

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

(Mark One)

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

For the quarterly period ended November 2, 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

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, par value \$0.10 per share, outstanding at December 2, 2024: 12,776,369.

THE CHILDREN’S PLACE, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED NOVEMBER 2, 2024

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION		PAGE
Item 1.	Financial Statements.	
	Consolidated Balance Sheets as of November 2, 2024, February 3, 2024 and October 28, 2023	1
	Consolidated Statements of Operations for the thirteen weeks and thirty-nine weeks ended November 2, 2024 and October 28, 2023	2
	Consolidated Statements of Comprehensive Income (loss) for the thirteen weeks and thirty-nine weeks ended November 2, 2024 and October 28, 2023	3
	Consolidated Statements of Changes in Stockholders’ (Deficit) Equity for the thirteen weeks and thirty-nine weeks ended November 2, 2024 and October 28, 2023	4
	Consolidated Statements of Cash Flows for the thirty-nine weeks ended November 2, 2024 and October 28, 2023	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations.	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	36
Item 4.	Controls and Procedures.	37
 PART II — OTHER INFORMATION		
Item 1.	Legal Proceedings.	38
Item 1A.	Risk Factors.	38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	38
Item 5.	Other Information.	38
Item 6.	Exhibits.	39

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	November 2, 2024	February 3, 2024	October 28, 2023
(in thousands, except par value)			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,749	\$ 13,639	\$ 13,522
Accounts receivable	62,214	33,219	51,712
Inventories	491,619	362,099	462,411
Prepaid expenses and other current assets	43,109	43,169	69,710
Total current assets	602,691	452,126	597,355
Long-term assets:			
Property and equipment, net	105,486	124,750	134,639
Right-of-use assets	159,374	175,351	127,863
Tradenames, net	13,000	41,123	70,291
Deferred income taxes	—	—	35,237
Other assets	8,242	6,958	7,996
Total assets	\$ 888,793	\$ 800,308	\$ 973,381
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY			
Current liabilities:			
Revolving loan	\$ 362,375	\$ 226,715	\$ 358,679
Accounts payable	125,912	225,549	182,594
Current portion of operating lease liabilities	65,151	69,235	66,216
Income taxes payable	2,413	5,297	2,167
Accrued expenses and other current liabilities	93,142	89,608	96,086
Total current liabilities	648,993	616,404	705,742
Long-term liabilities:			
Long-term debt	—	49,818	49,801
Related party long-term debt	165,664	—	—
Long-term portion of operating lease liabilities	108,390	118,073	76,641
Income taxes payable	—	9,486	9,611
Other tax liabilities	5,061	4,664	3,529
Other long-term liabilities	10,259	10,882	9,986
Total liabilities	938,367	809,327	855,310
Commitments and contingencies (see Note 8)			
Stockholders' (deficit) equity:			
Preferred stock, \$1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—	—
Common stock, \$0.10 par value, 100,000 shares authorized; 12,779, 12,585, and 12,549 issued; 12,776, 12,529, and 12,476 outstanding	1,278	1,259	1,255
Additional paid-in capital	151,359	141,083	140,330
Treasury stock, at cost (3, 56, and 73 shares)	(110)	(2,909)	(3,932)
Deferred compensation	110	2,909	3,932
Accumulated other comprehensive loss	(17,517)	(16,496)	(17,499)
Accumulated deficit	(184,694)	(134,865)	(6,015)
Total stockholders' (deficit) equity	(49,574)	(9,019)	118,071
Total liabilities and stockholders' (deficit) equity	\$ 888,793	\$ 800,308	\$ 973,381

See accompanying notes to these consolidated financial statements.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands, except earnings (loss) per common share)			
Net sales	\$ 390,173	\$ 480,234	\$ 977,706	\$ 1,147,474
Cost of sales	251,832	318,182	634,830	801,111
Gross profit	138,341	162,052	342,876	346,363
Selling, general, and administrative expenses	99,817	104,770	304,976	329,756
Depreciation and amortization	9,266	11,732	30,406	35,534
Asset impairment charges	—	583	28,000	3,115
Operating income (loss)	29,258	44,967	(20,506)	(22,042)
Related party interest expense	(2,078)	—	(4,554)	—
Other interest expense	(8,014)	(7,956)	(22,515)	(21,549)
Interest income	14	17	39	68
Income (loss) before provision (benefit) for income taxes	19,180	37,028	(47,536)	(43,523)
Provision (benefit) for income taxes	(900)	(1,454)	2,293	(17,818)
Net income (loss)	\$ 20,080	\$ 38,482	\$ (49,829)	\$ (25,705)
Earnings (loss) per common share				
Basic	\$ 1.57	\$ 3.07	\$ (3.91)	\$ (2.06)
Diluted	\$ 1.57	\$ 3.05	\$ (3.91)	\$ (2.06)
Weighted average common shares outstanding				
Basic	12,779	12,548	12,731	12,481
Diluted	12,800	12,619	12,731	12,481

