3, 2024
<u>/S/ Muhammad Asif Seemab</u> Muhammad Asif Seemab	Director	May 3, 2024
<u>/S/ Muhammad Umair</u> Muhammad Umair	Director	May 3, 2024

SIXTH MODIFICATION AGREEMENT

THIS SIXTH MODIFICATION AGREEMENT (this "Sixth Modification Agreement") is dated as of January 23, 2024 (the "Effective Date"), by and between Hancock S-REIT SECA LLC, a Delaware limited liability company ("Landlord"), as landlord, having an address c/o John Hancock Life Insurance Company (U.S.A.), 10 Exchange Place, Jersey City, New Jersey 07302, and The Children's Place Services Company, LLC, a New York limited liability company ("Tenant"), as tenant, having an address at 500 Plaza Drive, Secaucus, New Jersey 07094.

WITNESSETH:

WHEREAS, Landlord's predecessor-in-interest, 500 PLAZA DRIVE CORP. ("Landlord's Predecessor"), as landlord, and Tenant, as tenant, entered into that certain Lease dated March 12, 2009 (the "Original Lease"), amended and supplemented by (i) Letter Agreement among Landlord's Predecessor, Tenant and The Children's Place Retail Stores, Inc. ("Guarantor"), as guarantor, dated February 19, 2009 (the "Letter Agreement"), (iii) letter from Landlord's Predecessor to Tenant dated May 5, 2009 ("Letter No. 1"), (iv) First Lease Modification Agreement dated August 27, 2009 (the "First Modification Agreement"), (v) letter from Guarantor to Landlord's Predecessor dated August 27, 2009 ("Letter No. 2"), (vi) Tri-Party Agreement among Landlord's Predecessor, Tenant and AXA Equitable Life Insurance Co. dated October 8, 2009 (re: generator) (the "Tri-Party Agreement"), (vii) Second Lease Modification Agreement dated Sept. 16, 2010 (the "Second Modification Agreement"), (viii) Third Lease Modification Agreement dated November 14, 2011 (the "Third Modification Agreement"), (ix) Fourth Lease Modification Agreement dated February 20, 2013 (the "Fourth Modification Agreement"), (x) Fifth Lease Modification Agreement dated January 29, 2021 (the "Fifth Modification Agreement"), and collectively with the Original Lease, the Guaranty, Letter Agreement, Letter No. 1, the First Modification Agreement, Letter No. 2, the Tri-Party Agreement, the Second Modification Agreement, the Third Modification Agreement, and the Fourth Modification Agreement, the "Lease", pursuant to which Landlord's Predecessor and/or Landlord leased to Tenant and Tenant let from Landlord's Predecessor and/or Landlord (a) 28,210 square feet of Floor Space representing a portion of the second (2nd) floor (the "Third Additional Premises"), (b) approximately 73,554 square feet of Floor Space on the third (3rd) floor (the "Third Floor Demised Premises"), (c) approximately 46,425 square feet of Floor Space on the fourth (4th) floor (the "Fourth Floor Demised Premises"), collectively with the Third Floor Demised Premises, the "Original Premises"), (d) approximately 17,544 square feet of Floor Space representing a portion of the fifth (5th) floor (the "Additional Premises"), and (e) approximately 32,216 square feet of Floor Space representing an additional portion of the fifth (5th) floor (the "Second Additional Premises", and together with the Additional Premises, the "5th Floor Premises") (collectively with the Third Additional Premises (if applicable), the Original Premises, and the 5th Floor Premises (if applicable), the "Demised Premises") of the building known as 500 Plaza Drive, Secaucus, New Jersey (the "Building"), as more particularly described therein; and

WHEREAS, pursuant to and in accordance with Article 1.01(P) of the Original Lease, Tenant terminated the Lease with respect to the Original Premises effective as of June 1, 2024 by

delivering notice to Landlord dated May 26, 2023 (the "Termination Notice"), together with the Termination Fee; and

WHEREAS, Landlord and Tenant desire to (a) reinstate the Lease and the Guaranty, and (b) further amend and supplement the Lease as more particularly described herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration and of the mutual agreements hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged, it is hereby mutually agreed as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated in this Sixth Modification Agreement and made a part hereof by this reference.

2. Defined Terms. All capitalized terms set forth herein but not otherwise defined shall have the meanings assigned thereto in the Lease. The term "Lease" as used herein shall, where applicable, mean the Lease, as amended by this Sixth Modification Agreement.

3. Reinstatement of the Lease and Guaranty. Notwithstanding the delivery of the Termination Notice and Termination Fee by Tenant to Landlord, Landlord and Tenant acknowledge and agree that (i) the Lease is hereby reinstated in its entirety, as amended by this Sixth Modification Agreement, (ii) the Guaranty is hereby reinstated in its entirety, and (iii) Landlord shall retain the Termination Fee.

4. Third Additional Premises.

(i) Third Additional Premises Expiration Date. As set forth in Section 5 of the Third Modification Agreement, the Term of the Lease with respect to the Third Additional Premises shall expire on the Third Additional Premises Expiration Date (i.e., May 31, 2024). Tenant shall continue to pay Fixed Rent and Additional Charges (including, without limitation, Tenant's Fraction of Operating Expenses and Real Estate Taxes) pursuant to and in accordance with the provisions of the Third Modification Agreement until the Third Additional Premises Expiration Date. On the Third Additional Premises Expiration Date, (i) notwithstanding the provisions of the Lease to the contrary, Tenant shall surrender the Third Additional Premises in the Third Additional Premises Delivery Condition (as hereinafter defined); and (ii) Tenant's Fraction shall be reduced by 6.33% and the Third Additional Premises shall no longer be deemed to be a part of the Demised Premises. All items of Fixed Rent and Additional Charges, including Real Estate Taxes, with respect to the Third Additional Premises shall be adjusted as of the Third Additional Premises Expiration Date as set forth in the Lease.

(ii) Early Surrender. Notwithstanding anything to the contrary in this Sixth Modification Agreement or the Lease, in the event Tenant surrenders the Third Additional Premises to Landlord in the Third Additional Premises Delivery Condition prior to the Third Additional Premises Expiration Date (the "Early Third Additional Premises Surrender Date"), the Third Additional Premises Expiration Date shall be amended to the Early Third Additional Premises Surrender Date, provided that in no event shall the Third Additional Premises Expiration Date occur prior to March 31, 2024.

(iii) Third Additional Premises Delivery Condition. As used in this Sixth Modification Agreement, the term “Third Additional Premises Delivery Condition” shall mean delivery of Third Additional Premises vacant, broom clean with all of Tenant’s furniture, fixtures and equipment removed, and otherwise in the condition as of the Effective Date, reasonable wear and tear excepted, it being expressly understood and agreed that in no event shall Tenant be required to (x) remove the leasehold improvements installed by Tenant in the Third Additional Premises, including the glycol system in the IDF closet; or (y) patch or paint any areas of the Third Additional Premises damaged by the removal of Tenant’s furniture, fixtures and equipment.

5. 5th Floor Premises.

(i) Subject to Tenant’s right set forth in Section 6(ii) below, commencing on June 1, 2024 (the “New Term Commencement Date”), the Term of the Lease with respect to the 5th Floor Premises (the “5th Floor Premises New Term”) shall be on a month-to-month basis until May 31, 2025 (the “5th Floor Premises Outside Expiration Date”).

(ii) Tenant shall have the right at any time on or after March 31, 2024, by delivering sixty (60) days’ prior notice to Landlord (“5th Floor Expiration Notice”), to terminate the Lease with respect to the 5th Floor Premises and, in such event, the Lease with respect to the 5th Floor Premises shall expire on the date set forth in the 5th Floor Expiration Notice (the “5th Floor Premises Expiration Date”) and all items of Fixed Rent and Additional Charges, including Real Estate Taxes, with respect to the 5th Floor Premises shall be adjusted as of the 5th Floor Premises Expiration Date as set forth in the Lease. In the event that Tenant does not deliver a 5th Floor Expiration Notice in accordance with the foregoing, the 5th Floor Premises New Term shall automatically expire on the 5th Floor Premises Outside Expiration Date.

(iii) During the 5th Floor Premises New Term, if applicable, Tenant shall pay Fixed Rent in the amount of \$130,620.00 per month (i.e., \$31.50 multiplied by the Floor Space of the 5th Floor Premises (49,760 rentable square feet)). All Additional Charges otherwise due under the Lease with respect to the 5th Floor Premises are unmodified and due and payable in accordance with the terms of the Lease, including, without limitation, Tenant’s Fraction of Operating Expenses and Real Estate Taxes, except that the Base Year for the 5th Floor Premises shall be Calendar Year 2024; and

(iv) Tenant shall, at Tenant’s sole cost and expense, remove the internal staircase connecting the 5th Floor Premises to the 4th Floor Demised Premises in the manner set forth on Exhibit E attached hereto (the “Internal Stair Removal Work”). The Internal Stair Removal Work shall be completed within the time period set forth in Section 6(ix) below and performed in compliance with all applicable Legal Requirements.

(v) Tenant shall deliver notice to Landlord when Tenant believes that Tenant has completed the Internal Stair Removal Work (hereinafter, the “Staircase Completion Notice”). Landlord and Tenant shall conduct a joint walk-through no later than five (5) days after delivery of the Staircase Completion Notice. Landlord’s failure, through no fault of Tenant, to participate in a walk through within said five (5) day period shall be deemed to mean that Tenant has

satisfied its delivery condition with respect to the Internal Stair Removal Work and Landlord's full acceptance of same.

(vi) In the event of a dispute between the parties concerning the Internal Stair Removal Work, such dispute shall be exclusively determined by arbitration in accordance with the procedures set forth in Article 36 of the Lease.

(vii) On the 5th Floor Premises Expiration Date or the 5th Floor Premises Outside Expiration Date (collectively or individually, the "5th Floor Surrender Date"), as the case may be, (a) notwithstanding anything in the Lease to the contrary, Tenant shall surrender the 5th Floor Premises vacant, broom clean, and in good condition (reasonable wear and tear excepted) with all furniture, fixtures and equipment removed, subject only to completion of the Internal Stair Removal Work in the time frame set forth in subsection (ix) below, it being expressly understood and agreed that in no event shall Tenant be required to, except for the Internal Stair Removal Work, (X) remove any leasehold improvements installed by Tenant in the 5th Floor Additional Premises, including the following items in the data center: (a) the raised flooring, (b) the glycol system, (c) the fire system, (d) the HVAC equipment, (e) the air handlers, (f) the UPS/PDU units, and (g) the Liebert units; or (Y) patch or paint any areas of the 5th Floor Premises damaged by the removal of Tenant's furniture, fixtures or equipment. Upon surrender of the 5th Floor Premises in the condition required hereunder, Tenant's Fraction shall be reduced by 11.17% (3.94%+7.23%) and the 5th Floor Premises shall no longer be deemed to be a part of the Demised Premises. All items of Fixed Rent and Additional Charges, including Real Estate Taxes, with respect to the 5th Floor Premises shall be adjusted as of the applicable 5th Floor Surrender Date as set forth in the Lease.

(viii) If Tenant fails to surrender the 5th Floor Premises in the condition required in paragraph 6(vii) above on or before the 5th Floor Surrender Date, but subject to the right of continued access by Tenant and its contractors to complete the Internal Stair Removal Work, then Tenant shall be deemed to be in holdover of the 5th Floor Premises and the terms of Article 26 of the Lease with respect to the 5th Floor Premises only shall apply.

(ix) Subject to Governmental Delays (defined below) and Landlord Delays (defined below), Tenant shall complete (a) the Internal Stair Removal Work within sixty (60) days after the applicable 5th Floor Surrender Date (the "Outside Internal Stair Removal Completion Date"). If the Internal Stair Removal Work is not completed on or before the Outside Internal Stair Removal Completion Date, then as liquidated damages for and with respect to each day that occurs between the Outside Stair Internal Removal Completion Date and the date on which the Internal Staircase Removal Work is actually completed, Tenant shall pay Landlord a per diem amount of Fixed Rent and Additional Charges based upon the amounts set forth in Section 6(iii) above, provided that Tenant's failure to complete the Internal Stair Removal Work by the Outside Internal Stair Completion Date is not due to any Governmental Delays or Landlord Delays. As used herein, the term "Governmental Delay" is defined as a delay in the issuance of the required permits and approvals from governmental agencies required to commence and complete the Internal Stair Removal Work. Tenant hereby confirms and agrees that it made an application for the required permits and approvals for the Stair Removal

Work to the New Jersey Meadowlands Commission on or about December 20, 2023 and shall diligently prosecute such application to completion (as that term is hereinafter defined). In addition, Tenant hereby confirms and agrees that it will make a complete application for all permits and approvals for the Internal Stair Removal Work with the Town of Secaucus, New Jersey on or before that day which is five (5) business days following approval of the Internal Stair Removal Work by the New Jersey Meadowlands Commission. In no event shall there be a Governmental Delay unless Tenant has (x) made an applications in the time frames set forth above; and (y) shall diligently prosecute such applications to completion. As used herein, the Tenant shall be deemed to have “diligently prosecuted the permits to completion” if Tenant shall have made such applications in the time frames set forth above and (provided, in a timely manner, such additional information as may have been requested by all such authorities having jurisdiction over the Internal Stair Removal Work. Tenant shall keep Landlord apprised of and provide period updates on the status of its permitting submissions and status. As used herein, the term a “Landlord Delay” is defined as an actual delay in the performance of the Internal Stair Removal Work caused by Landlord’s or its agent’s failure or refusal to provide access to Tenant and/or its contractors to the 5th Floor Premises and/or such areas as reasonably requested by Tenant to perform the Internal Stair Removal Work. Tenant shall provide Landlord notice of a Landlord Delay within one (1) business day of Tenant knowledge of the occurrence of same.

6. New Term for Original Premises. The Term of the Lease with respect to the Original Premises is hereby extended for an additional term (the “Original Premises New Term”) commencing on the New Term Commencement Date and expiring on May 31, 2037 (the “Original Premises New Expiration Date”), unless sooner terminated in accordance with the terms of the Lease. The Original Premises New Term shall be upon all of the terms and conditions of the Lease, except as expressly set forth in this Sixth Modification Agreement.

7. Fixed Rent for the Original Premises During the New Term. During the Original Premises New Term, the schedule of Fixed Rent with respect to the Original Premises shall be as follows:

Lease Year	Annual Amount	Monthly Amount	Per Square Foot
6/1/24 – 5/31/25	\$3,779,338.50	\$314,944.88	\$31.50
6/1/25 – 5/31/26	\$3,873,821.96	\$322,818.50	\$32.29
6/1/26 – 5/31/27	\$3,970,667.51	\$330,888.96	\$33.09
6/1/27 – 5/31/28	\$4,069,934.20	\$339,161.18	\$33.92
6/1/28 – 5/31/29	\$4,171,682.55	\$347,640.21	\$34.77
6/1/29 – 5/31/30	\$4,275,974.62	\$356,331.22	\$35.64
6/1/30 – 5/31/31	\$4,382,873.98	\$365,239.50	\$36.53

6/1/31 – 5/31/32	\$4,492,445.83	\$374,370.49	\$37.44
6/1/32 – 5/31/33	\$4,604,756.98	\$383,729.75	\$38.38
6/1/33 – 5/31/34	\$4,719,875.90	\$393,322.99	\$39.34
6/1/34 – 5/31/35	\$4,837,872.80	\$403,156.07	\$40.32
6/1/35 – 5/31/36	\$4,958,819.62	\$413,234.97	\$41.33
6/1/36 – 5/31/37	\$5,082,790.11	\$423,565.84	\$42.36

8. Rent Credit for the Original Premises. Subject to the terms and conditions set forth in this Section 8, Landlord hereby provides Tenant with a credit (the “Rent Credit”) in the total amount of Three Million Seven Hundred Seventy-Nine Thousand Three Hundred Thirty-Eight and 50/100 Dollars (\$3,779,338.50). The Rent Credit shall be applied as a credit in the amount of Fifty-Two Thousand Four Hundred Ninety and 81/100 Dollars (\$52,490.81) against the monthly payment of Fixed Rent payable under the Lease for the period of time commencing on the New Term Commencement Date and ending May 31, 2030; provided that the following conditions are satisfied: (i) the Lease is in full force and effect; and (ii) no monetary Event of Default then exists under the Lease. The right to receive the Rent Credit is for the exclusive benefit of Tenant and its Permitted Assignees, and in no event shall such right be assigned to or be enforceable by or for the benefit of any other third party. If there shall be a monetary Event of Default by Tenant during any time when the Rent Credit is applicable, then the Rent Credit shall be suspended until such time as such monetary Event of Default is cured, and upon any such cure, any amount of the Rent Credit that would have been credited during the pendency of the Event of Default shall be retroactively credited to Tenant.

9. Base Operating Year for the Original Premises; Operating Expenses.

(i) Commencing on the New Term Commencement Date, the Base Year for the Original Premises shall be Calendar Year 2024. Sections 1.01D, 6.01, 6.02 and 6.04 of the Lease shall be deemed so amended. The Tenant Fraction with respect to the Original Premises during the Original Premises New Term shall be 26.92%.