See accompanying notes to these consolidated financial statements.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Net income (loss)	\$ 20,080	\$ 38,482	\$ (49,829)	\$ (25,705)
Other comprehensive loss:				
Foreign currency translation adjustment	(282)	(1,535)	(1,021)	(1,252)
Total comprehensive income (loss)	\$ 19,798	\$ 36,947	\$ (50,850)	\$ (26,957)

See accompanying notes to these consolidated financial statements.

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

Thirteen Weeks Ended November 2, 2024

(in thousands)	Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' (Deficit)
	Shares	Amount					Shares	Amount	
Balance, August 3, 2024	12,779	\$ 1,278	\$ 151,859	\$ 2,975	\$ (204,774)	\$ (17,235)	(61)	\$ (2,975)	\$ (68,872)
Vesting of stock awards	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	21	—	—	—	—	—	21
Stock issuance costs	—	—	(521)	—	—	—	—	—	(521)
Other comprehensive loss	—	—	—	—	—	(282)	—	—	(282)
Distribution of common stock from deferred compensation plan	—	—	—	(2,865)	—	—	58	2,865	—
Net income	—	—	—	—	20,080	—	—	—	20,080
Balance, November 2, 2024	<u>12,779</u>	<u>\$ 1,278</u>	<u>\$ 151,359</u>	<u>\$ 110</u>	<u>\$ (184,694)</u>	<u>\$ (17,517)</u>	<u>(3)</u>	<u>\$ (110)</u>	<u>\$ (49,574)</u>

Thirty-nine Weeks Ended November 2, 2024

(in thousands)	Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' (Deficit)
	Shares	Amount					Shares	Amount	
Balance, February 3, 2024	12,585	\$ 1,259	\$ 141,083	\$ 2,909	\$ (134,865)	\$ (16,496)	(56)	\$ (2,909)	\$ (9,019)
Vesting of stock awards	265	26	(26)	—	—	—	—	—	—
Stock-based compensation expense	—	—	11,382	—	—	—	—	—	11,382
Purchase and retirement of common stock	(71)	(7)	(559)	—	—	—	—	—	(566)
Stock issuance costs	—	—	(521)	—	—	—	—	—	(521)
Other comprehensive loss	—	—	—	—	—	(1,021)	—	—	(1,021)
Distribution of common stock from deferred compensation plan, net of deferrals	—	—	—	(2,799)	—	—	53	2,799	—
Net loss	—	—	—	—	(49,829)	—	—	—	(49,829)
Balance, November 2, 2024	<u>12,779</u>	<u>\$ 1,278</u>	<u>\$ 151,359</u>	<u>\$ 110</u>	<u>\$ (184,694)</u>	<u>\$ (17,517)</u>	<u>(3)</u>	<u>\$ (110)</u>	<u>\$ (49,574)</u>

See accompanying notes to these consolidated financial statements.

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

Thirteen Weeks Ended October 28, 2023

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

Thirty-nine Weeks Ended October 28, 2023

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

See accompanying notes to these consolidated financial statements.

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

	Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023
(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (49,829)	\$ (25,705)
Reconciliation of net loss to net cash used in operating activities:		
Non-cash portion of operating lease expense	58,738	58,894
Depreciation and amortization	30,406	35,534
Non-cash stock-based compensation expense (benefit), net	11,382	(6,424)
Asset impairment charges	28,000	3,115
Deferred income tax provision	—	1,266
Other non-cash charges, net	1,922	528
Changes in operating assets and liabilities:		
Inventories	(130,436)	(16,239)
Accounts receivable and other assets	(29,856)	1,544
Prepaid expenses and other current assets	(14,086)	(4,947)
Income taxes payable, net of prepayments	2,841	(25,293)
Accounts payable and other current liabilities	(90,857)	3,027
Lease liabilities	(56,513)	(64,673)
Other long-term liabilities	(628)	(3,259)
Net cash used in operating activities	(238,916)	(42,632)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(15,924)	(24,369)
Change in deferred compensation plan	—	(173)
Net cash used in investing activities	(15,924)	(24,542)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility	1,032,881	464,320
Repayments under revolving credit facility	(897,221)	(392,629)
Purchase and retirement of common stock, including shares surrendered for tax withholdings and transaction costs	(566)	(7,026)
Proceeds from issuance of related party term loans	168,600	—
Repayment of term loan	(50,000)	—
Payment of debt issuance costs	(5,133)	(623)
Payment of stock issuance costs	(521)	—
Net cash provided by financing activities	248,040	64,042
Effect of exchange rate changes on cash and cash equivalents	(1,090)	(35)
Net decrease in cash and cash equivalents	(7,890)	(3,167)
Cash and cash equivalents, beginning of period	13,639	16,689
Cash and cash equivalents, end of period	\$ 5,749	\$ 13,522
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Net cash (received) paid for income taxes	\$ (688)	\$ 6,008
Cash paid for interest	20,428	20,389
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Purchases of property and equipment not yet paid	2,176	6,196

See accompanying notes to these consolidated financial statements.

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

1. BASIS OF PRESENTATION

Description of Business

The Children’s Place, Inc. and its subsidiaries (collectively, the “Company”) operate an omni-channel children’s specialty portfolio of brands. Its global retail and wholesale network includes two digital storefronts, more than 500 stores in North America, wholesale marketplaces and distribution in 15 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:

- *Third Quarter 2024* — *The thirteen weeks ended November 2, 2024*
- *Third Quarter 2023* — *The thirteen weeks ended October 28, 2023*
- *Second Quarter 2024* — *The thirteen weeks ended August 3, 2024*
- *First Quarter 2024* — *The thirteen weeks ended May 4, 2024*
- *Year-To-Date 2024* — *The thirty-nine weeks ended November 2, 2024*
- *Year-To-Date 2023* — *The thirty-nine weeks ended October 28, 2023*
- *Fiscal 2024* — *The fifty-two weeks ending February 1, 2025*
- *Fiscal 2023* — *The fifty-three weeks ended February 3, 2024*
- *Fiscal 2022* — *The fifty-two weeks ended January 28, 2023*
- *SEC* — *U.S. Securities and Exchange Commission*
- *U.S. GAAP* — *Generally Accepted Accounting Principles in the United States*
- *FASB* — *Financial Accounting Standards Board*
- *FASB ASC* — *FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants*

Basis of Presentation

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

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated. As of November 2, 2024, February 3, 2024 and October 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.

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

In the opinion of management, the accompanying unaudited consolidated financial statements contain all normal recurring adjustments necessary for a fair statement of the consolidated financial position of the Company as of November 2, 2024 and October 28, 2023, the results of its consolidated operations, consolidated comprehensive income (loss), and consolidated changes in stockholders’ (deficit) equity for the thirteen weeks and thirty-nine weeks ended November 2, 2024 and October 28, 2023, and consolidated cash flows for the thirty-nine weeks ended November 2, 2024 and October 28, 2023. The consolidated balance sheet as of February 3, 2024 was derived from audited financial statements. Due to the seasonal nature of the Company’s business, the results of operations for the thirteen weeks and thirty-nine weeks ended November 2, 2024 and October 28, 2023 are not necessarily indicative of operating results for a full fiscal year. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Liquidity

The Company incurred net losses during Year-To-Date 2024, and in Fiscal 2023 and Fiscal 2022. As of November 2, 2024, the Company had an Accumulated deficit of \$184.7 million and a working capital deficit of \$46.3 million, which included borrowings of \$362.4 million under its asset-based revolving credit facility (the “ABL Credit Facility”), which will mature in November 2026, pursuant to its credit agreement, dated as of May 9, 2019, (as amended from time to time, the “Credit Agreement”), by and among the Company, certain of its subsidiaries and the lenders party thereto. As of November 2, 2024, the Company had availability under its ABL Credit Facility of \$48.3 million. The Company also has access to a senior unsecured credit facility of up to \$40.0 million (the “Mithaq Credit Facility”), pursuant to a commitment letter, dated as of May 2, 2024, entered into between the Company and its majority shareholder, Mithaq Capital SPC, a Cayman segregated portfolio company (“Mithaq”), as amended on September 10, 2024. The Mithaq Credit Facility will be available to draw on at any time prior to July 1, 2026 to augment the Company’s liquidity position, if needed. The Company plans to address its ongoing liquidity needs with additional financing as necessary, including but not limited to the rights offering that the Company is currently contemplating, and for which a preliminary prospectus has been filed with the SEC on Form S-1 on October 15, 2024. The Company has determined that its existing cash on hand, expected cash generated from operations, and availability under its ABL Credit Facility and the Mithaq Credit Facility, will be sufficient to fund its capital and other cash requirements for at least the next twelve months from the date that the Company’s consolidated financial statements for the Third Quarter 2024 were issued. For more information about the ABL Credit Facility and the Mithaq Credit Facility, see “Note 7. Debt” of the consolidated financial statements.