(ii) The last sentence of Section 1.01(Z) of the Lease is hereby amended to include the following additional exclusions from Operating Expenses: (a) Real Estate Taxes; (b) capital expenditures, as determined pursuant to generally accepted accounting principles, consistently applied, made in connection with the Land or Building or any equipment therein or thereon, except for those (I) required to comply with laws enacted after the Effective Date of this Lease; and (II) made for the purpose of reducing Operating Expenses, to the extent of the savings realized, all amortized on a straight line basis over the useful life of the asset; (c) corporation, unincorporated business, gross receipts, franchise or other income taxes imposed upon Landlord; (d) the cost of tenant installations and decorations incurred in connection with preparing space

for any Building tenant, including work letters and concessions; (e) legal and accounting fees relating to (I) disputes with tenants, prospective tenants or other occupants of the Building, (II) disputes with purchasers, prospective purchasers, mortgagees or prospective mortgagees of the Building or any part of either, or (III) negotiations of leases, contracts of sale or mortgages or transfers of all or any portion of the Building, Land and/or Development; (f) costs for services, supplies or repairs paid to any related entity in excess of costs that would be payable in an “arm’s length” or unrelated situation for comparable services, supplies or repairs provided, however, that with respect to management fees such costs shall be excluded only to the extent they are in excess of fees paid in comparable properties; (g) allowances, concessions, rent credits or other costs expenses or repairs for improving or decorating any demised or demisable space in the Building; (h) appraisal, advertising political and promotional expenses in connection with leasing of the Building; (i) costs incurred by Landlord to perform Landlord’s HVAC and Roof Work (as hereinafter defined); (j) any fines costs or late charges, liquidated damages, penalties, tax penalties or related interest charges imposed on Landlord or Landlord’s managing agent; (k) reserves of any kind; (l) any principal and interest payment on any Mortgages or debt secured against the Land and/or the Building; (m) the cost of any use of overtime labor in connection with the operation and repair of the Development to the extent such use is the result of Landlord’s efforts to cure a default by it under this Lease or any other lease of space in the Development; (n) the cost of the removal, containment, encapsulation or disposal of, or in the repair or cleaning of areas affected by Hazardous Substances which are the responsibility of any other tenant in the Building, Landlord under the Lease, or such other third party; (o) costs for acquisition, leasing or use of sculptures, paintings or other objects of art; (p) the cost of any service furnished to tenants of the Building (including Tenant) to the extent that such cost is separately reimbursed or required to be reimbursed to Landlord (other than through the Operating Expenses or comparable payments pursuant to escalation-type provisions; (q) charitable or political contributions; (r) costs associated with the maintenance of the entity which constitutes Landlord, as distinguished from the costs of operation and maintenance of the Building; (s) the cost of any electricity, condenser water or other utilities consumed in the Demised Premises or in any other space in the Building demised to tenant(s) or intended for leasing to tenants, and the costs of reading submeters for tenants; (t) costs of any item that generates income; (u) salaries and fringe benefits for officers, employees and executives above the grade of regional manager; (v) amounts received by Landlord through the proceeds of insurance, warranty or condemnation or entitled to be received from a tenant (other than pursuant to an escalation provision); (w) costs of repairs or replacements incurred by reason of fire or other casualty or condemnation; (x) rental for any space in the Building set aside for conference facilities, storage facilities or exercise facilities; (y) [intentionally omitted]; and (z) costs incurred by Landlord to perform (I) Landlord’s Garage Repairs (as hereinafter defined), including but not limited to, any cost or associated amortization related to the Landlord’s Garage Repairs or any repair or replacements for new stairwells, new elevator(s), all structural work and all other work required as a result of the collapse of the walkway attaching the parking garage located adjacent to the Building to the Building, and as such, the reference in the first sentence of Section 1.01(Z) of the Lease to “(3) the Parking Charges” shall be modified to state “(3) the Parking Charges, except with respect to the costs incurred by Landlord to perform Landlord’s Garage Repairs.”

10. Tenant’s Audit Rights.

(i) The words “sixty (60) days” in the second sentence of Section 6.03 of the Original Lease are hereby deleted in their entirety and replaced with “one hundred twenty (120) days”.

(ii) Article 6 of the Lease is hereby amended and supplemented to add the following Sections at the end:

“6.05 Landlord shall keep and maintain reasonably complete, legible, and accurate records of the Operating Expenses. Tenant or its representatives shall have the right to audit the Landlord’s books and records in connection Tenant’s rights to dispute the correctness of any statement of Operating Expenses pursuant to Section 6.03 of the Lease. Such audit shall take place during regular business hours at a time and place mutually agreeable to Landlord and Tenant.

6.06 Notwithstanding anything to the contrary contained in Article 6 or Article 36 of the Lease, if the arbiter substantially confirms the determination of Landlord’s statement, then Tenant shall pay the cost of the arbitration, together with the costs and fees of Landlord’s auditor, consultant and expert. If the arbiter shall substantially confirm the determination of Tenant, then Landlord shall pay the cost of the arbitration, together with costs and fees of Tenant’s auditor, consultant and expert. For purposes of this Section, the term “substantially” shall mean a variance of three percent (3%) or more.”

11. Landlord Contribution. On or before that date which is thirty (30) days following the Effective Date, Landlord shall pay, by wire, the sum of Thirty and 00/100 Dollars (\$30.00) per square foot of Floor Space of the Original Premises (totaling \$3,599,370.00) to Tenant.

12. Additional Rent Credit. Commencing on June 1, 2026 and ending on May 31, 2036 (the “New Term Additional Rent Credit Period”), Tenant shall, in addition to the Rent Credit, be entitled to a rent credit in the additional sum of Three and 00/100 Dollars (\$3.00) per square foot of Floor Space of the Original Premises per annum (i.e., \$359,937.00), which amount totals Three Million Five Hundred Ninety-Nine Thousand Three Hundred Seventy and 00/100 Dollars (\$3,599,370.00) (the “New Term Additional Rent Credit”); provided that the following conditions are satisfied: (i) the Lease is in full force and effect; and (ii) no monetary Event of Default then exists under the Lease. The right to receive the New Term Additional Rent Credit is for the exclusive benefit of Tenant and its Permitted Assignees, and in no event shall such right be assigned to or be enforceable by or for the benefit of any other third party. If there shall be a monetary Event of Default by Tenant during any time when the New Additional Term Rent Credit is applicable, then the New Term Additional Rent Credit shall be suspended until such time as such monetary Event of Default is cured, and upon any such cure, any amount of the New Term Additional Rent Credit that would have been credited during the pendency of the Event of Default shall be retroactively credited to Tenant.. The New Term Additional Rent Credit shall be applied as a credit in the amount of Twenty-Nine Thousand Nine Hundred Ninety-Four and 75/100 Dollars (\$29,994.75) against the monthly payment of Fixed Rent payable under the Lease during the New Term Additional Rent Credit Period.

13. Alterations. Article 15 of the Original Lease is hereby amended and supplemented as follows:

(i) To the extent any alterations, additions and/or plans and specifications related thereto require the consent or approval of Landlord, such consent or approval shall not be unreasonably withheld, delayed or denied. If within ten (10) business days after Landlord receives Tenant's proposed plans and specifications for alterations, additions or improvements (or any requested corrections thereto), Landlord fails to respond to Tenant's request for Landlord's consent or approval thereof (whether by granting or denying such consent or approval or by requesting corrections to such plans), Tenant shall send a second five (5) business days' notice to Landlord requesting approval of such plans and specification and stating in such notice that failure to respond within five (5) business days will result in the deemed approval of such plans and specifications. In the event that Landlord fails to respond within such five (5) business day period, such consent or approval shall be deemed given in all respects. Notwithstanding the foregoing or anything to the contrary, Landlord's ten (10) business day time period set forth above shall be reduced to five (5) business days for the initial notice and its second five (5) business days' notice set forth above shall be reduced to three (3) business days with respect to the any work performed in connection with Tenant's surrender of the Third Additional Premises or the Fifth Floor Premises, including the Internal Stair Removal Work, as well as Tenant's anticipated construction of any improvements in the Third Additional Premises or the Fourth Floor Demised Premises contemplated by this Sixth Modification Agreement (collectively, "Tenant's Surrender and New Work"). Subject to Landlord's review and approval as provided above, Landlord acknowledges receipt of Tenant's proposed plans for the Internal Stair Removal Work on January 17, 2024.

(ii) The amount of \$50,000 in the eighth line of paragraph 15.01 of the Original Lease with respect to Permitted Alterations is hereby amended to mean \$250,000.

(iii) With respect to Tenant's Surrender and New Work, Landlord's reimbursable expenses shall be limited to actual out, of pocket expenses incurred by Landlord for third party consultants and experts in an amount not to exceed Ten Thousand and 00/100 Dollars (\$10,000.00).

(iv) Landlord shall utilize reasonable efforts to cooperate with Tenant (including, without limitation, execution of required applications) in connection with any permits, approvals, consents of third parties and licenses which are required in connection with any alterations, improvements, or additions by Tenant. Tenant shall also, upon reasonable notice to Landlord or its managing agent, have free access to the freight elevator in connection Tenant's relocation or surrender of any portion of the Demised Premises (as contemplated by this Sixth Modification Agreement) and the Internal Stair Removal Work.

(v) Tenant shall be entitled to perform any work required in connection with Tenant's relocation or surrender of any portion of the Demised Premises during normal business hours. Tenant shall not be required to use union labor.

14. Option to Extend the New Term.

(i) Landlord and Tenant acknowledge and agree that Tenant's existing options to extend the Term of the Lease as set forth in Article 38 of the Lease, Article 8 of the First Modification Agreement, Article 9 of the Second Modification Agreement, and Article 9 of the Third Modification Agreement were each terminated when Tenant delivered the Termination Notice to Landlord.

(ii) Provided that the following conditions, which may be waived by Landlord are satisfied (a) Tenant, an Affiliate or Tenant's Permitted Assignee is then occupying the Original Premises; and (b) no monetary or material non-monetary default exists, subject to the applicable notice and cure periods, Tenant, an Affiliate or Tenant's Permitted Assignee shall have the option to extend the Term for two (2) additional terms of five (5) years each (each, an "Extension Term"), commencing as of the expiration of the Original Premises New Term, or the prior Extension Term, as the case may be. Tenant must exercise such option to extend, if at all, by giving Landlord written notice (the "Extension Notice") on or before the date that is twelve (12) months but in no event earlier than eighteen (18) months prior to the expiration of the then-current Term of this Lease, *time being of the essence*. Upon the timely giving of such notice, the Term shall be deemed extended upon all of the terms and conditions of this Lease, except that Fixed Rent during each Extension Term shall be calculated in accordance with this Section 15.

(iii) The Fixed Rent during each Extension Term (the "Extension Term Fixed Rent") shall be determined in accordance with the process described hereafter. Extension Term Fixed Rent shall be the fair market rental value of the Original Premises then demised to Tenant as of the commencement of the applicable Extension Term taking into account all relevant market factors. Within thirty (30) days after receipt of the Extension Notice, Landlord shall deliver to Tenant written notice of its determination of the Extension Term Fixed Rent for the applicable Extension Term. Tenant shall, within forty-five (45) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Extension Term Fixed Rent ("Tenant's Response Notice"). If Tenant fails timely to deliver Tenant's Response Notice, Landlord's determination of the Extension Term Fixed Rent shall be binding on Tenant.

(iv) If and only if Tenant's Response Notice is timely delivered to Landlord and indicates both that Tenant rejects Landlord's determination of the Extension Term Fixed Rent and desires to submit the matter to arbitration, then the Extension Term Fixed Rent shall be determined in accordance with the procedure set forth in this Section 15(iii). In such event, within ten (10) business days after receipt by Landlord of Tenant's Response Notice indicating Tenant's desire to submit the determination of the Extension Term Fixed Rent to arbitration, Tenant and Landlord shall each notify the other, in writing, of their respective selections of an appraiser (respectively, "Landlord's Appraiser" and "Tenant's Appraiser"). Landlord's Appraiser and Tenant's Appraiser shall then jointly select an independent third appraiser (the "Third Appraiser") within thirty (30) days of their appointment. All of the appraisers selected shall be individuals with at least ten (10) consecutive years' commercial appraisal experience with first-class office experience in the area in which the Original Premises are located, shall be members of the Appraisal Institute (M.A.I.). The three appraisers shall determine the Extension Term Fixed Rent in accordance with the requirements and criteria set forth in Section 15(iii).

above, employing the method commonly known as Baseball Arbitration, whereby Landlord's Appraiser and Tenant's Appraiser each sets forth its determination of the Extension Term Fixed Rent as defined above, and the Third Appraiser must select one or the other (it being understood that the Third Appraiser shall be expressly prohibited from selecting a compromise figure). Landlord's Appraiser and Tenant's Appraiser shall deliver their determinations of the Extension Term Fixed Rent to the Third Appraiser within ten (10) business days of the appointment of the Third Appraiser and the Third Appraiser shall render his or her decision within thirty (30) days after receipt of both of the other two determinations of the Extension Term Fixed Rent. The Third Appraiser's decision shall be binding on both Landlord and Tenant. Each party shall bear the cost of its own appraiser and the cost of the Third Appraiser shall be paid by the party whose determination is not selected.

(v) Any termination, expiration, cancellation or surrender of the Lease shall terminate any right or option for the Extension Terms.

15. Tenant's Termination Right.

(i) Tenant's Termination Right set forth in Section 1.01.P. of the Original Lease is void and no longer in effect.

(ii) Subject to the satisfaction of the Termination Conditions Precedent (as hereinafter defined), in accordance with the provisions below, Tenant shall have the one-time irrevocable option to terminate the Lease (a "Termination"), effective as of the date immediately preceding the seventh (7th) anniversary of the New Term Commencement Date (the "Termination Date"). The conditions precedent (the "Termination Conditions Precedent") to the effectiveness of any such Termination shall be as follows: (a) Tenant shall deliver written notice (a "Termination Notice") of such Termination to Landlord by not later than the sixth (6th) anniversary of the New Term Commencement Date; (b) concurrent with the delivery of the Termination Notice, Tenant shall pay to Landlord, without deduction or offset, a non-refundable cash Termination Payment (as hereinafter defined); and (c) on the Termination Date there shall be no monetary Event of Default by Tenant under this Lease; provided however, that should there be a monetary Event of Default on the Termination Date, then the Termination Date shall be suspended to a date that is ten (10) business days after such monetary Event of Default has been cured. The Termination Payment shall be Additional Rent and shall be in addition to, and not in lieu of, any other payments due under this Lease (including payments of Fixed Rent and Additional Rent) through the Surrender Date (as hereinafter defined). The "Termination Payment" shall be an amount equal to \$7,635,403.00, subject to recalculation and reduction based upon the actual Termination Date of the Premises if such Termination Date is extended pursuant to subsection (c) herein.

(iii) Provided that all of the Termination Conditions Precedent have been satisfied, then effective as of the Termination Date (as extended pursuant to the last sentence in Section 15(ii) above), the Lease, and the rights of the Tenant with respect to the Demised Premises, shall terminate and expire with the same force and effect as if such Termination Date had originally been specified as the Original Premises New Expiration Date. Prior to the later of (such later date, the "Surrender Date") (a) the Termination Date, and (b) the date on which

Tenant actually surrenders and yields-up the Demised Premises (provided, however, that in the event that Tenant fails to vacate the Original Premises in the condition required hereunder by the Termination Date, Tenant shall be deemed to be in holdover of the Original Premises and the terms of Article 26 of the Lease shall apply). Tenant shall comply with all of the terms and provisions of the Lease and shall perform all of its obligations hereunder, including, without limitation, the obligation to pay when due all Fixed Rent and other Additional Rent. By not later than the Termination Date, Tenant shall surrender and yield-up the Demised Premises in the Original Premises Delivery Condition (defined below). All property and Alterations of any kind, nature or description remaining in the Demised Premises after the Surrender Date shall be and become the property of Landlord and may be disposed of by Landlord, without payment from Landlord and without the necessity to account therefor to Tenant.

(iv) Effective as of the Surrender Date, Landlord shall be released from any and all obligations and liabilities thereafter accruing under this Lease, except for any indemnification claims and any other obligations or claims which accrued prior to the Surrender Date and expressly survive the termination or expiration of the Lease. Nothing contained herein shall constitute a waiver, limitation, amendment, or modification of any of the liabilities and obligations of Landlord under this Lease which accrue or arise prior to the Surrender Date or which would otherwise survive the Surrender Date. Effective as of the Surrender Date, Tenant shall be released from any and all liabilities and obligations thereafter accruing under this Lease. Nothing contained herein shall constitute a waiver, limitation, amendment, or modification of any of the liabilities and obligations of Tenant under this Lease which accrue or arise prior to the Surrender Date or which would otherwise survive the Original Premises New Expiration Date.

(v) The foregoing provisions shall be self-operative; provided, however, on the request of either party Landlord and Tenant will enter into a mutually satisfactory amendment to this Lease evidencing such Termination of this Lease.

(vi) Time is of the essence of this Section 15.

16. Landlord's Sixth Modification Work.

(i) Landlord and Tenant acknowledge and agree that Tenant is occupying the Demised Premises as of the Effective Date and Tenant will remain in and continue occupancy of the Original Premises in its "as is, where is" condition on the New Term Commencement Date, without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except for the work identified on Exhibit A attached to this Sixth Modification Agreement (collectively, "Landlord's HVAC and Roof Work"), Landlord's Garage Repairs (hereinafter defined) and Landlord's continuing repair and maintenance obligations pursuant to the Lease. Landlord shall substantially complete Landlord's HVAC and Roof Work on or before that date which is eighteen (18) months from the Effective Date (as such date shall be extended by Tenant Delays (as hereinafter defined) (the "HVAC and Roof Work Outside Date"). The HVAC Work shall be completed in accordance with the specifications set forth on Exhibit B of this Sixth Modification Agreement. Landlord shall use commercially reasonable efforts to perform the HVAC and Roof Work in a manner that does not materially impact Tenant's ability to conduct its ordinary course of business in the Premises. If

Landlord's HVAC and Roof Work is not substantially completed on or before the HVAC and Roof Work Outside Date, then as liquidated damages and the sole and exclusive remedy of Tenant on account thereof, for and with respect to each day that occurs between the HVAC and Roof Work Outside Date and the date on which the HVAC and Roof Work is substantially completed, Tenant shall receive a per diem credit against the Fixed Rent in an amount equal to one hundred percent (100%) of the Fixed Rent then payable by Tenant until such time as the HVAC and Roof Work is substantially completed.