Fiscal Year

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

Use of Estimates

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

Recent Accounting Standards Updates

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 expects the adoption of ASU 2023-07 to expand its disclosures, but does not expect it to have a material impact on its consolidated financial statements.

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

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.

2. REVENUES

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

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Net sales:				
South	\$ 127,050	\$ 168,623	\$ 355,945	\$ 416,249
Northeast	78,891	96,052	183,571	220,519
West	42,310	55,567	115,063	144,920
Midwest	42,510	58,331	103,001	131,235
International and other ⁽¹⁾	99,412	101,661	220,126	234,551
Total net sales	\$ 390,173	\$ 480,234	\$ 977,706	\$ 1,147,474

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

The Company recognizes revenue, including shipping and handling fees billed to customers, upon purchase at the Company’s retail stores or when received by the customer if the product was purchased via e-commerce, net of coupon redemptions and anticipated sales returns. The Company deferred sales of \$9.3 million, \$3.1 million, and \$7.6 million within Accrued expenses and other current liabilities as of November 2, 2024, February 3, 2024, and October 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 \$14.1 million, \$9.0 million, and \$8.6 million as of November 2, 2024, February 3, 2024, and October 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 \$1.9 million, \$1.7 million, and \$2.5 million as of November 2, 2024, February 3, 2024, and October 28, 2023, respectively.

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

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.

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 \$3.8 million, \$1.7 million, and \$2.0 million as of November 2, 2024, February 3, 2024, and October 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 as of November 2, 2024, February 3, 2024, and October 28, 2023 was \$4.5 million, \$6.8 million, and \$6.3 million, respectively. During Year-To-Date 2024, the Company recognized Net sales of \$4.7 million related to the gift card liability balance that existed at February 3, 2024.

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.

3. RESTRUCTURING

As a result of the strategic actions associated with the voluntary early termination and subsequent renewal of the Company’s corporate office lease, the move of its distribution center operations from Toronto, Canada (“TODC”) to Alabama in the United States, and workforce reductions, the Company incurred \$2.5 million in restructuring costs during Year-To-Date 2024, and \$1.2 million and \$11.8 million in restructuring costs during the Third Quarter 2023 and Year-To-Date 2023, respectively, on a pretax basis, summarized in the following table:

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Employee-related costs	\$ —	\$ 674	\$ —	\$ 6,107
Lease termination costs ⁽¹⁾	—	454	701	5,401
TODC costs ⁽²⁾	—	—	1,848	—
Professional fees	—	82	—	268
Total restructuring costs ⁽³⁾	\$ —	\$ 1,210	\$ 2,549	\$ 11,776

(1) Includes non-cash charges related to accelerated depreciation on certain assets in the corporate office over the reduced term, amounting to \$0.7 million during Year-To-Date 2024.

(2) Includes non-cash charges related to accelerated depreciation on TODC assets, amounting to \$1.1 million during Year-To-Date 2024.

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

The following table summarizes the restructuring costs that have been settled with cash payments. There is no remaining liability as of November 2, 2024.

	Employee-Related Costs	TODC Costs	Total
	(in thousands)		
Balance at February 3, 2024	\$ 1,666	\$ —	\$ 1,666
Provision	—	751	751
Cash Payments	(1,114)	(247)	(1,361)
Balance at May 4, 2024	552	504	1,056
Cash Payments	(304)	(185)	(489)
Balance at August 3, 2024	248	319	567
Provision	(248)	(319)	(567)
Balance at November 2, 2024	\$ —	\$ —	\$ —

	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	\$ 1,666	\$ —	\$ —	\$ 1,666

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

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 recorded an impairment charge on the Gymboree tradename of \$29.0 million in Fiscal 2023, which reduced the carrying value to its fair value of \$41.0 million. The Company recorded a further impairment charge on the Gymboree tradename of \$28.0 million in the Second Quarter 2024, which reduced the carrying value to its fair value of \$13.0 million. The Company did not record an impairment charge in the Third Quarter 2024.

The Company’s intangible assets were as follows:

		November 2, 2024		
	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename	Indefinite	\$ 13,000	\$ —	\$ 13,000
Total intangible assets		<u>\$ 13,000</u>	<u>\$ —</u>	<u>\$ 13,000</u>
		February 3, 2024		
	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename	Indefinite	\$ 41,000	\$ —	\$ 41,000
Crazy 8 tradename	5 years	4,000	(3,877)	123
Total intangible assets		<u>\$ 45,000</u>	<u>\$ (3,877)</u>	<u>\$ 41,123</u>
		October 28, 2023		
	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
		(in thousands)		
Gymboree tradename	Indefinite	\$ 69,953	\$ —	\$ 69,953
Crazy 8 tradename	5 years	4,000	(3,662)	338
Total intangible assets		<u>\$ 73,953</u>	<u>\$ (3,662)</u>	<u>\$ 70,291</u>

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

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	November 2, 2024	February 3, 2024	October 28, 2023
	(in thousands)		
Property and equipment:			
Land and land improvements	\$ 3,403	\$ 3,403	\$ 3,403
Building and improvements	36,418	36,187	36,187
Material handling equipment	89,427	90,637	90,362
Leasehold improvements	164,335	162,898	177,203
Store fixtures and equipment	168,414	173,667	199,596
Capitalized software	336,320	333,953	350,318
Construction in progress	3,956	3,386	8,378
	<u>802,273</u>	<u>804,131</u>	<u>865,447</u>
Less: accumulated depreciation and amortization	(696,787)	(679,381)	(730,808)
Property and equipment, net	<u>\$ 105,486</u>	<u>\$ 124,750</u>	<u>\$ 134,639</u>

At November 2, 2024 and October 28, 2023, 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 did not record asset impairment charges in the Third Quarter 2024 and Year-To-Date 2024. The Company recorded asset impairment charges in the Third Quarter 2023 and Year-To-Date 2023 of \$0.6 million and \$3.1 million, respectively, inclusive of right of use ("ROU") assets.

6. LEASES

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

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Fixed operating lease cost	\$ 22,684	\$ 21,457	\$ 68,326	\$ 63,844
Variable operating lease cost ⁽¹⁾	5,281	11,030	19,224	40,115
Total operating lease cost	<u>\$ 27,965</u>	<u>\$ 32,487</u>	<u>\$ 87,550</u>	<u>\$ 103,959</u>

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

As of November 2, 2024, the weighted-average remaining operating lease term was 4.4 years, and the weighted-average discount rate for operating leases was 8.0%. Cash paid for amounts included in the measurement of operating lease liabilities during Year-To-Date 2024 was \$59.8 million. ROU assets obtained in exchange for new operating lease liabilities were \$51.1 million during Year-To-Date 2024.

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

As of November 2, 2024, the maturities of operating lease liabilities were as follows:

	November 2, 2024
	(in thousands)
Remainder of 2024	\$ 22,526
2025	70,981
2026	41,657
2027	19,495
2028	14,795
Thereafter	41,743
Total operating lease payments	211,197
Less: imputed interest	(37,656)
Present value of operating lease liabilities	\$ 173,541

7. DEBT

ABL Credit Facility and 2021 Term Loan

The Company and certain of its subsidiaries maintain the \$433.0 million ABL Credit Facility and, before it was fully repaid, maintained a \$50.0 million term loan (the “2021 Term Loan”) under its Credit Agreement with Wells Fargo Bank, National Association (“Wells Fargo”), Truist Bank, Bank of America, N.A., HSBC Business Credit (USA) Inc., JPMorgan Chase Bank, N.A., and PNC Bank, National Association, as the lenders party thereto (collectively, the “Credit Agreement Lenders”) and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and, before the 2021 Term Loan was fully repaid, Term Agent. The ABL Credit Facility will mature and, before it was fully repaid, the 2021 Term Loan would have matured, in November 2026.

As of April 18, 2024, which is the effective date of the seventh amendment to the Credit Agreement (the “Seventh Amendment”), the ABL Credit Facility includes a \$25.0 million Canadian sublimit and a \$25.0 million sublimit for standby and documentary letters of credit.