(ii) During the period between the Effective Date and completion of the HVAC and Roof Work ("HVAC Work Period"), Landlord shall continue to provide Tenant with heating, ventilation or air-conditioning ("HVAC") service as required under the Lease and shall take such temporary measures and install temporary equipment, at its sole cost and expense, reasonably required to provide the required HVAC service for Tenant to continue its ordinary course of business at the Demised Premises consistent with standards reasonably expected in a Class A building.

(iii) If during the HVAC Work Period Tenant believes that a Substantial Portion of the Demised Premises is Untenantable, Tenant shall promptly notify Landlord by email to Alice Zhu (Alice.Zhu@cushwake.com) and Peter Ofarrill (Peter.Ofarrill@cushwake.com) (or such other party as Landlord may direct by written notice to Tenant) of such Untenantability (the "Construction Period Untenantability Notice"). Upon receipt of the Construction Period Untenantability Notice, Landlord shall use commercially reasonable efforts to promptly dispatch a representative to meet with a Tenant representative at the Demised Premises to investigate Tenant's Untenantability claim. In connection with said investigation, the parties shall take multiple temperature readings (with a maximum of six) in mutually agreed to locations (the "Temperature Readings") in the affected Substantial Portion area(s) (the "Affected Area") of the Demised Premises. In the event that the average of the Temperature Readings confirms Tenant's Untenantability claim and Tenant has (a) notified its employees that Tenant is ceasing operations at the Demised Premises, and (b) substantially all of the Tenant's employees have vacated or not shown up for work at the Demised Premises as a result of the Untenantability, then for the period commencing on the day of Tenant's Construction Period Untenantability Notice until such Substantial Portion of the Demised Premises is no longer Untenantable, 100% of Fixed Rent for the Demised Premises shall be abated.

(iv) For purposes hereof:

(a) "Substantial Portion" shall mean 10% or more of the Demised Premises during the HVAC Work Period.

(b) a "Tenant Delay" is defined as an actual delay in the performance of all or any portion of Landlord's HVAC and Roof Work to the extent (i) due to special work, lead-time items, alterations or additions not contemplated by the original HVAC and Roof Work and specifically required or made by Tenant, (ii) caused by Tenant through the delay of Tenant in supplying information or approving plans, or (iii) due to any act or omission by Tenant and/or Tenant's agents, servants, employees, consultants, contractors, subcontractors, licensees and/or subtenants;

(c) “Untenantable” or “Untenantability” shall mean that the average temperature readings of the Affected Area are either (i) less than or equal to sixty-five (65) degrees Fahrenheit, or (ii) equal to or greater than seventy-six (76) degrees Fahrenheit.

(v) Section 19.02 of the Lease is hereby deleted in its entirety.

(vi) Landlord shall use commercially reasonable efforts to turn on the HVAC system sufficiently in advance after a weekend or holiday to allow the Demised Premises to reach the appropriate temperature by the Business Hours on the Business Days pursuant to Section 19.01 of the Original Lease.

17. Landlord’s Garage Repairs. Landlord shall substantially complete the work set forth on Exhibit C attached to this Sixth Modification Agreement to the garage located adjacent to the Building (collectively, “Landlord’s Garage Repairs”), on or before the applicable dates for the same as set forth in Exhibit C (as such dates shall be extended by Unavoidable Delays). If any portion of the Landlord’s Garage Repairs as set forth in Exhibit C is not substantially completed on or before the applicable date set forth in Exhibit C (as such dates shall be extended by Unavoidable Delays), then as liquidated damages and the sole and exclusive remedy of Tenant on account thereof, for and with respect to each day that occurs between the applicable date (as extended, if applicable) and the date on which Landlord’s Garage Repairs are substantially completed, Tenant shall receive a per diem credit against the Fixed Rent in an amount equal to ten percent (10%) of the Fixed Rent then payable by Tenant.

18. Parking.

(i) Landlord shall provide up to forty-four (44) executive reserved spaces (the “Executive Parking Spaces”) in the parking area located below the Building (the “Executive Parking Area”). At any time after the Third Additional Premises Expiration Date, Landlord shall have the right to request, by delivering thirty (30) days prior written notice to Tenant (a “Parking Surrender Notice”), that Tenant surrenders up to fifteen (15) of the Executive Parking Spaces to Landlord. At any time after the 5th Floor Premises Expiration Date, Landlord shall have the right to request, by delivering a Parking Surrender Notice, that Tenant surrenders up to eight (8) of the Executive Parking Spaces to Landlord. If Landlord delivers a Parking Surrender Notice to Tenant, then Tenant shall promptly surrender the requested Executive Parking Spaces to Landlord. Notwithstanding the foregoing or anything to the contrary contained in the Lease, Landlord shall provide at least twenty-two (22) Executive Parking Spaces in the Executive Parking Area to Tenant during the remainder of the Original Premises New Term.

(ii) Landlord shall provide non-exclusive unreserved parking spaces in the parking decks(s) and grade level parking serving the Building (the “Unreserved Parking Spaces”, and together with the Executive Parking Spaces, collectively, the “Parking Spaces”) up to the number that, together with Tenant’s then allocated Executive Parking Spaces, cumulatively satisfies the ratio of 4 parking spaces per 1,000 of Floor Space of the then Demised Premises (the “Maximum Parking Space Allotment”).

(iii) During the performance of Landlord's Garage Repairs by Landlord or the performance of any other repair, maintenance, and improvement work to any areas which contain or provide access to the Unreserved Parking Spaces, Landlord or the property manager shall have the right to temporarily close the area where the Unreserved Parking Spaces are located provided, however, that Landlord shall take commercially reasonable efforts to minimize the interruption of service, access to, and use of the Unreserved Parking Spaces in connection with same and diligently pursue completion of any such work affecting the Unreserved Parking Spaces. Notwithstanding the foregoing, Tenant shall at all times during the Landlord's Garage Repairs or any other repairs or condition that prevents Tenant from having access to the Unreserved Parking Spaces (i) continue to have access and use of the Executive Parking Spaces, and (ii) Landlord shall provide temporary parking to Tenant for its Unreserved Parking Spaces in the parking areas identified as "Deck B", "Surface Visitor", and "Surface Open Air" on **Exhibit D** attached to this Sixth Modification Agreement (the "Temporary Parking Areas").

(iv) Landlord hereby covenants and agrees that provided that the named Tenant hereunder or its Permitted Assignee leases the entirety of the Original Premises, in no event will it amend that certain Third Amendment and Restated Declaration and Grant of Parking Easement dated August 21, 2014 (the "Parking Agreement"), in a manner which will reduce the current allocation of parking spaces to the Building. Landlord further acknowledges that the use and allocation of the Parking Spaces to Tenant as provided in the Lease is a material term of this Lease and that Tenant would not have entered into this Sixth Modification Agreement without the use and allocation of the Parking Spaces as provided in this Agreement. During the Original Premises New Term, provided that the named Tenant or its Permitted Assignee leases the entirety of the Original Premises, Landlord shall not grant any exclusive use to any other tenant in the Building for parking in the Unreserved Parking Areas.

19. Assignment Sublet and Mortgaging Modifications. Article 11 of the Lease is hereby amended and/or supplemented as follows:

(i) Permitted Occupants. Notwithstanding anything in the Lease to the contrary, the prior consent of Landlord shall not be required, and the provisions of Sections 11.01 and 11.08 of the Lease shall not apply with respect to, occupancy arrangements with employees of clients and vendors of Tenant, consultants, advisors and other third parties with whom Tenant or its Affiliate has an independent business relationship (collectively, "Permitted Occupants") for the use and occupancy of space within the Demised Premises, provided that (i) Tenant does not separately demise such space and the Permitted Occupants utilize, in common with Tenant, common entryways to the Demised Premises as well as shared central services, such as reception, photocopying and the like; (ii) the Permitted Occupants shall occupy, in the aggregate, not more than fifteen percent (15%) of the rentable area of the Demised Premises; (iii) the Permitted Occupants occupy space in the Demised Premises for the Permitted Use and for no other purpose; and (iv) if requested by Landlord, Tenant notifies Landlord, in writing, of the identity of any such Permitted Occupants prior to occupancy of the Demised Premises by such Permitted Occupants. If any Permitted Occupants occupy any portion of the Demised Premises, (A) the Permitted Occupants shall comply with all provisions of this Lease, and a default by any Permitted Occupant shall be deemed a default by Tenant under this Lease; (B) all

notices required to be provided by Landlord under this Lease shall be forwarded only to Tenant in accordance with the terms of this Lease and in no event shall Landlord be required to send any notices to any Permitted Occupants; (C) in no event shall any use or occupancy of any portion of the Demised Premises by any Permitted Occupant release or relieve Tenant from any of its obligations under this Lease; (D) the Permitted Occupants shall be deemed to be invitees of Tenant for purposes of Tenant's indemnification obligations set forth in this Lease; and (E) in no event shall the occupancy of any portion of the Demised Premises by Permitted Occupants be deemed to create a landlord/tenant relationship between Landlord and such Permitted Occupants, and, in all instances, Tenant shall be considered the sole tenant under this Lease notwithstanding the occupancy of any portion of the Demised Premises by the Permitted Occupants. For sake of clarity, the Permitted Occupants shall not count towards the number of subtenants Tenant is permitted to have in the Demised Premises.

(ii) The third paragraph of Section 11.01 is amended by adding the following sentence at the end:

“Notwithstanding the foregoing or anything to the contrary, the required payments to Landlord of 50% of any consideration received by Tenant in connection with an assignment or sublet and the other provisions of Section 11.01 of the Lease shall not apply to a permitted transfer and/or assignments or sublets to a Permitted Assignee pursuant to Section 11.02 below.”

(iii) Section 11.02 of the Original Lease is hereby deleted in its entirety and replaced with the following:

“11. 02. If at any time the Tenant shall be a corporation, partnership or limited liability company, any transfer of voting stock, a partnership interest or a membership interest resulting in a change of control of such entity, such transfer shall be deemed to be an assignment of this Lease as to which Landlord's consent shall have been required, and in any such event Tenant shall notify Landlord. Notwithstanding the foregoing or anything to the contrary contained in the Lease, (i) a transfer of the corporate stock of Tenant or its Affiliate which is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded in the over-the-counter market with quotations reported by the National Association of Securities Dealers through its automated system for reporting quotations, (ii) a transaction with a corporation or other entity into or with which the Tenant or its Affiliate is merged or consolidated or to which substantially all of the then Tenant's or its Affiliate's assets are transferred, or (iii) a transfer by Tenant or its Affiliate to any corporation or entity which controls or is controlled by the Tenant or its Affiliate or is under common control with the then Tenant or its Affiliate, shall not be deemed an assignment of this Lease and Landlord's consent to such assignment shall not be required and the other provisions of Article 11 of the Lease shall not apply, provided that in any of such events (y) the successor to Tenant or its Affiliate has a net worth computed in accordance with generally accepted accounting principles at least equal to the net worth of Tenant immediately prior to such merger, consolidation or transfer; and (z) proof reasonably satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction (the entities referenced in this preceding sentence shall sometimes be referred to collectively as "Permitted Assignees") and

individually as a "Permitted Assignee"). For purposes of this Section 11.02, the term "control" shall mean, in the case of a corporation, ownership or voting control, directly or indirectly, of at least fifty-one percent (51%) of all the voting stock, and in case of a joint venture or partnership or similar entity, ownership or voting control, directly or indirectly, of at least fifty-one percent (51%) or all of the general or other partnership (or similar) interests therein.

(iv) Section 11.05 of the Original Lease is hereby amended and supplemented by adding the following at the end:

"Notwithstanding anything to the contrary in this Article 11 or anywhere else in the Lease, in the event of a permitted assignment of this Lease, whether made with the Landlord's consent pursuant to Section 11.01 or without Landlord's consent if permitted by Section 11.02, (i) the Tenant shall have no further rights, duties, liability or obligations under this Lease; and (ii) provided that an assignee shall deliver to Landlord a Guaranty in substantially the same form as is provided by the Tenant to this Lease from a replacement guarantor with a tangible net worth, immediately after such assignment, (computed in accordance with GAAP), at least equal to the net worth of the Guarantor immediately prior to such transfer and otherwise reasonably satisfactory to Landlord, upon such delivery, the existing Guarantor of the Lease shall be deemed released from further obligations under such Guaranty and Landlord shall execute such document that may be reasonably requested by the existing Guarantor evidencing such release of its obligations under the Guaranty."

(v) Section 11.08 of the Original Lease is hereby amended and supplemented by adding the following at the end:

"Notwithstanding the foregoing or anything to the contrary contained in the Lease, Landlord's termination rights shall not apply to a permitted assignment and/or a Permitted Assignee pursuant to Section 11.02 of the Lease."

20. Amendment to the Letter of Credit and Burndown.

(i) Landlord and Tenant acknowledge and agree that Landlord is holding the Wells Letter of Credit in the amount of Four Hundred Ninety Thousand Nine Hundred Forty-Three and 00/100 Dollars (\$490,943.00) (the "Existing Letter of Credit"). On or before thirty (30) days after the Effective Date, Tenant shall deliver to Landlord an amendment to the Existing Letter of Credit increasing the amount to a total of Three Million Seven Hundred Thousand and 00/100 Dollars (\$3,750,000.00) (the "Letter of Credit Amendment").

(ii) Commencing on the third (3rd) anniversary of the New Term Commencement Date ("Third Anniversary Date"), provided that (a) no Event of Default (beyond any notice and cure period) with respect to any monetary obligation of Tenant exists under the Lease, and (b) no such Event of Default (beyond any notice and cure period) shall have occurred within the prior twelve (12) month period (collectively, the "Third Year Burndown Conditions"), Tenant shall have the right to reduce the Letter of Credit to the amount of Three Million Three Hundred Thousand and 00/100 Dollars (\$3,300,000.00). For purposes of clarity, in the event the Third Year Burndown Conditions are not satisfied on the Third Anniversary Date, Tenant's

rights hereunder shall be tolled until such time as the Third Year Burndown Conditions have been met.

(iii) Commencing on the sixth (6th) anniversary of the New Term Commencement Date (the “Sixth Anniversary Date”), provided that (a) no Event of Default (beyond any notice and cure period) with respect to any monetary obligation of Tenant exists the Lease, and (b) no such Event of Default (beyond any notice and cure period) shall have occurred within the prior twelve (12) month period (collectively, the “Sixth Year Burndown Conditions”), Tenant shall have the right to reduce the Letter of Credit to the amount of Two Million Two Hundred Thousand and 00/100 Dollars (\$2,200,000.00). For purposes of clarity, in the event the Sixth Year Burndown Conditions are not satisfied on the Sixth Anniversary Date, Tenant’s rights hereunder shall be tolled until such time as the Sixth Year Burndown Conditions have been met.

21. Subordination. Article 9 of the Original Lease is hereby amended and supplemented to add the following Section 9.05 at the end:

“9.05 Notwithstanding the foregoing or anything to the contrary, (i) Landlord hereby represents that, as of the Effective Date, there is currently no Mortgage affecting the Land and/or the Building, nor is there any Superior Lessor or Superior Mortgagee having an interest in the Land and/or Building, and (ii) with respect to future Mortgages, Superior Mortgagees and any Superior Lessor, the provisions of Section 9.01 of the Original Lease shall be conditioned upon Landlord obtaining, at the sole cost and expense of Landlord, a subordination, non-disturbance and attornment agreement on the standard form then being used by the holder of the Mortgage, Superior Mortgagee or Superior Lessor, as the case may be, in question.

22. Signage. The following Sections of the Fourth Lease Modification with respect to Signage are hereby modified as follows:

(i) Section 2(a) of the Fourth Lease Modification is hereby amended to delete the words “all of the Demised Premises” in the second line of this paragraph and replace them with “Original Premises”.

(ii) Section 4 of the Fourth Lease Modification entitled “Removal of Signage” is hereby deleted in its entirety and replaced with the following: “Upon the expiration or sooner termination of the Lease, as modified by this Sixth Modification Agreement, or if this Lease is assigned or sublet, other than to a Permitted Assignee, or if Tenant or a Permitted Assignee fails to occupy the entire Floor Space of the Original Premises, if Landlord desires that the Signage be removed, Tenant shall either (i) at its sole cost and expense, remove the Signage and repair all damage to the existing wall caused by the Signage, including the mounting and the methods of attachment thereof and Tenant shall match, as reasonably possible, the existing wall, exterior finish and substrate of the wall(s) behind any of the Signage; or (ii) pay Landlord the sum of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) in full satisfaction of any and all surrender obligations of Tenant with respect to the Signage.”

23. Generator. Notwithstanding anything to the contrary contained in the Lease, including but not limited to the Tri-Party Agreement or the First Modification Agreement, on the

Surrender Date of the 5th Floor Premises, Tenant shall also surrender to Landlord the Grade Level Generator/New Generator (as said terms are defined in the Tri-Party Agreement) and the fuel tank(s) and equipment related thereto, (collectively, the “Generator”), in substantially the same condition as of the Effective Date, reasonable wear and tear excepted. Upon surrender of the Generator in the condition required by this Sixth Modification Agreement, Tenant shall be released from any and all further obligations and liabilities under the Lease with respect to the surrender or removal of the Generator.

24. Notice. Notwithstanding anything to contrary contained in the Lease, as of the Effective Date, the Original Lease shall be amended to reflect that Landlord’s and Tenant’s address for all notices, requests, consents, demands and other communications required or permitted to be given, rendered or made under the Lease shall be sent by a method described in Section 34.01 of the Original Lease, to the following address:

if to Tenant, to:

The Children’s Place
500 Plaza Drive, 4th Floor
Secaucus, New Jersey 07094
Attention: Group Vice President, Real Estate

with copy to:

The Children’s Place
500 Plaza Drive, 4th Floor
Secaucus, New Jersey 07094
Attention: General Counsel’s Office

25. Landlord’s Maintenance Obligations.

(i) Sections 7.01 and 17.02 of the Original Lease are hereby amended to delete the words “So long as Tenant is not in default under this Lease beyond the applicable cure period” at the beginning of each of these Sections.

(ii) Section 17.02 of the Original Lease is further amended to add the following sentence at the end: “Landlord shall perform all of its material obligations under the Parking Agreement and will diligently enforce the obligations of such other parties under the Parking Agreement with respect to the operation, maintenance, and repairs of the parking garage and any areas covered by said Parking Agreement.”

26. Confidentiality. Landlord and Tenant shall keep the existence and the terms of the Lease confidential, and shall not disclose any of same to any person or entity, unless the disclosure to such person or entity has been approved in writing by the other party, which approval may be granted or denied in that party’s reasonable discretion, provided, however, either party may disclose the existence and terms of the Lease to any other persons or entities to the extent that (i) such party is compelled by legal process to do so, (ii) if the same is generally

known to the public; or (iii) as required by the U.S. Securities and Exchange Commission, the New York Stock Exchange, or any other public securities market by which such party, its members and/or affiliates is bound. In addition, Landlord and Tenant may also disclose of the existence and/or terms of the Lease to a Recipient (defined hereinafter), provided that such Recipient: (i) has a reasonable basis to be informed of the existence and terms of the Lease; (ii) is informed by disclosing party of the confidential nature herein; and (iii) agrees in writing to treat the existence and terms of the Lease and this Sixth Modification Agreement confidentially and in accordance with the terms and conditions of this Section 26. As used herein, “Recipient” means an affiliate, director, officer, employee, principal, shareholder, brokers, appraisers, agents, partners, affiliates, attorneys, accountants, and other professionals, investors, potential and existing financing sources, a Permitted Assignee, potential purchasers and successors in interest of the disclosing party, provided that in no event shall “Recipient” include other tenants or occupants of the Building. Landlord and Tenant shall be entitled all rights and remedies available at law and in equity, including without limitation, injunctive relief (without the necessity of posting any bond or other security or proving special damages) in the event of a breach of this Section 26.

27. Ratification. Except as specifically amended and modified by this Sixth Modification Agreement, all other terms of the Lease shall remain in full force and effect and, as hereby amended, are ratified and affirmed.

28. Authorization. Tenant and Landlord each represents and warrants to the other that its execution and delivery of this Sixth Modification Agreement has been duly authorized by all necessary entity action and that the person executing this Sixth Modification Agreement on its behalf has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

29. Broker. Tenant and Landlord each covenant, warrant and represent to the other that there were no brokers that were instrumental in consummating this Sixth Modification Agreement other than Landlord’s agent, Jones Lang LaSalle Brokerage, Inc. (“Landlord’s Agent”) and Tenant’s agent, Savills Inc. (“Tenant’s Agent”). Each representing party hereby agrees to indemnify and hold the other party harmless from and against any and all claims including but not limited to claims for brokerage commissions or finder’s fees by other brokers, liabilities, suits, costs and expenses including but not limited to reasonable attorneys’ fees and disbursements arising out of any inaccuracy of the above representation by such party. Landlord agrees to pay (i) Landlord’s Agent a commission arising out of this Sixth Modification Agreement pursuant to separate agreement between Landlord and Landlord’s Agent, and (ii) Tenant’s Agent a commission arising out of this Sixth Modification Agreement pursuant to separate agreement between Landlord and Tenant’s Agent. The terms of this Section 29 shall survive the expiration or sooner termination of the Lease.

30. Counterparts. This Sixth Modification Agreement may be executed in multiple counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called “pdf”

format shall be legal and binding and shall have the same full force and effect as if an original of this Sixth Modification Agreement had been delivered. Landlord and Tenant (i) intend to be bound by the signatures (whether original, faxed or electronic or signed using Docu-sign) on any document sent by facsimile or electronic mail, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Sixth Modification Agreement based on the foregoing forms of signature.

31. Estoppels and Estoppel Certificates.

(i) Tenant represents to Landlord that, as of the Effective Date: (a) the Lease is in full force and effect and has not been further modified except pursuant to this Sixth Modification Agreement; and (b) neither Landlord nor Tenant is in default under the Lease beyond any applicable cure period and, to Tenant's knowledge, no event has occurred which, with the giving of notice or passage of time, or both, could result in such a default.

(ii) Landlord represents to Tenant that, as of the Effective Date: (a) the Lease is in full force and effect and has not been further modified except pursuant to this Sixth Modification Agreement; and (b) to the knowledge of Landlord, neither Landlord nor Tenant is in default under the Lease beyond any applicable cure period and, to Landlord's knowledge, no event has occurred which, with the giving of notice or passage of time, or both, could result in such a default.

32. Surrender of Original Premises at End of New Term.

Notwithstanding anything to the contrary in the Original Lease, including but not limited to Articles 16 and 26 of the Original Lease, upon the expiration of the Original Premises New Expiration Date or sooner termination of this Lease, Tenant shall be permitted to remove all of Tenant's Property and shall surrender the Original Premises in accordance with the Original Premises Delivery Condition. As used herein, the "Original Premises Delivery Condition" shall mean delivery of the Original Premises vacant, broom clean and in good condition and repair, reasonable wear and tear excepted, it being expressly understood and agreed that in no event shall Tenant be required to (x) remove the leasehold improvements installed by Tenant in the Original Premises except for Tenant's furniture, fixtures and equipment; or (y) patch or paint any areas of the Original Premises damaged by the removal of Tenant's Property.

33. Additional Lease Modifications.

(i) Section 1.01(BB) of the Lease is hereby deleted in its entirety and replaced with the following:

Permitted Uses: Executive, administrative and general offices including, without limitation, training rooms, photo studios, mock store, merchandising room, sample storage, any ancillary uses and all other lawful and/or permitted uses in accordance with the terms and conditions of the Lease.

(ii) The Fifth Modification Agreement is hereby amended as follows:

(a) Subparagraphs (ii) and (iii) in Section 3 are hereby deleted in their entirety;

(b) Subsections (ii) and (iii)(a-c) in Section 4 are hereby deleted in their entirety; and

(c) Sections 8 and 9 are hereby deleted in their entirety.

(d) Upon surrender of the Third Floor Demised Premises and/or the 5th Floor Premises (as the case may be) in the condition required under this Sixth Modification Agreement, the defined term “Demised Premises” shall be deemed amended to exclude said portion(s) of the property so surrendered.

34. Miscellaneous.

(i) This Sixth Modification Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns. In the event of a conflict between the terms of the Lease and this Sixth Modification Agreement, the terms of this Sixth Modification Agreement shall govern.

(ii) This Sixth Modification Agreement may not be changed or terminated orally but only by an agreement in writing signed by Landlord and Tenant.

(iii) This Sixth Modification Agreement shall not be binding upon either Landlord or Tenant or both, as the case may be, unless and until this Sixth Modification Agreement is fully executed, acknowledged and delivered by both Landlord and Tenant.

(iv) If either Landlord or Tenant commences an action or other proceeding pertaining to the Lease and/or this Sixth Modification Agreement, the prevailing party shall recover from the non-prevailing party its reasonable costs, including, without limitation, reasonable attorneys’ fees incurred by the prevailing party in connection with such action or proceeding.

(v) Landlord and Tenant acknowledge and agree that this Sixth Modification Agreement was negotiated by Landlord and Tenant, that this Sixth Modification Agreement shall be interpreted as if it were drafted jointly by Landlord and Tenant, and that neither this Sixth Modification Agreement, nor any provision within it shall be construed against any party or its attorney because it was drafted in full or in part by either Landlord or Tenant, or their respective attorneys.

(vi) This Sixth Modification Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. If any term, covenant or condition of this

Sixth Modification Agreement is held to be invalid, illegal or unenforceable in any respect, this Sixth Modification Agreement shall be construed without such provision.

(vii) This Sixth Modification Agreement contains the entire agreement between the parties hereto relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

35. Transaction Credit. In addition to all other credits provided to Tenant under this Sixth Modification Agreement, Landlord agrees to provide Tenant a rent credit totaling Six Hundred Sixty-Eight Thousand Nineteen and 00/100 Dollars (\$668,019.00) (the "Transaction Credit"), against the monthly payment of Fixed Rent payable on and after March 1, 2024 under the Lease provided that the following conditions are satisfied: (i) the Lease is in full force and effect; and (ii) no monetary Event of Default then exists under the Lease. The right to receive the Transaction Credit is for the exclusive benefit of Tenant and its Permitted Assignees, and in no event shall such right be assigned to or be enforceable by or for the benefit of any other third party. If there shall be a monetary Event of Default by Tenant during any time when the Transaction Credit is applicable, then the Transaction Credit shall be suspended until such time as such monetary Event of Default is cured, and upon any such cure, any amount of the Transaction Credit that would have been credited during the pendency of the Event of Default shall be retroactively credited to Tenant.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Modification Agreement as of the day and year first hereinabove written.

WITNESS:

Name:

WITNESS:

Name:

Name:

LANDLORD:

Hancock S-REIT SECA LLC

By: /s/ Katherine Winter

Name: Katherine Winter

Title: Managing Director

TENANT:

The Children's Place Services Company, LLC

By: /s/ Sheamus Toal

Name: Sheamus Toal

Title: COO and CFO

By: /s/ Jared Shure

Name: Jared Shure

Title: SVP, General Counsel

Guarantor acknowledges and accepts the execution of this Sixth Modification Agreement by Landlord and Tenant. Guarantor hereby reaffirms its obligations under the Guaranty and agrees and acknowledges that the obligations of the Guarantor under that certain Guaranty dated March 12, 2009, as amended and/or supplemented (the "Guaranty"), extends to and includes the obligations of Tenant under the Sixth Modification Agreement. Guarantor hereby acknowledges and agrees that electronic signature, facsimile signature or signature transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of Guarantor's signature had been delivered. Further Guarantor (i) intends to be bound by the signature (whether original, faxed or electronic or signed using Docu-sign) on any document sent by facsimile or electronic mail, (ii) are aware that Landlord will rely on such signature, and (iii) hereby waive any defenses to the enforcement of the terms of set forth above based on the foregoing forms of signature.

SIGNATURE PAGE TO SIXTH MODIFICATION AGREEMENT

WITNESS:

The Children's Place, Inc.
(f/k/a The Children's Place Retail Stores, Inc.)

Name:

By: /s/ Sheamus Toal
Name: Sheamus Toal
Title: COO and CFO
Dated: 1/23/2024

Name:

By: /s/ Jared Shure
Name: Jared Shure
Title: SVP, General Counsel
Dated: 1/23/2024

SEVENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This Seventh Amendment to Amended and Restated Credit Agreement (this "Amendment") is made as of April 16, 2024, by and among:

THE CHILDREN'S PLACE, INC., a Delaware corporation, for itself and as agent (in such capacity, the "Lead Borrower") for the other Borrowers party hereto;

the BORROWERS identified on Schedule I hereto (together with the Lead Borrower, individually, each a "Borrower", and collectively, the "Borrowers");

the GUARANTORS identified on Schedule II hereto (individually, each a "Guarantor", and collectively, the "Guarantors");

the LENDERS party hereto;

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Collateral Agent, L/C Issuer, and Swing Line Lender;
and

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Term Agent.

WITNESSETH:

WHEREAS, reference is made to that certain Amended and Restated Credit Agreement, dated as of May 9, 2019 (as amended, restated, supplemented or otherwise modified and in effect immediately prior to the Seventh Amendment Effective Date, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended hereby 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 Lead Borrower, (ii) the other Borrowers from time to time party thereto, (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, Collateral Agent, Swing Line Lender and Term Agent;

WHEREAS, the Agents, the Term Agent, the Lenders and the Loan Parties entered into that certain Forbearance Agreement, dated as of February 29, 2024 (as amended, restated, supplemented or otherwise modified and in effect immediately prior to the Seventh Amendment Effective Date, the "Forbearance Agreement"), in which the Agents, the Term Agent, and the Lenders agreed (subject to the terms and conditions set forth therein), among other things, to temporarily forbear from exercising their rights and remedies in respect of the Existing Event of Default (as defined therein), as more fully set forth therein;

WHEREAS, the Loan Parties and Mithaq Capital SPC, a Cayman segregated portfolio company ("Mithaq"), desire for the Lead Borrower to enter into an Unsecured Promissory Note, dated as of April 16, 2024 (the "Mithaq Second Subordinated Note"), pursuant to which Mithaq shall provide an unsecured term loan to the Lead Borrower in an aggregate original principal amount equal to \$90 million (the "Mithaq Subordinated Term Loan"), the proceeds of which shall, among other things, repay in full the Term Loan (including all interest thereon and all fees, expenses and other Obligations related thereto) (the "Existing Term Obligations") under the Existing Credit Agreement; and

WHEREAS, in connection with the foregoing, the Loan Parties have requested that the Administrative Agent and the Lenders waive the Existing Event of Default and amend certain terms and conditions of the Existing Credit Agreement, and the Administrative Agent and the Lenders have agreed to each of the foregoing on the terms, and subject to the conditions, set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

2. Limited Waiver. Upon the Seventh Amendment Effective Date (as defined below) and in reliance upon the representations and warranties of the Loan Parties set forth in Section 6 below, the Administrative Agent and the Lenders hereby (x) waive the Existing Event of Default and (y) confirm that, as a result of the occurrence of the Seventh Amendment Effective Date and the Existing Event of Default no longer being continuing, the provisions of Section 4 of the Forbearance Agreement shall be deemed terminated notwithstanding anything to the contrary therein. The foregoing limited waiver (a) relates only to the Existing Event of Default; (b) is a one-time waiver; (c) shall not be deemed to constitute a waiver of any other Default or Event of Default now existing or hereafter arising; (d) does not constitute a modification or waiver of any other obligations of the Loan Parties under the Existing Credit Agreement or any other Loan Document, or an amendment to any terms or conditions of the Existing Credit Agreement or any other Loan Document, each of which remains in full force and effect (except as otherwise modified on the Seventh Amendment Effective Date); (e) is granted in express reliance upon the Loan Parties' representations, warranties, and agreements set forth herein; and (f) does not establish (and is not to be deemed to establish) a course of dealing or conduct by the Administrative Agent or the Lenders.

3. Repayment of Existing Term Obligations. Notwithstanding anything to the contrary in the Existing Credit Agreement (including, without limitation, the provisions of Section 2.05(c) thereof), each of the undersigned Term Agent and the Lenders hereby consents to the repayment in full of the Existing Term Obligations, which repayment shall be made on the Seventh Amendment Effective Date with the proceeds of the Mithaq Subordinated Term Loan, subject to the terms and conditions set forth herein.

4. [Reserved].

5. Amendments to Existing Credit Agreement. Upon the Seventh Amendment Effective Date and in reliance upon the representations and warranties of the Loan Parties set forth in Section 6 below, the Existing Credit Agreement is amended as follows:

(a) The Existing Credit Agreement is hereby amended to delete the bold, stricken text (indicated textually in the same manner as the following example: ~~stricken text~~ and ~~stricken text~~) and to add the bold, double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text) as set forth in the pages of the Credit Agreement attached as Annex A hereto.

(b) The Schedules to the Existing Credit Agreement are hereby amended and restated in their entirety as annexed hereto as Annex B.

- (c) Exhibit C-2 (Term Note) of the Existing Credit Agreement is hereby deleted in its entirety.
- (d) Exhibit C-1 (Revolving Note) of the Existing Credit Agreement is hereby renamed as “Exhibit C (Revolving Note)”.
- (e) Exhibit D (Compliance Certificate) of the Existing Credit Agreement is hereby amended and restated in its entirety as set forth on Annex C attached hereto.
- (f) Exhibit G (Borrowing Base Certificate) of the Existing Credit Agreement is hereby amended and restated in its entirety as set forth on Annex D attached hereto.

6. Ratification of Loan Documents; Representations and Warranties; Waiver of Claims.

(a) Except as otherwise expressly provided herein, all terms and conditions of the Credit Agreement and the other Loan Documents remain in full force and effect. The Loan Parties hereby ratify, confirm, and reaffirm (i) all Loan Documents, including as amended hereby, (ii) that all representations and warranties of the Loan Parties contained in Article V of the Credit Agreement and 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 6, 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 and (iii) the execution, delivery and performance by each Loan Party of this Amendment have been duly authorized by all necessary organizational action and do not and will not (A) violate any requirement of Law applicable to any Loan Party; or (B) conflict in any material respect with, or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under (1) any Material Contract or any Material Indebtedness to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject, or (3) any governmental licenses, permits, authorizations, consents and approvals; except, in each case referred to in this clause (B), to the extent that any such conflict, breach, termination, contravention or default could not reasonably be expected to have a Material Adverse Effect. The Guarantors hereby acknowledge, confirm and agree that the Guaranteed Obligations of the Guarantors under, and as defined in, each Facility Guaranty (as applicable) include, without limitation, all Obligations of the Loan Parties at any time and from time to time outstanding under the Credit Agreement and the other Loan Documents. The Loan Parties hereby acknowledge, confirm and agree that the Security Documents, and any and all Collateral previously pledged to, or subject to a Lien in favor of, the Collateral Agent, for the benefit of the Credit Parties, pursuant thereto, shall continue to secure all applicable Obligations of the Loan Parties at any time and from time to time outstanding under the Credit Agreement and the other Loan Documents.