Under the ABL Credit Facility, borrowings outstanding bear interest, at the Company’s option, at:

- (i) the prime rate per annum, plus a margin of 2.000%; or
- (ii) the Secured Overnight Financing Rate (“SOFR”) per annum, plus 0.100%, plus a margin of 3.000%.

Prior to April 18, 2024, the Company was charged a fee of 0.200% on the unused portion of the commitments. As of April 18, 2024, based on the size of the unused portion of the commitments, the Company is charged a fee ranging from 0.250% to 0.375%. Letter of credit fees are at 1.125% for commercial letters of credit and 1.750% for standby letters of credit. The amount available for loans and letters of credit under the ABL Credit Facility is determined by a borrowing base consisting of certain credit card receivables, certain trade receivables, certain inventory, and the fair market value of certain real estate, subject to certain reserves and an availability block.

From and after February 4, 2025 and on the first day of each fiscal quarter thereafter, based on the amount of the Company’s average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility will bear interest, at the Company’s option, at:

- (i) the prime rate per annum, plus a margin of 1.750% or 2.000%; or
- (ii) the SOFR per annum, plus 0.100%, plus a margin of 2.750% or 3.000%.

Letter of credit fees will range from 1.000% to 1.125% for commercial letters of credit and will range from 1.500% to 1.750% for standby letters of credit. Letter of credit fees will be 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)
(Unaudited)

For the Third Quarter 2024 and Year-To-Date 2024, the Company recognized \$7.1 million and \$19.1 million, respectively, in interest expense related to the ABL Credit Facility. For the Third Quarter 2023 and Year-To-Date 2023, the Company recognized \$7.2 million and \$18.0 million, respectively, in interest expense related to the ABL Credit Facility.

Prior to April 18, 2024, when the 2021 Term Loan was fully repaid, 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. As of April 18, 2024, the ABL Credit Facility is secured on a first priority basis by all of the foregoing collateral.

The outstanding obligations under the ABL Credit Facility may be accelerated upon the occurrence of certain customary events of default, as described below. The Company is not subject to any early termination fees.

The ABL Credit Facility contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments. These covenants also limit the ability of the Company and its subsidiaries to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, or dispositions or to change the nature of its business. Pursuant to the Seventh Amendment, the requisite payment condition thresholds for some of these covenants have been heightened, resulting in certain actions such as the repurchase of shares and payment of cash dividends becoming more difficult to perform. Additionally, if the Company is unable to maintain a certain amount of excess availability for borrowings (the "excess availability threshold"), the Company may be subject to cash dominion.

The ABL Credit Facility contains customary events of default, which include (subject in certain cases to customary grace and cure periods) nonpayment of principal or interest, breach of covenants, failure to pay certain other indebtedness, and certain events of bankruptcy, insolvency or reorganization, such as a change of control.

The tables below present the components of the Company's ABL Credit Facility:

	November 2, 2024	February 3, 2024	October 28, 2023
	(in millions)		
Total borrowing base availability ⁽¹⁾	\$ 422.9	\$ 258.4	\$ 394.7
Credit facility availability ⁽¹⁾	433.0	400.5	400.5
Maximum borrowing availability ⁽²⁾	422.9	258.4	394.7
Outstanding borrowings	362.4	226.7	358.7
Letters of credit outstanding—standby	12.2	7.4	7.4
Utilization of credit facility at end of period	374.6	234.1	366.1
Availability ⁽³⁾	\$ 48.3	\$ 24.3	\$ 28.6
Interest rate at end of period	8.1%	8.1%	8.0%

(1) In Fiscal 2023, the total borrowing base availability and credit facility availability were both calculated net of the excess availability threshold, as prior to the Seventh Amendment, crossing that threshold would have resulted in cash dominion, which would have triggered a fixed charge coverage ratio covenant test and would likely have led to a default under the Credit Agreement. As of the Seventh Amendment, the fixed charge coverage ratio covenant has been removed from the Credit Agreement, and entering into cash dominion by crossing the excess availability threshold no longer poses the same risk of default under the Credit Agreement.

(2) The lower of the credit facility availability and the total borrowing base availability.

(3) The sub-limit availability for letters of credit was \$12.8 million at November 2, 2024, and \$42.6 million at February 3, 2024 and October 28, 2023.