(b) Each of the Loan Parties hereby acknowledges and agrees that there is no basis or set of facts on the basis of which any amount (or any portion thereof) owed by the Loan Parties under the Loan Documents 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.

(c) Upon the Seventh Amendment Effective Date, each of the Loan Parties hereby acknowledges and agrees that it has no offsets, defenses, claims, or counterclaims against the Agents, the Lenders (including the Term Lenders under and as defined in the Existing Credit Agreement) and the other Credit Parties, or any of their respective parents, affiliates, predecessors, successors, or assigns, or any of their respective officers, directors, employees, attorneys, or representatives (collectively, the “Released Parties”), with respect to the Obligations (including the Existing Term Obligations), or otherwise, and that if any Loan Party now has, or ever did have, any offsets, defenses, claims, or counterclaims against any of the Released Parties, whether known or unknown, at law or in equity, from the beginning of the world through the Seventh Amendment Effective Date and through the time of execution of this Amendment, all of them are hereby expressly WAIVED, and each of the Loan Parties hereby RELEASES each of the Released Parties from any liability therefor.

7. Conditions to Effectiveness. The provisions of Sections 2 and 5 of this Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the reasonable satisfaction of the Administrative Agent no later than the Outside Date referred to below (the date on which this Amendment is so effective being referred to as the “Seventh Amendment Effective Date”):

(a) The Administrative Agent shall have received each of the following, which shall be in form and substance satisfactory to the Administrative Agent:

- i. this Amendment, duly executed by the Loan Parties, the Lenders (including the Term Lenders under the Existing Credit Agreement), the Agents and the Term Agent;
- ii. that certain letter agreement, dated as of the date hereof, duly executed by the Agents and the Borrowers (the “Seventh Amendment Fee Letter”);
- iii. the Mithaq Subordination Agreement;
- iv. the Hong Kong Subordination Agreement;
- v. that certain Confirmation, Ratification and Amendment of Ancillary Loan Documents, dated as of the date hereof, duly executed by the Agents and the Loan Parties;
- vi. the Seventh Amendment Post-Closing Letter;
- vii. that certain Information Certificate, dated as of the date hereof, duly executed by the Loan Parties; and

viii. that certain supplement to Hong Kong Share Pledge, dated as of the date hereof, duly executed by the Lead Borrower, thechildrensplace.com, inc. and the Administrative Agent.

(b) The Administrative Agent shall have received a Borrowing Base Certificate dated as of the date hereof, relating to the week ended on March 30, 2024 after giving pro forma effect to the transactions contemplated on the Seventh Amendment Effective Date and in form and substance satisfactory to the Administrative Agent.

(c) The Lead Borrower shall have received at least \$90 million of gross proceeds from the Mithaq Subordinated Term Loan in accordance with the Mithaq Second Subordinated Note and such proceeds shall be used to, among other things, repay in full all Existing Term Obligations and a portion of the then outstanding principal balance of the Committed Loans under the Existing Credit Agreement, and the Administrative Agent shall have received true, correct and complete copies of the Mithaq Second Subordinated Note and all other documents related thereto, all of which shall be in full force and effect.

(d) The Agents shall have received, in form and substance reasonably satisfactory to the Agents, favorable opinions of (i) Blank Rome LLP, counsel to the Loan Parties, (ii) Borden Ladner Gervais LLP, Canadian counsel to the Loan Parties, (iii) Stewart McKelvey, special Nova Scotia counsel to the Loan Parties and (iv) Norton Rose Fulbright Hong Kong, Hong Kong counsel to the Credit Parties, each addressed to the Agents and each Lender, as to such matters concerning the Loan Parties and the Loan Documents as the Agents may reasonably request.

(e) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, a certificate signed by a Responsible Officer of the Lead Borrower certifying (i) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (ii) either that (1) no consents, licenses or approvals are required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, or (2) that all such consents, licenses and approvals have been obtained and are in full force and effect, and (iii) to the Solvency of the Loan Parties on a Consolidated basis as of the Seventh Amendment Effective Date after giving effect to the transactions contemplated hereby.

(f) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, evidence that all insurance required to be maintained pursuant to the Loan Documents and all endorsements in favor of the Administrative Agent required under the Loan Documents have been obtained and are in effect.

(g) The Agents shall have received, (i) results of searches or other evidence reasonably satisfactory to the Collateral Agent (in each case dated as of a date reasonably satisfactory to the Collateral Agent) indicating the absence of Liens on the assets of the Loan Parties, except for Permitted Encumbrances and Liens for which termination statements and releases, satisfactions and discharges of any mortgages, or subordination agreements satisfactory to the Collateral Agent are being tendered concurrently with such extension of credit or other arrangements satisfactory to the Collateral Agent for the delivery of such termination statements

and releases, satisfactions and discharges have been made, and (ii) to the extent not previously delivered to the Agents, all documents and instruments, including Uniform Commercial Code and PPSA financing statements, required by law or reasonably requested by the Collateral Agent to be filed, registered or recorded to create or perfect the first priority Liens intended to be created under the Loan Documents and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Collateral Agent.

(h) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, (i) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing (A) the authority of each Loan Party to enter into this Amendment and the other Loan Documents to which such Loan Party is a party or is to be a party and (B) the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which such Loan Party is a party or is to be a party, and (ii) copies of each Loan Party's Organization Documents and such other documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing and in good standing under the Laws of the jurisdiction of its incorporation, organization or formation.

(i) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, (i) all documents and instruments, including UCC (including fixture filings in the U.S.) and PPSA financing statements (including fixture filings in Canada), Intellectual Property filings, and certificates of title, required by law or reasonably requested by the Collateral Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Loan Documents having the priority required by the Loan Documents and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Collateral Agent and (ii) the Credit Card Notifications required pursuant to Section 6.13 of the Credit Agreement.

(j) The representations and warranties of each other Loan Party contained in Article V of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date hereof after giving effect to the transactions contemplated hereby, except (i) in the case of any representation and warranty qualified by materiality, they shall be true and correct in all respects, (ii) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or in all respects, as applicable) as of such earlier date, and (iii) for purposes of this Section 7, 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.

(k) After giving effect to this Amendment and the transactions contemplated hereby, (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (ii) the Waiver Conditions (as defined in the Forbearance Agreement) (other than the condition specified in Section 9(a)(iii) of the Forbearance Agreement) shall have been satisfied.

(l) There shall be no material misstatements in the written materials furnished by the Loan Parties to the Agents or the Lenders prior to closing of this Amendment, or in the representations or warranties of the Loan Parties made in the Credit Agreement. The Administrative Agent shall be satisfied, in its reasonable discretion, that any financial statements delivered to it fairly present the business and financial condition of the Borrowers and their Subsidiaries, taken as a whole, as of the date thereof and for the periods covered thereby, and that since the date of the Audited Financial Statements, (i) there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect and (ii) any action, suit, investigation or proceeding pending or, to the knowledge of the Borrowers, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect. The Administrative Agent shall be satisfied, in its reasonable discretion, that any projections delivered to it represent the Borrowers' good faith estimate of their future financial performance and were prepared on the basis of assumptions believed by the Borrowers to be fair and reasonable in light of current business conditions at the time such projections were prepared.

(m) The Borrowers shall have paid all fees required to be paid on the Seventh Amendment Effective Date pursuant to the Seventh Amendment Fee Letter.

(n) If any Loan Party or any of its Subsidiaries owns any Margin Stock, Borrowers shall have delivered to the Administrative Agent an updated Form U-1 (with sufficient additional originals thereof for each Lender), duly executed and delivered by the Borrowers, together with such other documentation as the Administrative Agent shall reasonably request, in order to enable the Administrative Agent and the Lenders to comply with any of the requirements under Regulations T, U or X of the FRB.

(o) The Agents shall have been reimbursed by the Loan Parties for all reasonable invoiced costs and expenses of the Agents (including, without limitation, reasonable attorneys' fees) in connection with the preparation, negotiation, execution, and delivery of this Amendment and related documents. The Loan Parties hereby acknowledge and agree that the Administrative Agent may charge the Loan Account to pay such costs and expenses.

(p) The Administrative Agent shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act and the Canadian AML Legislation.

(q) Unless otherwise agreed in writing by the Agents in their sole discretion, the Agents shall have received, in form and substance reasonably satisfactory to the Agents, such other documents, instruments and agreements as the Agents may reasonably request.

Each of the parties hereto acknowledge and agree that if the Seventh Amendment Effective Date does not occur on or prior to April 19, 2024 at 11:59 p.m. (Eastern time) (the "Outside Date"), this Amendment (including, for avoidance of doubt, the limited waiver set forth in Section 2 above) shall immediately terminate and shall be of no force and effect without any notice to or action by the Administrative Agent, any Lender, any Loan Party or any other Person.

8. Miscellaneous.

(a) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The provisions of Section 10.10 of the Credit Agreement are incorporated by reference herein and apply to this Amendment, *mutatis mutandis*.

(b) This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

(c) If any provision of this Amendment is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) The Loan Parties represent and warrant that they have consulted with independent legal counsel of their selection in connection with this Amendment and are not relying on any representations or warranties of the Agents or the Lenders or their counsel in entering into this Amendment.

(e) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have hereunto caused this Amendment to be duly executed as of the date first above written.

THE CHILDREN'S PLACE, INC.,

as Lead Borrower and as a U.S. Borrower

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

THE CHILDREN'S PLACE SERVICES COMPANY, LLC,

as a U.S. Borrower

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

TCP BRANDS, LLC,

as a U.S. Borrower

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

THE CHILDREN'S PLACE INTERNATIONAL, LLC,

as a U.S. Borrower

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

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

THE CHILDRENSPLACE.COM, INC.,

as a Guarantor

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

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

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

TCP IH II, LLC,
as a Guarantor

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

TCP REAL ESTATE HOLDINGS, LLC,
as a Guarantor

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

TCP INTERNATIONAL PRODUCT HOLDINGS, LLC,
as a Guarantor

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

TCP INVESTMENT CANADA II CORP.,
as a Guarantor

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

TCP INVESTMENT CANADA I CORP.,
as a Guarantor

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

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, Collateral Agent, Term Agent, L/C
Issuer, Swing Line Lender, as a U.S Revolving Lender and as a
Term Lender

By: /s/ Emily Abrahamson
Name: Emily Abrahamson
Title: Authorized Signatory

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

**WELLS FARGO CAPITAL FINANCE CORPORATION
CANADA,
as L/C Issuer, as
Canadian Swing Line Lender and as a Canadian Revolving
Lender**

By: /s/ Carmela Massari
Name: Carmela Massari
Title: Authorized Signatory

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

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

By: /s/ Bryn Lynch
Name: Bryn Lynch
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

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

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

By: /s/ Dillon Klahn
Name: Undrae L. Mitchell
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

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

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

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

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: SVP, Corporate Banking

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION

as a U.S. Revolving Lender and as a Canadian Revolving Lender

By: /s/ Paul L. Starman

Name: Paul L. Starman

Title: Vice President

[Signature Page to Seventh Amendment to Amended and Restated Credit Agreement]

THIS UNSECURED PROMISSORY NOTE (THIS “NOTE”) IS SUBJECT TO A SUBORDINATION AGREEMENT BETWEEN THE HOLDER AND THE SENIOR CREDITORS OF THE LOAN PARTIES, UNDER WHICH THE HOLDER’S RIGHTS AND REMEDIES UNDER THIS NOTE AND RELATED DOCUMENTS ARE SUBORDINATED TO THE RIGHTS AND REMEDIES OF SUCH SENIOR CREDITORS.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

UNSECURED PROMISSORY NOTE

\$90,000,000 APRIL 16, 2024

FOR VALUE RECEIVED, The Children’s Place, Inc., a Delaware corporation (“Maker”) and each Loan Party (as defined below) hereby promises to pay to the order of Mithaq Capital SPC, a Cayman segregated portfolio company (“Holder”), on the Maturity Date (as defined below), the aggregate principal amount outstanding under this Note, which as of the Closing Date is ninety million dollars (\$90,000,000) (such unpaid principal amount at any time, the “Principal Amount”). Schedule I hereto reflects the Principal Amount as of the Closing Date and the Holder shall update such Schedule from time to time to reflect reductions thereto from any payments prior to the Maturity Date, it being understood that any failure to so update Schedule I shall not affect the amount of the Principal Amount or any other obligations of Maker hereunder. Certain capitalized terms which are used and not otherwise defined in this Note are defined in Section 11 below.

1. LOAN AND COMMITMENT AMOUNTS. Up to ninety million dollars (\$90,000,000), consisting of a term loan in an original aggregate principal amount equal to \$90,000,000 (the “Term Loan”).
2. PAYMENT OF PRINCIPAL.
 - (a) Except as set forth otherwise herein, the Principal Amount, along with all other outstanding Obligations, shall be due and payable in full in cash on the Maturity Date.
 - (b) Other than with respect to payment of interest in accordance with clause (c) below, any amount paid to Holder by Maker in respect of this Note will be applied first, to pay, prepay, or repay, as applicable, the outstanding Principal Amount; and second, to payment of any remaining Obligations under this Note then due and payable. All payments in respect of this Note will be made by wire transfer of immediately available funds to an account designated in writing by Holder, and any payment so received after 2:00 p.m. New York City time on any day will be deemed to have been received on the following Business Day. Any

amount that (but for the application of this sentence) would become due and payable in respect of this Note on a day which is not a Business Day will instead become due and payable on the next succeeding Business Day. Any portion of the Term Loan that is repaid or prepaid may not be reborrowed.

- (c) Interest on the Term Loan shall accrue at a rate per annum equal to Term SOFR plus 4.00%, and shall be payable monthly in arrears, due the last Business Day of the month; provided interest payments for the period commencing on the Funding Date through April 30, 2025 may at the Maker's option not be paid monthly and instead paid on April 30, 2025, and which interest payments shall not, for the avoidance of doubt, constitute "regularly scheduled interest payments" until April 30, 2025 (which for the avoidance of doubt, unless Maker otherwise informs Holder, Maker does not intend to pay monthly). For the avoidance of doubt, Term SOFR for each month shall be determined (x) on the Closing Date for the first calendar month interest is owed and (y) thereafter, on the first Business Day of each month thereafter. Notwithstanding anything to the contrary in any Note Document, if payment of interest is not permitted by the Subordination Agreement, then such failure to pay shall not constitute a Default or an Event of Default, and instead such interest shall remain owing but not become due and payable until the conditions for payment are satisfied under the Subordination Agreement.

- 3. USE OF LOAN PROCEEDS. The proceeds of the Term Loan shall be used as follows: (a) fifty million dollars (\$50,000,000) shall be used to repay the outstanding principal obligations under the Existing Credit Agreement in respect of the term loans thereunder in full, plus all accrued and unpaid interest and any other amounts owing with respect thereto and (b) the balance of the Term Loan shall be used for working capital and general corporate purposes (including to repay a portion of the outstanding revolving loans under the Existing Credit Agreement) of the Maker and its Subsidiaries not inconsistent with the terms hereof or in contravention of any law or the Note Documents.

4. FUNDING OF THE TERM LOAN.

- (a) This Note is effective as of the Closing Date. Holder agrees, subject to and on the terms and conditions of this Note to loan the Term Loan to Maker by no later than Friday, April 19, 2024 (such date of funding, the "Funding Date"), subject to the satisfaction or waiver in writing of the conditions set forth in Section 5(a) on the Funding Date. Maker shall submit a Borrowing Notice by 9:00 a.m. (or such later time and/or date as agreed to by the Holder) for the Term Loan, on the Closing Date.
- (b) Proceeds of the Term Loan shall be wired in accordance with the wire instructions attached hereto as Schedule II.

5. CONDITIONS PRECEDENT TO FUNDING OF THE TERM LOAN.

- (a) The obligation of Holder to make the Term Loan under this Note is subject to the prior satisfaction (or waiver in writing) by Holder of each of the following conditions precedent and in the case of any agreements, documents, schedules or certificates described below, delivery in form and substance reasonably satisfactory to Holder:
- (i) The representations and warranties of Maker contained in Section 6 below will be true and correct in all material respects (without duplicating any “materiality” qualifiers therein) on and as of the Funding Date, except to the extent such representations and warranties specifically refer to an earlier date, in which case they will be true and correct in all material respects (without duplicating any “materiality” qualifiers therein) of as such earlier date.
 - (ii) On the Funding Date, after giving pro forma effect to the making of the Term Loan and the condition in Section 5(a)(iii)(4), no Default or Event of Default will exist, or would result from, the making of the Term Loan and the other financial accommodations made hereunder.
 - (iii) Holder shall have received:
 - (1) Duly executed Note Documents;
 - (2) A certificate containing (A) a copy of the certificate of incorporation, including all amendments thereto, of Maker, certified as of a recent date by the Secretary of State of the state of its incorporation, and a certificate as to the good standing of Maker as of a recent date, from such Secretary of State; and (B) a certificate of an authorized officer of Maker dated the Closing Date and certifying (I) that attached thereto is a true and complete copy of the bylaws of Maker as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (II) below, (II) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of Maker authorizing the execution, delivery and performance of the Note Documents and the Term Loan hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (III) as to the incumbency and specimen signature of each officer executing any Note Document or any other document delivered in connection herewith on behalf of Maker;
 - (3) Certificate of an officer of Maker, dated as of the Funding Date, certifying the conditions set forth in clauses (i), (ii), (iv) and (v) of this Section 5(a) have been satisfied (which may be set forth in the Borrowing Notice);

(4) A duly executed amendment to the Existing Credit Agreement, substantially in the form provided to the lenders under the Existing Credit Agreement on April [16], 2024, subject following modifications: to permit regularly scheduled payments of interest (as in effect on the date hereof under this Note) and voluntary prepayments of principal under this Note, in each case, subject to satisfaction of “Payment Conditions” under (and as defined in) the Existing Credit Agreement (provided that such amendment shall also permit prepayments of the Principal Amount to the extent funded solely from the Retained Equity Net Proceeds (as defined in the Existing Credit Agreement) so long as no Default (as defined in the Existing Credit Agreement) has occurred or is continuing or would result from any such prepayment); and

(5) A duly executed Subordination Agreement.

(iv) On the Funding Date, after giving pro forma effect to the making of the Term Loan hereunder and the corresponding paydowns of the Senior Indebtedness, no Default (as defined in the Existing Credit Agreement) shall have occurred or result from the making of the Term Loan.

(v) The financing contemplated with Gordon Brothers (as defined in the Forbearance Agreement) pursuant to the Gordon Brothers Term Sheet (as defined in the Forbearance Agreement) shall not have been consummated.

6. REPRESENTATIONS AND WARRANTIES. Each of the Maker and the other Loan Parties represents and warrants to Holder as of the date hereof that:

(a) Existence, Qualification and Power. Each Loan Party and each Subsidiary thereof: (i) is a corporation, limited liability company, partnership or limited partnership, duly incorporated, organized or formed, validly existing and, where applicable, in good standing under the Laws of the jurisdiction of its incorporation, organization or formation; (ii) has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals to (1) own or lease its assets and carry on its business as currently conducted or as proposed to be conducted and (2) execute, deliver and perform its obligations under the Note Documents to which it is a party; and (iii) is duly qualified and is licensed and, where applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (ii)(1) or (iii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Change.

(b) Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Note Document to which such Person is, or is to be, a party has been duly authorized by all necessary corporate or other organizational action and does not and will not: (i) contravene the terms of any of such Person’s

Organization Documents; (ii) conflict in any material respect with, or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under (1) any Material Indebtedness of such Person or any of its Subsidiaries, (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject, or (3) any governmental licenses, permits, authorizations, consents and approvals; except, in each case referred to in this clause (ii), to the extent that any such conflict, breach, termination, contravention or default could not reasonably be expected to have a Material Adverse Change; (iii) result in or require the creation of any Lien upon any asset of any Loan Party; or (iv) violate any Law.

- (c) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Note or any other Note Document, except for such as have been obtained or made and are in full force and effect.
- (d) Binding Effect. This Note has been, and each other Note Document, when delivered, will have been, duly executed and delivered by each Loan Party that is party thereto. This Note constitutes, and each other Note Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.
- (e) No Default. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Note or any other Note Document.
- (f) Taxes. The Loan Parties and their Subsidiaries have (i) filed (1) all United States and Canadian federal income Tax returns required to be filed, and (2) all other material United States and Canadian federal, state, provincial and other Tax returns and reports required to be filed, (ii) have paid all such federal, state, provincial and other material Taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings being diligently conducted, for which adequate reserves have been provided in accordance with GAAP, as to which Taxes no Lien has been filed and which contest effectively suspends the collection of the contested obligation and the enforcement of any Lien securing such obligation and (iii) not received any notice of any proposed Tax assessment against any Loan Party or any Subsidiary, except, in each case in this clause (f), as would not have a Material Adverse Change.

(g) Margin Regulations; Investment Company Act.

- (i) None of the proceeds of the Term Loan shall be used directly or indirectly for the purpose of purchasing or carrying any Margin Stock, for the purpose of extending credit to others for the purpose of purchasing or carrying any Margin Stock, or for any purpose that violates the provisions of Regulation T, U or X of the FRB.
- (ii) None of the Loan Parties, any Person controlling any Loan Party, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

(h) Compliance with Laws. Each of the Loan Parties and each Subsidiary is in compliance in all material respects with the requirements of all applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Change.

(i) OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws. No Loan Party nor any of its Subsidiaries is in violation of any Sanctions. No Loan Party nor any of its Subsidiaries nor, to the knowledge of such Loan Party, any director, officer, employee, agent or Affiliate of such Loan Party or such Subsidiary (i) is a Sanctioned Person or a Sanctioned Entity, (ii) has any assets located in Sanctioned Entities, or (iii) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Loan Parties and its Subsidiaries, and to the knowledge of each such Loan Party, each director, officer, employee, agent and Affiliate of each such Loan Party and each such Subsidiary, is in compliance with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. No proceeds of any loan made hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any applicable Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws by any Person (including any Loan Party or other individual or entity participating in any transaction).

7. AGREEMENT TO SUBORDINATE. The Holder acknowledges that the Loan Parties have outstanding senior indebtedness under the Existing Credit Agreement (collectively, “Senior Indebtedness”), that such Senior Indebtedness is or may be secured by Liens on substantially all of the assets of the Loan Parties, and that the Obligations hereunder are subordinated to the prior payment in full of the Senior Indebtedness pursuant to the terms of the Subordination Agreement.

8. AFFIRMATIVE COVENANTS.

Until payment in full of the Obligations, the Loan Parties shall, and shall (except in the case of the covenants set forth in Sections 8(a), 8(b), and 8(c)) cause each Subsidiary to:

- (a) Financial Statements. Deliver to the Holder, within fifteen (15) days after the date of delivery thereof under the Existing Credit Agreement, copies of all financial statements, reports, certificates and other information delivered by the Loan Parties under Section 6.01(a) or (b) of the Existing Credit Agreement.
- (b) Certificates; Other Information. Deliver to the Holder:
 - (i) promptly after the same are available, copies of each annual report, proxy or financial statement, or other document, report or communication sent to the stockholders of the Loan Parties, and copies of all annual, regular, periodic and special reports and registration statements which any Loan Party files with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 or with any national or foreign securities exchange, and in any case not otherwise required to be delivered to the Holder pursuant hereto;
 - (ii) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Loan Party or any Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement which indicate a breach or default of any such document, in each case not otherwise required to be furnished to the Holder hereunder; and
 - (iii) pursuant to Section 8(a) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Maker posts such documents, or provides a link thereto on the Maker's website on the Internet; or (ii) on which such documents are posted on the Maker's behalf on EDGAR or another Internet or intranet website, if any, to which the Holder has access (whether a commercial, third-party website or whether sponsored by the Holder); provided that: (i) the Maker shall deliver paper copies of such documents to the Holder that requests the Maker to deliver such paper copies until a written request to cease delivering paper copies is given by the Holder and (ii) the Maker shall notify the Holder (by telecopier or electronic mail) of the posting of any such documents and provide to the Holder by electronic mail electronic versions (i.e., soft copies) of such documents. The Holder shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in no event shall have any responsibility to monitor compliance by the Loan Parties with any such request for delivery.

- (c) Notice of Default. Promptly notify the Holder of the occurrence of any Default or Event of Default.
- (d) Preservation of Existence, Etc. Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization or formation, except in a transaction that is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement.
- (e) Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been set aside and maintained by the Loan Parties in accordance with GAAP; (ii) such contest effectively suspends enforcement of the contested Laws, and (iii) the failure to comply therewith could not reasonably be expected to have a Material Adverse Change.
- (f) Use of Proceeds. The proceeds of the Term Loan shall be used as follows: (a) \$50.0 million shall be used to repay the outstanding principal obligations under the Existing Credit Agreement) in respect of the term loans thereunder in full plus accrued and unpaid interest and any other amounts owing with respect thereto and (b) the balance of the Term Loan shall be used for working capital and general corporate purposes (including to repay the revolving loans under the Existing Credit Agreement)) of the Maker and its Subsidiaries not inconsistent with the terms hereof or in contravention of any law or the Note Documents.
- (g) Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Loan Parties or such Subsidiary, as the case may be.
- (h) OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws. Each Loan Party will, and will cause each of its Subsidiaries to comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries shall implement and maintain in effect policies and procedures designed to ensure compliance by the Loan Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties shall and shall cause their respective Subsidiaries to comply with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.

Notwithstanding anything to the contrary herein or otherwise, to the extent that any requirement of the Existing Credit Agreement as of the Closing Date that is either (a) incorporated as a requirement in this Note by cross-reference to the Existing Credit Agreement or (b) set forth in this Note in form that is identical in all material respects to a corresponding requirement set forth

in any of Section 6 (other than Section 6(b), Section 6(c) or Section 6(d)), Section 8 (excluding for the avoidance of doubt Section 8(f) or Section 9 (excluding for the avoidance of doubt Section 9(k)) of this Note (any such cross-referenced or corresponding provision, a “Corresponding Provision”) is amended, waived, supplemented or otherwise modified (in each case on a complete basis and without any temporal limitations on the effectiveness of such amendment, waiver, supplement or modification) in the Existing Credit Agreement after the Closing Date in accordance with the terms of the Existing Credit Agreement, then the corresponding requirement set forth in this Note shall automatically be deemed to be amended, waived, supplemented or modified to the same extent, effective upon the effectiveness of such amendment, waiver, supplement or other modification to the Existing Credit Agreement, without the need for any further action or consent by any party hereto or thereto. The Maker shall notify the Holder in advance of any such amendment, waiver, supplement or other modification to any Corresponding Provision in the Existing Credit Agreement, keep Holder reasonable informed on a current basis as to the status of any such amendments, waivers, supplements or other modifications (including by providing copies of drafts) and, upon execution, concurrently provide a copy thereof.

9. NEGATIVE COVENANTS.

Until payment in full of the Obligations, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

- (a) Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired or sign or file or suffer to exist under the UCC, the PPSA or any similar Law or statute of any jurisdiction a financing statement that names any Loan Party or any Subsidiary thereof as debtor; sign or suffer to exist any security agreement authorizing any Person thereunder to file such financing statement; sell any of its property or assets subject to an understanding or agreement (contingent or otherwise) to repurchase such property or assets with recourse to it or any of its Subsidiaries; or assign or otherwise transfer any accounts or other rights to receive income, other than, as to all of the above, (i) Permitted Encumbrances and (ii) any Lien that exists on the Closing Date or is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement.
- (b) Investments. Have outstanding, make, acquire or hold any Investment (or become contractually committed to do so), directly or indirectly, or incur any liabilities (including contingent obligations) for or in connection with any Investment, except (i) Permitted Investments and (ii) any Investment that exists on the Closing Date or is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement when made.
- (c) Indebtedness. Create, incur, assume, guarantee, suffer to exist or otherwise become or remain liable with respect to, any Indebtedness, except (i) Permitted Indebtedness and (ii) any Indebtedness that is outstanding on the Closing Date or is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement when created, incurred, assumed or guaranteed, as applicable.

- (d) Fundamental Changes. Except as permitted under, or as otherwise not prohibited by, the Existing Credit Agreement:
- (i) merge, amalgamate, dissolve, liquidate, wind up, consolidate with or into another Person, reorganize, enter into a proposal, plan of reorganization, arrangement, recapitalization or reclassify its Equity Interests (or agree to do any of the foregoing); or
 - (ii) suspend or go out of a substantial portion of its or their business or any material line of business;
- provided that, so long as no Default shall have occurred and be continuing prior to or immediately after giving effect thereto or would result therefrom, any Subsidiary may merge, consolidate or amalgamate with (i) a Loan Party if a Loan Party shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided further that when any wholly-owned Subsidiary is merging with another Subsidiary, a wholly-owned Subsidiary shall be the continuing or surviving Person.
- (e) Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except (i) Permitted Dispositions and (ii) any Disposition or agreement to make a Disposition that is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement when made or entered into, as applicable.
- (f) Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except any such Restricted Payment or obligation, as applicable, that is permitted under, or is otherwise not prohibited by, the Existing Credit Agreement when declared, made or incurred, as applicable:
- (g) [Reserved].
- (h) Change in Nature of Business. Engage in any line of business substantially different from the business (or any business substantially related or incidental thereto) conducted by the Loan Parties and their Subsidiaries on the Closing Date, except as permitted under, or as otherwise not prohibited by, the Existing Credit Agreement.
- (i) [Reserved].
- (j) [Reserved].
- (k) Use of Proceeds. Use the proceeds of the Term Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, for purposes other than those permitted under this Note.

- (l) Amendment of Organization Documents and other Documents. Amend, modify or waive any of a Loan Party's rights under its Organization Documents to the extent that such amendment, modification or waiver would result in a Default or Event of Default under any of the Note Documents or otherwise would be reasonably likely to have a Material Adverse Change.
- (m) Fiscal Year. Change the Fiscal Year of any Loan Party, or the accounting policies or reporting practices of the Loan Parties, except as required by GAAP, and except, in each case of the foregoing, as permitted under, or as otherwise not prohibited by, the Existing Credit Agreement.

Notwithstanding anything to the contrary herein or otherwise, to the extent that any Corresponding Provision in the Existing Credit Agreement is amended, waived, supplemented or otherwise modified (in each case on a complete basis and without any temporal limitations on the effectiveness of such amendment, waiver, supplement or modification) after the Closing Date in accordance with the terms of the Existing Credit Agreement, then the corresponding requirement set forth in this Note shall automatically be deemed to be amended, waived, supplemented or modified to the same extent, effective upon the effectiveness of such amendment, waiver, supplement or other modification to the Existing Credit Agreement, without the need for any further action or consent by any party hereto or thereto. The Maker shall notify the Holder in advance of any such amendment, waiver, supplement or other modification to any Corresponding Provision in the Existing Credit Agreement, keep Holder reasonable informed on a current basis as to the status of any such amendments, waivers, supplements or other modifications (including by providing copies of drafts) and, upon execution, concurrently provide a copy thereof.

10. EVENTS OF DEFAULT AND REMEDIES.

- (a) An "Event of Default" shall be deemed to have occurred under this Note if:
 - (i) Non-Payment. The Maker shall fail to (x) repay the outstanding Principal Amount of the Term Loan on the Maturity Date as required herein or (y) pay the amounts required under Section 2(c) within three business days of such amounts being due and payable; or
 - (ii) Specific Covenants. The Maker fails to perform or observe any term, covenant or agreement contained in any of Sections 8(c), 8(d) (solely with respect to Maker) or Section 9 of this Note, and such failure continues for fifteen (15) days; or
 - (iii) Other Defaults. The Maker fails to perform or observe any other covenant or agreement (not specified in subsection (i) or (ii) above) contained in any Note Document on its part to be performed or observed and such failure continues for thirty (30) days; or
 - (iv) Representations and Warranties in the Note Documents. Any representation, warranty, certification or statement of fact made or deemed

made by or on behalf of the Maker or any other Loan Party herein, in any other Note Document, or in any document delivered in connection herewith or therewith, shall be incorrect or misleading in any material respect when made or deemed made (or, with respect to any representation, warranty, certification, or statement of fact qualified by materiality, incorrect or misleading in any respect); or

- (v) Material Indebtedness. Any Material Indebtedness of a Loan Party becomes or is declared by the requisite creditors thereunder to be due and payable in full prior to its stated maturity by reason of an event of default (however defined or described) under the agreement or instrument governing such Material Indebtedness; or
- (vi) Insolvency Proceedings, Etc. Any Loan Party or any of its Subsidiaries institutes or consents to the institution of or declares its intention to institute any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, interim receiver, monitor, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or a proceeding shall be commenced or a petition filed, without the application or consent of such Person, seeking or requesting the appointment of any receiver, interim receiver, monitor, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed and the appointment continues undischarged, undismissed or unstayed for 45 calendar days (provided, however, that, during the pendency of such period, the Loan Parties shall be relieved of their obligation to extend credit hereunder), or an order or decree approving or ordering any of the foregoing shall be entered; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material portion of its property is instituted without the consent of such Person and continues undismissed or unstayed for 45 calendar days (provided, however, that, during the pendency of such period, the Loan Parties shall be relieved of their obligation to extend credit hereunder), or an order for relief is entered in any such proceeding; or
- (vii) Attachment. Any writ or warrant of attachment or execution or similar process is issued or levied against all or any material portion of the property of any such Person; or
- (viii) Invalidity of Note Documents. Any provision of any Note Document at any time after its execution and delivery and for any reason other than (solely with respect to Note Documents) as expressly permitted hereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any Subsidiary thereof contests in any manner the validity or enforceability of any provision of any Note Document or publicly claims that it is invalid or unenforceable; or any Loan Party denies that it has any or further liability or obligation under any provision

of any Note Document, or purports to revoke, terminate or rescind any provision of any Note Document; or

- (b) Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Holder may take any or all of the following actions, subject, in the case of each of clause (ii) and (iii), to the Subordination Agreement from and after its effectiveness:
- (i) declare the commitment of the Holder to make the Term Loan to be terminated, whereupon such commitments and obligation shall be terminated.
 - (ii) declare the unpaid principal amount of all outstanding Loans and all other amounts owing or payable hereunder or under any other Note Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties; and
 - (iii) whether or not the maturity of the Obligations shall have been accelerated pursuant hereto, may proceed to protect, enforce and exercise all rights and remedies of the Loan Parties under this Note, any of the other Note Documents or applicable Law, including, but not limited to, by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Note and the other Note Documents or any instrument pursuant to which the Obligations are evidenced, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Loan Parties;
 - (iv) No remedy herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of Law.
- ; provided, that in the case of an Event of Default under Section 10(a)(vi), the commitment of the Holder to make the Term Loan shall automatically terminate and all unpaid principal amount of all outstanding Term Loan and all other amounts owing or payable hereunder or under any other Note Document automatically shall be immediately due and payable.
- (c) Application of Funds. After the exercise of remedies provided for in Section 10(b) any amounts received on account of the Term Loan shall be applied pursuant to Section 2(b).