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

	Year-To-Date 2024	Fiscal 2023	Year-To-Date 2023
	(in millions)		
Average end of day loan balance during the period	\$ 280.9	\$ 315.5	\$ 327.6
Highest end of day loan balance during the period	\$ 366.9	\$ 379.4	\$ 379.4
Average interest rate	9.0%	7.5%	7.0%

The 2021 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 2021 Term Loan was pre-payable at any time without penalty, and did not require amortization. The Company recognized \$1.1 million in interest expense related to the 2021 Term Loan during Year-To-Date 2024. For the Third Quarter 2023 and Year-To-Date 2023, the Company recognized \$0.4 million and \$2.4 million, respectively, in interest expense related to the 2021 Term Loan.

As of April 18, 2024, the 2021 Term Loan was fully repaid.

As of November 2, 2024, unamortized deferred financing costs amounted to \$4.3 million related to the Company's ABL Credit Facility.

Mithaq Term Loans

The Company and certain of its subsidiaries maintain an interest-free, unsecured and subordinated promissory note with Mithaq for a \$78.6 million term loan (the "Initial Mithaq Term Loan"), consisting of (a) a first tranche in an aggregate principal amount of \$30.0 million (the "First Tranche") and (b) a second tranche in an aggregate principal amount of \$48.6 million (the "Second Tranche"). The Company received the First Tranche on February 29, 2024 and the Second Tranche on March 8, 2024.

The Initial Mithaq Term Loan matures on February 15, 2027. The Initial Mithaq Term Loan is guaranteed by each of the Company's subsidiaries that guarantee the Company's ABL Credit Facility.

The Company and certain of its subsidiaries also maintain an unsecured and subordinated \$90.0 million term loan with Mithaq (the "New Mithaq Term Loan"); and together with the Initial Mithaq Term Loan, collectively, the "Mithaq Term Loans".

The New Mithaq Term Loan matures on April 16, 2027, and requires monthly payments equivalent to interest charged at the SOFR plus 4.000% per annum, with such monthly payments to Mithaq deferred until April 30, 2025. The New Mithaq Term Loan is guaranteed by each of the Company's subsidiaries that guarantee the Company's ABL Credit Facility. For the Third Quarter 2024 and Year-To-Date 2024, the Company recognized \$2.1 million and \$4.6 million, respectively, in deferred interest-equivalent expense related to the New Mithaq Term Loan.

The Mithaq Term Loans are subject to an amended and restated subordination agreement (as amended from time to time, the "Subordination Agreement"), dated as of April 16, 2024, by and among the Company and certain of its subsidiaries, Wells Fargo and Mithaq, pursuant to which the Mithaq Term Loans are subordinated in payment priority to the obligations of the Company and its subsidiaries under the Credit Agreement. Subject to such subordination terms, the Mithaq Term Loans are prepayable at any time and from time to time without penalty and do not require any mandatory prepayments.

The Mithaq Term Loans contain customary affirmative and negative covenants substantially similar to a subset of the covenants set forth in the Credit Agreement, including limits on the ability of the Company and its subsidiaries to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, dispositions or restricted payments, or to change the nature of its business. The Mithaq Term Loans, however, do not provide for any closing, prepayment or exit fees, or other fees typical for transactions of this nature, do not impose additional reserves on borrowings under the Credit Agreement, and do not contain certain other restrictive covenants.

The Mithaq Term Loans contain certain customary events of default, which include (subject in certain cases to customary grace periods), nonpayment of principal, breach of other covenants of the Mithaq Term Loans, inaccuracy in representations or warranties, acceleration of certain other indebtedness (including under the Credit Agreement), certain events of bankruptcy, insolvency or reorganization, such as a change of control, and invalidity of any part of the Mithaq Term Loans.

As of November 2, 2024 unamortized deferred financing costs amounted to \$2.9 million related to the Mithaq Term Loans.

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

Maturities of the Company’s principal debt payments on the Mithaq Term Loans as of November 2, 2024 are as follows:

	November 2, 2024
	(in thousands)
Remainder of 2024	\$ —
2025	—
2026	—
2027	168,600
Thereafter	—
Total related party debt	\$ 168,600

Mithaq Commitment Letter

On May 2, 2024, the Company entered into a commitment letter (“the Commitment Letter”) with Mithaq for a \$40.0 million Mithaq Credit Facility. Under the Mithaq Credit Facility, the Company had the ability to request for advances at any time prior to July 1, 2025. On September 10, 2024, the Company and Mithaq entered into an Amendment No. 1 to the Commitment Letter, that extended the deadline for requesting advances until July 1, 2026.