11. CERTAIN DEFINITIONS. Capitalized terms not otherwise defined in this Note have the following respective meanings:

“Affiliate” means, as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (and the correlative terms, “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies, whether through ownership of securities or other interests, by contract or otherwise.

“Anti-Corruption Laws” means any Laws applicable to Maker and its Subsidiaries relating to anti-bribery or anti-corruption, including Laws that prohibit the corrupt payment, offer, promise, or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any foreign government official, or foreign government employee to obtain an improper or undue business advantage, including the Foreign Corrupt Practices Act of 1977, as amended.

“Anti-Money Laundering Laws” means the applicable laws or regulations in any jurisdiction in which any Loan Party or any of its Subsidiaries or Affiliates is located or is doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“Anti-Terrorism Laws” means any Laws applicable to Maker and its Subsidiaries relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“Bankruptcy Code” means the United States Bankruptcy Code of 1978, as amended from time to time, or any successor federal statute.

“Borrowing Notice” means a notice from Maker to Holder requesting a borrowing of the Term Loan, substantially in the form of Exhibit A hereto.

“Business Day” means a day (other than a Saturday or Sunday) on which banks generally are open in New York, New York for the conduct of substantially all of their activities.

“Code” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as amended and in effect.

“Closing Date” means April [16], 2024.

“Corresponding Provision” shall have the meaning set forth in the final paragraph of Section 8 of this Note.

“Debtor Relief Laws” shall have the meaning set forth in the Existing Credit Agreement.

“Default” means any of the events specified in Section 10 which with the passage of time, the giving of notice or any other condition, would constitute an Event of Default.

“Disposition” or “Dispose” shall have the meaning set forth in the Existing Credit Agreement.

“Equity Interests” shall have the meaning set forth in the Existing Credit Agreement.

“Existing Credit Agreement” shall mean that certain Amended and Restated Credit Agreement, dated as of May 9, 2019, among, *inter alia*, the Maker, as borrower, the other borrowers party thereto, the guarantors party thereto, the lenders party thereto (the “Senior Creditors”) and Wells Fargo Bank, National Association as administrative agent and collateral agent, as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, including any agreement, indenture, instrument or other document that governs or evidences Indebtedness that constitutes a refinancing, replacement or substitution of, in whole or in part, the obligations under or related to the Existing Credit Agreement and is designated in writing by the Maker to be the “Existing Credit Agreement” hereunder.

“Forbearance Agreement” means that certain Forbearance Agreement, dated as of February 29, 2024, by and among, *inter alia*, the Loan Parties, the Lenders (as defined therein) party thereto and Wells Fargo Bank, National Association, as administrative agent and collateral agent and Wells Fargo Bank, National Association, as term agent.

“GAAP” shall mean generally accepted accounting principles in the United States, as in effect in the Closing Date.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guarantor” means each Subsidiary of the Maker that is a signatory hereto.

“Indebtedness” shall have the meaning set forth in the Existing Credit Agreement.

“Investment” shall have the meaning set forth in the Existing Credit Agreement.

“Law” means any foreign, federal, state or local law (including common law), statute, ordinance, code, regulation, rule, requirement, order, determination judgment, rule, constitution or treaty of, or other similar requirement enacted, adopted, promulgated or applied by, any Governmental Authority.

“Lien” means any mortgage, deed of trust, deed to secure debt, or pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement), or any other

arrangement and/or agreement of any kind pursuant to which title to the property is retained by or vested in some other Person for security purposes.

“Loan Parties” means, collectively, the Maker and the Guarantors.

“Margin Stock” is as defined in Regulation U of the FRB as in effect from time to time.

“Material Adverse Change” means any development, event, condition, obligation, liability or circumstance or set of events, conditions, obligations, liabilities or circumstances or any change(s) which: (i) has, had or reasonably would be expected to have, a Material Adverse Change upon or change in the legality, validity or enforceability of any Note Document; (ii) has been or reasonably would be expected to be material and adverse to the value to the business, operations, properties, assets, liabilities or condition (financial or otherwise) of Maker or its Subsidiaries, taken as a whole; or (iii) has materially impaired or reasonably would be expected to materially impair, the ability of Maker to perform any of the Obligations or its obligations, or to consummate the transactions, under the Note Documents.

“Material Indebtedness” means (i) any outstanding Indebtedness of the Loan Parties under the Existing Credit Agreement and (ii) any outstanding Indebtedness of the Loan Parties that is secured by a Lien on substantially all assets of the Loan Parties or to which this Note is expressly subordinated in writing.

“Maturity Date” means the earlier of (a) April [16], 2027 and (b) the date upon which the Obligations become due and payable pursuant to the terms of Section 10 hereof.

“Note Documents” means this Note and any and all other documents delivered to Holder in connection therewith.

“Obligations” means (i) the obligations of Maker with respect to the due and prompt payment of the Principal Amount, when and as due, whether at maturity, by acceleration, or otherwise, and (ii) the obligations of Maker with respect to the due and prompt payment of all other monetary obligations (including interest owed under Section 2(c) (including interest accruing after the filing of any bankruptcy or similar petition of any Loan Party regardless of whether such interest and fees are allowed claims in such proceeding)), expenses, fees, costs, attorneys’ fees and disbursements (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceedings) payable pursuant to this Note. For the avoidance of doubt, the Obligations shall not include any amounts under, or in connection with, the “First Subordinated Loan Agreement” (as such term is defined in the Subordination Agreement).

“Organization Documents” means (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating

agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Permitted Disposition” shall have the meaning set forth in the Existing Credit Agreement.

“Permitted Encumbrance” shall have the meaning set forth in the Existing Credit Agreement.

“Permitted Indebtedness” shall have the meaning set forth in the Existing Credit Agreement and shall also include any future indebtedness of the Maker or its Subsidiaries secured on a first lien basis by any intellectual property of the Maker and its Subsidiaries subject to “Required Lender” approval under the Existing Credit Agreement.

“Permitted Investment” shall have the meaning set forth in the Existing Credit Agreement.

“Person” means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Regulation T” means Regulation T of the Board of Governors of the Federal Reserve System of the United States of America, as the same may be amended and in effect from time to time.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System of the United States of America, as the same may be amended and in effect from time to time.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System of the United States of America, as the same may be amended and in effect from time to time.

“Restricted Payment” means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of the Equity Interests of Maker or its Subsidiaries now or hereafter outstanding; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interest of Maker or its Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interest of Maker or its Subsidiaries now or hereafter outstanding; and (iv) any management or similar fees payable to any Person by Maker or its Subsidiaries, including any Affiliate of Maker.

“Sanctioned Entity” means (a) a country or territory or a government of a country or territory, (b) an agency of the government of a country or territory, (c) an organization directly or indirectly controlled by a country or territory or its government, or (d) a Person resident in or determined to be resident in a country or territory, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any country or territory sanctions program administered and enforced by OFAC or the Government of Canada.

“Sanctioned Person” means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

“Sanctions” means individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order, (b) the Government of Canada, (c) the United Nations Security Council, (d) the European Union or any European Union member state, (e) His Majesty’s Treasury of the United Kingdom, or (f) any other Governmental Authority with jurisdiction over any Loan Party or any of their respective Subsidiaries or Affiliates.

“Senior Creditors” shall have the meaning set forth in the definition of Existing Credit Agreement.

“SOFR” means a rate equal to the secured overnight financing rate as published by the SOFR Administrator on the website of the SOFR Administrator, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time).

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Subordination Agreement” means that certain amended and restated subordination agreement, dated on or about the date hereof, by and among, *inter alia*, the Holder, the Senior Creditors and the Loan Parties, substantially in the form of Exhibit B hereto.

“Subsidiary” means, as of a Person, a corporation, partnership, joint venture, limited liability company, unlimited liability company or other business entity of which a majority of the shares or Equity Interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein

to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of a Loan Party.

“Term SOFR” means a rate per annum equal to Term SOFR Reference Rate for a one-month interest period.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Holder in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR published by the Term SOFR Administrator and displayed on CME’s Market Data Platform (or other commercially available source providing such quotations as may be selected by the Holder from time to time).

“UCC” means the Uniform Commercial Code as in effect in the State of New York; provided, that if perfection or the effect of perfection or non-perfection or the priority of any security interest in any collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” shall mean the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

12. INTERPRETATION. With reference to this Note and each other Note Document, unless otherwise specified herein or in such other Note Document: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (d) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (e) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (f) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Note in its entirety and not to any particular provision hereof, (g) all references herein to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, this Note, (h) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (i) for purposes of interpreting the representations and warranties set forth in Section 6, the covenant set forth in Section 8(e), and the Events of Default set forth in Section 10(a)(iii) and Section 10(a)(iv), any inaccuracy of a representation or warranty or violation of such covenant or occurrence of such an Event of Default (as a result of the inaccuracy in such representation or warranty or violation of such covenant) shall be disregarded and deemed not to have occurred to the extent such inaccuracy or violation directly results from actions taken by the Holder or its Affiliates prior to the date hereof without the consent of the Maker or its board of directors, (j) the term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in

physical or electronic form and (k) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including”.

13. CANCELLATION. After all Obligations have been paid in full in cash, this Note will be surrendered to Maker for cancellation and will not be reissued.

14. MISCELLANEOUS.

(a) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given, made or sent by delivery in person, by an internationally recognized overnight courier service, by facsimile, by registered or certified mail (postage prepaid, return receipt requested), or by electronic mail (at such e-mail addresses as a party may designate in accordance herewith) to the respective parties hereto at such party’s address set forth beneath its signature on the signature page to this Note, or at such other address as such party may hereafter specify in a notice given in the manner required under this Section 14(a).

All notices hereunder shall be deemed to have been duly given: when received, if personally delivered or transmitted by facsimile or electronic mail; the day after it is sent; if sent for next day delivery to a domestic address by an internationally recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested.

(b) Assignment by Holder. The provisions of this Note and the other Note Documents shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns to the extent permitted hereby. Holder may at any time assign to one or more assignees (other than natural persons) all or a portion of its rights and obligations of this Note with the prior written consent of Maker (not to be unreasonably delayed, withheld or conditioned); provided that no such consent shall be required (x) if such assignment is to an Affiliate of Holder or (y) an Event of Default exists and is continuing; provided, further, that Maker’s consent shall be deemed given after ten (10) days have passed after notice of such proposed assignment has been provided by Holder. Any assignee hereunder shall be a party to this Note and have the rights and obligations of Holder hereunder, and upon assignment of all its rights and obligations Holder shall be released from its obligations under this Note and shall cease to be a party hereto upon such assignment. Maker agrees that Holder may provide any information that Holder may have about Maker or about any matter relating to this Note to any of its Affiliates or their successors, or to any one or more purchasers or potential purchasers of any of its rights under this Note.

(c) Assignment by Maker. Maker shall not assign or transfer any of its rights or obligations under this Note or any of the other Note Documents without the prior written consent of Holder.

- (d) Replacement. Upon receipt of evidence reasonably satisfactory to Maker of the loss, theft, destruction or mutilation of this Note and, in the case of any such loss, theft or destruction of this Note, upon delivery of an unsecured indemnity agreement in such reasonable amount as Maker may determine or, in the case of any such mutilation, upon the surrender of this Note to Maker for cancellation, Maker at its expense will execute and deliver, in lieu thereof, a new Note of the same class and of like tenor, dated so that there will be no loss of interest on such lost, stolen, destroyed or mutilated Note.
- (e) Severability. Whenever possible, each provision of this Note will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note is held to be prohibited by or invalid under applicable law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Note.
- (f) Descriptive Headings; Interpretation. The descriptive headings of this Note are inserted for convenience only and do not constitute a substantive part of this Note. The use of the word “including” in this Note is by way of example rather than by limitation.
- (g) Currency. Unless otherwise specified in this Note, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars.
- (h) GOVERNING LAW. THIS NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY (EXCLUDING FOR THE AVOIDANCE OF DOUBT THE GOVERNANCE LETTER) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. THIS NOTE SHALL BE DEEMED TO HAVE BEEN EXECUTED AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK.
- (i) SUBMISSION TO JURISDICTION. MAKER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST HOLDER, ITS SUCCESSORS AND ASSIGNS AND EACH OF THEIR RESPECTIVE AFFILIATES IN ANY WAY RELATING TO THIS NOTE OR THE TRANSACTIONS RELATING HERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY (BOROUGH OF MANHATTAN), AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, AND IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH

COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS NOTE SHALL AFFECT ANY RIGHT THAT HOLDER HAS TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE AGAINST MAKER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

- (j) VENUE. EACH PERSON PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE IN ANY COURT REFERRED TO IN SUBSECTION (i) OF THIS SECTION 14. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.
- (k) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14(a). NOTHING IN THIS NOTE WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.
- (l) Specific Waivers. Maker hereby waives presentment, demand for performance, notice of non- performance, protest, notice of protest and notice of dishonor. No delay on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or any other right.
- (m) All Powers Coupled with Interest. All powers of attorney and other authorizations granted to Holder and any Persons designated by Holder pursuant to any provisions of this Note shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied.
- (n) Amendments.
 - (i) Any term, covenant, agreement or condition of this Note may be amended and any departure therefrom may be consented to if, but only if, such amendment, waiver or consent is in writing signed by Holder and, in the case of an amendment, by Maker. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective

only in the specific instance and for the specific purpose for which given. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

- (ii) Notwithstanding anything to the contrary herein or otherwise, to the extent that any Corresponding Provision in the Existing Credit Agreement is amended, waived, supplemented or otherwise modified (in each case on a complete basis and without any temporal limitations on the effectiveness of such amendment, waiver, supplement or modification) after the Closing Date in accordance with the terms of the Existing Credit Agreement, then the corresponding requirement set forth in this Note shall automatically be deemed to be amended, waived, supplemented or modified to the same extent, effective upon the effectiveness of such amendment, waiver, supplement or other modification to the Existing Credit Agreement, without the need for any further action or consent by any party hereto or thereto. The Maker shall notify the Holder in advance of any such amendment, waiver, supplement or other modification to any Corresponding Provision in the Existing Credit Agreement, keep Holder reasonable informed on a current basis as to the status of any such amendments, waivers, supplements or other modifications (including by providing copies of drafts) and, upon execution, concurrently provide a copy thereof.
- (iii) Notwithstanding anything to the contrary herein or otherwise, in the event the Holder assigns all or a portion of its rights and obligations of this Note to any third-party assignee, the Maker agrees to negotiate in good faith to amend this Note to add customary “required lender” consent rights and voting provisions, on terms to be agreed.
- (iv) Notwithstanding anything to the contrary herein or otherwise, the Maker and the Holder shall enter into any amendment necessary, following the Closing Date, to ensure Sharia compliance so long as such amendment does not increase the overall economics owed to the Holder and is otherwise on customary terms required to ensure Sharia compliance.
- (o) Conflicts. In the event of any conflict between the terms of this Note and the terms of the Subordination Agreement (from and after its effectiveness), the terms of the Subordination Agreement shall control.

15. GUARANTEE.

- (a) Guarantee.
 - (i) Each Guarantor hereby, unconditionally and irrevocably, guarantees to the Holder the prompt and complete payment and performance by the Loan Parties when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

- (ii) All obligations of each Guarantor under this Section 15 (this “Guarantee”) shall remain in full force and effect until the Obligations are paid in full in cash, notwithstanding that from time to time prior thereto the Maker may be free from any Obligations.
 - (iii) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Holder hereunder.
 - (iv) No payment or payments made by the Maker, any Guarantor, any other guarantor or any other Person or received or collected by the Holder from the Maker, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment or payments other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations, remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations (but excluding reimbursement and indemnity obligations which survive but are not due and payable) are paid in full.
 - (v) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Holder on account of its liability hereunder, it will notify the Holder in writing that such payment is made under this Guarantee for such purpose, provided that such Guarantor’s failure to give such notice shall not affect the validity or effectiveness of such payment.
- (b) Right of Contribution. Each Guarantor hereby agrees that, to the extent a Guarantor shall have paid more than its proportionate share of any payment made hereunder or in respect of the Obligations, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. The provisions of this Section 15(b) shall be subject to the terms and conditions of Section 15(d). The provisions of this Section 15(b) shall in no respect limit the obligations and liabilities of any Guarantor to the Holder, and each Guarantor shall remain liable to the Holder for the full amount guaranteed by it hereunder.
- (c) Right of Setoff. Upon the occurrence of any Event of Default, each Guarantor hereby irrevocably authorizes the Holder at any time and from time to time without notice to such Guarantor, any such notice being expressly waived by such Guarantor, to set off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or

indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Holder to or for the credit or the account of such Guarantor, or any part thereof in such amounts as the Holder may elect, against and on account of the obligations and liabilities of such Guarantor to the Holder hereunder and claims of every nature and description of the Holder against such Guarantor, in any currency, whether arising hereunder, any other Note Documents or otherwise, as the Holder may elect, whether or not the Holder has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Holder shall notify such Guarantor promptly of any such set off and the application made by the Holder, provided that the failure to give such notice shall not affect the validity of such set off and application. The rights of the Holder under this Section are in addition to other rights and remedies (including, without limitation, other rights of set off) which the Holder may have.

- (d) No Subrogation. Notwithstanding any payment or payments made by any Guarantor hereunder or any set off or application of funds of any Guarantor by the Holder, no Guarantor shall be entitled to be subrogated to any of the rights of the Holder against the Maker or any other guarantor or any collateral security or guarantee or right of offset held by the Holder for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Maker or any other guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Holder by the Maker on account of the Obligations (but excluding reimbursement and indemnity obligations which survive but are not due and payable) are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations (but excluding reimbursement and indemnity obligations which survive but are not due and payable) shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Holder, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Holder in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Holder, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Holder may determine.
- (e) Amendments, etc. with respect to the Obligations; Waiver of Rights.
- (i) Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against such Guarantor and without notice to or further assent by such Guarantor, any demand for payment of any of the Obligations made by the Holder may be rescinded by such party and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Holder, and this Note and the other Note Documents and any other documents

executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Holder may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Holder for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Holder shall not have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Guarantee or any property subject thereto. When making any demand hereunder against any Guarantor, the Holder may, but shall be under no obligation to, make a similar demand on the Maker or any other guarantor, and any failure by the Holder to make any such demand or to collect any payments from the Maker or any such other guarantor or any release of the Maker or such other guarantor shall not relieve any Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Holder against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

(ii) Notwithstanding anything to the contrary herein or otherwise, to the extent that any Corresponding Provision in the Existing Credit Agreement is amended, waived, supplemented or otherwise modified (in each case on a complete basis and without any temporal limitations on the effectiveness of such amendment, waiver, supplement or modification) after the Closing Date in accordance with the terms of the Existing Credit Agreement, then the corresponding requirement set forth in this Note shall automatically be deemed to be amended, waived, supplemented or modified to the same extent, effective upon the effectiveness of such amendment, waiver, supplement or other modification to the Existing Credit Agreement, without the need for any further action or consent by any party hereto or thereto. The Maker shall notify the Holder in advance of any such amendment, waiver, supplement or other modification to any Corresponding Provision in the Existing Credit Agreement, keep Holder reasonable informed on a current basis as to the status of any such amendments, waivers, supplements or other modifications (including by providing copies of drafts) and, upon execution, concurrently provide a copy thereof.

(f) Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Holder upon this Guarantee or acceptance of this Guarantee, the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guarantee; and all dealings between the Maker and the Guarantors, on the one hand, and the Holder, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this

Guarantee. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Maker or any Guarantor with respect to the Obligations. Each Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment, and not merely of collection, without regard to (a) the validity, regularity or enforceability of the Note or any other Note Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Holder, (b) any defense, set off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Maker against the Holder, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Maker or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Maker for the Obligations, or of any Guarantor under this Guarantee, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, the Holder and the Holder may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Maker or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Holder to pursue such other rights or remedies or to collect any payments from the Maker or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Maker or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Holder against such Guarantor. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the successors and assigns thereof, and shall inure to be benefit of the Holder, and their respective successors, permitted indorsees, permitted transferees and permitted assigns, until all the Obligations (but excluding reimbursement and indemnity obligations which survive but are not due and payable) and the obligations of each Guarantor under this Guarantee shall have been satisfied by payment in full, notwithstanding that from time to time during the term of this Note the Maker may be free from any Obligations.

- (g) Reinstatement. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Holder upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Maker or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Maker or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.
- (h) Not Affected by Bankruptcy. Notwithstanding any modification, discharge or extension of the Obligations or any amendment, modification, stay or cure of the

Holder's rights which may occur in any bankruptcy or reorganization case or proceeding against the Maker, whether permanent or temporary, and whether or not assented to by the Holder, each Guarantor hereby agrees that such Guarantor shall be obligated hereunder to pay and perform the Obligations and discharge their other obligations in accordance with the terms of the Obligations and the terms of this Guarantee. Each Guarantor understands and acknowledges that, by virtue of this Guarantee, it has specifically assumed any and all risks of a bankruptcy or reorganization case or proceeding with respect to the Maker. Without in any way limiting the generality of the foregoing, any subsequent modification of the Obligations in any reorganization case concerning the Maker shall not affect the obligation of each Guarantor to pay and perform the Obligations in accordance with the original terms thereof.

- (i) Covenants. Each Guarantor hereby covenants and agrees with the Holder that, from and after the date of this Guarantee until the Obligations (but excluding reimbursement and indemnity obligations which survive but are not due and payable) are paid in full in cash, such Guarantor shall comply with each of the covenants set forth in the Note to the extent such covenants apply to such Guarantor, in each case subject to the provisions of Section 15(e)(ii) above.

[Signature page follows]

IN WITNESS WHEREOF, the Maker and the Loan Parties have caused this Note to be duly executed as of the date first above written.

THE CHILDREN'S PLACE, INC., as
Maker

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

THE CHILDREN'S PLACE SERVICES COMPANY, LLC, as a
Guarantor

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

TCP BRANDS, LLC, as a Guarantor

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

THE CHILDREN'S PLACE INTERNATIONAL, LLC, as a
Guarantor

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

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

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

THECHILDRENSPLACE.COM, INC., as a
Guarantor

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

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

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

TCP IH II, LLC, as a Guarantor

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

TCP REAL ESTATE HOLDINGS, LLC, as Guarantor

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

TCP INTERNATIONAL PRODUCT HOLDINGS, LLC, as a
Guarantor

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

TCP INVESTMENT CANADA II CORP.,
as a Guarantor

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

TCP INVESTMENT CANADA I CORP.,
as a Guarantor

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

ACKNOWLEDGED AND AGREED:

MITHAQ CAPITAL SPC, as Holder

By: /s/ Turki Saleh A. AlRajhi

Name: Turki Saleh A. AlRajhi

Title: Director

MITHAQ CAPITAL SPC
Synergy, Suite 22, 3269 Anas Ibn Malik Rd,
Al Malqa, Riyadh 13521

as of May 2, 2024

CONFIDENTIAL

The Children's Place, Inc., a Delaware corporation
500 Plaza Drive
Secaucus, New Jersey 07094
Attention: Jared Shure

Commitment Letter
\$40 Million Senior Unsecured Credit Facility (Third)

Ladies and Gentlemen:

You have advised Mithaq Capital SPC (individually or together with one or more of its affiliates, "Mithaq Capital", "us" or "we") that The Children's Place, Inc., a Delaware corporation (the "Borrower" or "you"), and its subsidiaries (collectively, the "Borrower Parties"), seeks additional unsecured financing to, among other things, provide for working capital and other general corporate requirements of the Borrower Parties (collectively, the "Transactions"). This letter (this "Commitment Letter"; and together with the Mithaq Third Promissory Note (as defined below) and all other documents and agreements executed and delivered in connection therewith, collectively, the "Mithaq Third Credit Documents") describes the senior unsecured credit facility (the "Mithaq Third Credit Facility") of up to \$40 million (the "Maximum Amount") to be provided to the Borrower Parties upon and subject to the terms and conditions set forth herein and in the other Mithaq Third Credit Documents.

1. Mithaq Third Credit Facility.

(a) Commitment. Based upon and subject to the foregoing and the terms and conditions set forth in this Commitment Letter, Mithaq Capital is hereby pleased to confirm its commitment to provide 100% of the Mithaq Third Credit Facility (the "Commitment").

(b) Manner of Borrowing. During the period commencing on the date hereof through July 1, 2025, the Borrower Parties may request, and Mithaq Capital hereby agrees to make, one or more advances in an aggregate amount not to exceed the Maximum Amount, subject to the following:

(i) Mithaq Capital shall have received, with respect to each advance, a completed borrowing notice, in form and substance substantially consistent with the borrowing notice received by Mithaq Capital pursuant to that certain Unsecured Promissory Note, dated April 16, 2024, in the original principal amount of \$90,000,000 (the "Mithaq Second Credit Facility Promissory Note"; a copy of which is attached hereto as Exhibit A), duly executed by an appropriate officer of the Borrower, at least five business days prior to any requested advance date (or such shorter period of time as may be agreed upon by Mithaq Capital and you), specifying the amount of the requested advance and the requested advance date;

(ii) Mithaq Capital shall have received a duly executed promissory note (the "Mithaq Third Credit Facility Promissory Note"), in form and substance substantially consistent with the

Mithaq Second Credit Facility Promissory Note, which Mithaq Third Credit Facility Promissory Note shall include, among other things, an interest rate of SOFR plus 5.00% per annum, no scheduled principal payments, an outside maturity date no earlier than July 1, 2025, customary borrowing procedures/funding terms with respect to each advance, receipt of customary documents, certificates and agreements to account for the current status of the Borrower Parties (including those consistent with those contained in the Mithaq Second Credit Facility Promissory Note), and an agreement among the parties to work in good faith to ensure that the Mithaq Third Credit Facility Promissory Note is Sharia compliant; and

(iii) Mithaq Capital shall have received, with the first advance, resolutions adopted by the board of directors, managers, members, or other appropriate governing bodies of the Borrower Parties approving and authorizing the execution and delivery of the Mithaq Third Credit Documents.

2. Other Services.

(a) Nothing contained herein shall limit or preclude Mithaq Capital or any of its affiliates (collectively, the “Mithaq Capital Parties”) from carrying on any business with, providing banking or other financial services to, or from participating in any capacity, including as an equity investor, in any other company or person whatsoever, including, without limitation, any competitor, supplier or customer of any of the Borrower Parties or any other company or person that may have interests different than or adverse to the Borrower Parties.

(b) You acknowledge that one or more of the Mithaq Capital Parties may be providing debt financing, equity capital or other services (including financial advisory services) to other companies or persons with which you or your affiliates may have interests that conflict regarding the Transactions or otherwise, that the Mithaq Capital Parties may act, without violating their contractual obligations to you, as they deem appropriate with respect to such other companies or persons, and that the Mithaq Capital Parties have no obligation in connection with the Transactions to use, or to furnish to the Borrower Parties, confidential information obtained from such other companies or persons. You further acknowledge and agree that in connection with all aspects of the Transactions and this Commitment Letter, (i) the Borrower Parties, on the one hand, and the Mithaq Capital Parties, on the other hand, have an arm’s length business relationship, (ii) that no Mithaq Capital Party has any fiduciary obligation to any of the Borrower Parties solely on account of the Mithaq Third Credit Documents, (iii) that no Mithaq Capital Party has been or will be acting as an agent or fiduciary of, or for or on behalf of, any of the Borrower Parties or your or their respective equityholders solely on account of the Mithaq Third Credit Documents, (iv) nothing in the Mithaq Third Credit Documents, any other related document, or in our communications or activities pursuant hereto or thereto, will be deemed to create any advisory, fiduciary or agency relationship or any fiduciary or other implied duty between any Mithaq Capital Party, on the one hand, and any of the Borrower Parties or your or their respective equityholders, on the other hand, and (v) you are responsible for making your own independent judgment with respect to the Transactions and have consulted your own legal and financial advisors to the extent you have deemed appropriate. Without limiting the foregoing, you acknowledge and agree that no Mithaq Capital Party has provided any tax, accounting, regulatory or legal advice and that you have obtained such independent advice from your own advisors to the extent you have deemed appropriate.

3. Confidentiality.

(a) Except as required by law or legal process, neither you nor any other Borrower Party is authorized to show or circulate any Mithaq Third Credit Document, or disclose the contents

hereof or thereof, to any other person or entity (other than to your affiliates, directors, officers, legal counsel and financial advisors), whether in connection with the Mithaq Third Credit Facility or otherwise; provided, that you may share the Mithaq Third Credit Documents with the Senior Creditors (as defined in the Mithaq Second Credit Facility Promissory Note) and their respective officers, directors, employees and professional advisors, in each case on a confidential basis.

(b) You acknowledge and agree that the Mithaq Capital Parties may disclose any information relating to the Mithaq Third Credit Facility, the other Transactions and the Borrower Parties to their respective affiliates, agents, advisors (legal or otherwise) or representatives.

(c) Mithaq Capital hereby notifies you that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107 56 (signed into law on October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower Parties, which information includes the name, address, tax identification number and other information regarding each Borrower Party that will allow Mithaq Capital to identify the Borrower Parties in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to Mithaq Capital.

4. Miscellaneous.

(a) Each party agrees that it shall be responsible for its own costs and expenses (including the fees and costs of counsel) in respect of this Commitment Letter and the other Mithaq Third Credit Documents.

(b) This Commitment Letter and the other Mithaq Third Credit Documents shall be governed by, and construed in accordance with, the laws of the State of New York.

(c) Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Commitment Letter, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to the Commitment Letter in any court referred to in this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE COMMITMENT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE,

AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THE COMMITMENT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(e) This Commitment Letter may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. In proving this Commitment Letter, it shall not be necessary to produce or account for more than one such counterpart signed by the party against which enforcement is sought. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed counterpart of this Commitment Letter by telecopier, facsimile or other electronic means (including, via electronic mail in .pdf format) shall be as effective as delivery of a manually executed counterpart thereof.

(f) No provision of this Commitment Letter may be waived, amended, supplemented or otherwise modified, or any departure therefrom consented to, except pursuant to an agreement or agreements in writing entered into by, between or among each of the parties hereto.

(g) This Commitment Letter and the obligations hereunder may not be assigned by any party hereto without the prior written consent of each other party hereto (and any purported assignment without such consent will be null and void), is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto.

(h) Even if accepted in accordance with the provisions hereof, the Commitment and obligations of Mithaq Capital hereunder shall expire and terminate automatically, without further act or condition at 5:00 p.m. (Eastern Time) on July 1, 2025 if no advances have been made in respect of the Commitment hereunder.

[Signature pages follow]

We are pleased to have been given the opportunity to assist you in connection with this important financing. If you are in agreement with the foregoing, please sign this Commitment Letter and return it to Mithaq Capital.

Sincerely,

MITHAQ CAPITAL SPC

By: _____

Name:

Title:

[Signature Page to Commitment Letter (Mithaq Third Credit Facility)]

Agreed to and accepted as of
the date first above written:

THE CHILDREN'S PLACE, INC., for

itself and on behalf of the Borrower Parties

By: _____

Name:

Title:

[Signature Page to Commitment Letter (Mithaq Third Credit Facility)]

Exhibit A

[see attached]

Exhibit B

[see attached]

**THE CHILDREN'S PLACE, INC.
SUBSIDIARIES OF THE COMPANY**

The Children's Place, Inc. has the following direct and indirect wholly-owned subsidiaries:

- TCP Canada, Inc., a Nova Scotia limited liability company
- TCP Ethiopia Holding Company, LLC, a Delaware limited liability company
- TCP IH II LLC, a Delaware limited liability company
- TCP International Product Holdings, LLC, a Delaware limited liability company
- TCP Investment Canada I Corp., a Nova Scotia unlimited liability company
- TCP Investment Canada II Corp., a Nova Scotia unlimited liability company
- TCP Real Estate Holdings, LLC, a Delaware limited liability company
- TCP Worldwide Holdings Limited, a Hong Kong corporation
- The Children's Place (Barbados) Inc., a Barbados corporation
- The Children's Place (Canada), LP, an Ontario limited partnership
- The Children's Place (Hong Kong) Limited, a Hong Kong corporation
- The Children's Place Bangladesh Limited, a private company incorporated under the laws of Bangladesh
- The Children's Place Canada Holdings, Inc., a Delaware corporation
- The Children's Place India Private Limited, a private company incorporated under the laws of India
- The Children's Place Industrial Technical Services Private Limited, a private company incorporated under the laws of Ethiopia
- The Children's Place International, LLC, a Virginia limited liability company
- The Children's Place Mauritius Holdings Limited, a company incorporated under the laws of the Republic of Mauritius
- The Children's Place Services Company, LLC, a Delaware limited liability company
- The Children's Place Asia Holdings Limited, a Hong Kong corporation
- The Children's Place Trading (Shanghai) Co., Ltd., a wholly foreign owned Shanghai trading company incorporated under the laws of the People's Republic of China
- The Children's Place Apparel Trading (Shanghai) Limited Company, a wholly foreign owned Shanghai trading company incorporated under the laws of the People's Republic of China
- thechildrensplace.com, inc. a Delaware corporation
- TCP Brands, LLC, a Delaware limited liability company
- GYM-IPCO, LLC, a Delaware limited liability company

Consent of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of The Children's Place, Inc.
Secaucus, New Jersey:

We consent to the incorporation by reference in the following Registration Statements:

- a. Registration Statement (Form S-3, No. 333-88378) pertaining to the registration of 2,000,000 Common Shares,
- b. Registration Statement (Form S-8, No. 333-176569) pertaining to The Children's Place Retail Stores, Inc. 2011 Equity Incentive Plan,
- c. Registration Statement (Form S-8, No. 333-212158) pertaining to The Children's Place, Inc. Third Amended and Restated 2011 Equity Incentive Plan,
and
- d. Registration Statement (Form S-8, No. 333-238284) pertaining to The Children's Place, Inc. Fourth Amended and Restated 2011 Equity Incentive Plan;

of our reports dated May 3, 2024, with respect to the consolidated financial statements of The Children's Place, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of The Children's Place, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended February 3, 2024.

/S/ Ernst & Young LLP

Iselin, New Jersey
May 3, 2024

**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 annual report on Form 10-K 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 officers 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 officers 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: May 3, 2024

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

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

I, Sheamus Toal, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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: May 3, 2024

By: /S/ SHEAMUS TOAL

SHEAMUS TOAL
*Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)*

**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 Annual Report of the Company on Form 10-K for the year ended February 3, 2024 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 annual 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 3rd day of May, 2024.

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 Annual Report of the Company on Form 10-K for the year ended February 3, 2024 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 annual 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 3rd day of May, 2024.

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

This certification accompanies the Annual Report on Form 10-K of The Children's Place, Inc. for the year ended February 3, 2024 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.