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. Such debt shall be unsecured and shall be guaranteed by each of the Company’s subsidiaries that guarantee the Company’s ABL Credit Facility. Similar to the Mithaq Term Loans, such debt shall also be subject to the Subordination Agreement, contain customary affirmative and negative covenants substantially similar to a subset of the covenants set forth in the Credit Agreement, and contain certain customary events of default. Additionally, such debt shall require no mandatory prepayments and shall mature no earlier than July 1, 2026. As of November 2, 2024, no debt had been incurred under the Mithaq Credit Facility.

8. COMMITMENTS AND CONTINGENCIES

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

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

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 resulted in the court granting the plaintiff's counsel approximately \$0.3 million in fees, costs and incentive awards. The balance of funds initially reserved for the plaintiff counsel's fees and costs will now be issued as a single, final round of merchandise vouchers for qualified class members. 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. Following the court's recent decision(s), the Company released \$2.3 million from its previously established reserve during the First Quarter 2024.

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 an initial tranche of approximately 1,300 individual demands that were filed with Judicial Arbitration and Mediation Services, Inc. ("JAMS") 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, which occurred without resolution. In late May, due to the judge's retirement, the *Gonzalez* action was transferred and reassigned to a different judge. Deadlines were therefore reset, including the Company's motion to dismiss. On June 10, 2024, JAMS advised that it would be pausing its administration of the claims until the parties resolve their dispute over which set of arbitration terms apply to the case. The Company's motion to dismiss was denied in November 2024.

As of February 2024, the Company was 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 purported 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 alleged led to a drop in the price of the Company's common stock. As of November 20, 2024, this case has been dismissed in its entirety, with prejudice.

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 is not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

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

9. STOCKHOLDERS’ (DEFICIT) EQUITY

Share Repurchase Program

In November 2021, the Company’s 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, given 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 November 2, 2024, there was \$156.7 million remaining availability under the Share Repurchase Program.

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

The following table summarizes the Company’s share repurchases:

	Thirty-nine Weeks Ended			
	November 2, 2024		October 28, 2023	
	Shares	Amount	Shares	Amount
	(in thousands)			
Share repurchases related to:				
Share repurchase program	65	\$ 566	205	\$ 7,026
Shares acquired and held in treasury	5	\$ 66	6	\$ 196

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 Accumulated deficit. The portion charged against Additional paid-in capital is determined using a pro-rata allocation based on total shares outstanding.

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, given the terms of the Credit Agreement as amended by the Seventh Amendment as described above, the Company is not expecting to pay any cash dividends in Fiscal 2024.

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

10. STOCK-BASED COMPENSATION

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

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Deferred Awards	\$ 282	\$ 1,193	\$ 2,110	\$ 5,383
Performance Awards	(261)	(5,939)	9,272	(11,807)
Total stock-based compensation expense (benefit) ⁽¹⁾	\$ 21	\$ (4,746)	\$ 11,382	\$ (6,424)

(1) Stock-based compensation expense (benefit) recorded within Cost of sales amounted to a benefit of \$(0.3) million and an expense of \$0.1 million in the Third Quarter 2024 and Third Quarter 2023, respectively, and an expense of \$0.9 million in Year-To-Date 2024. All other stock-based compensation expense (benefit) is included in Selling, general, and administrative expenses.

During the First Quarter 2024, there was a change of control of the Company, which triggered a conversion of all Performance Awards into service-based Performance Awards in accordance with their terms. As a result, the Fiscal 2023, Fiscal 2022, and fiscal year 2021 Performance Awards will all 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. The fiscal year 2021 Performance Awards vested during the First Quarter 2024. The incremental expense recorded for Performance Awards during Year-To-Date 2024 due to the change of control was \$9.9 million.

11. EARNINGS (LOSS) PER COMMON SHARE

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Net income (loss)	\$ 20,080	\$ 38,482	\$ (49,829)	\$ (25,705)
Basic weighted average common shares outstanding	12,779	12,548	12,731	12,481
Dilutive effect of stock awards	21	71	—	—
Diluted weighted average common shares outstanding	12,800	12,619	12,731	12,481
Anti-dilutive shares excluded from diluted earnings (loss) per common share calculation	—	—	44	124

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

12. FAIR VALUE MEASUREMENT

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 fair value of the Company's Initial Mithaq Term Loan with a carrying value (gross of debt issuance costs) of \$78.6 million at November 2, 2024, was approximately \$57.6 million. The fair value of the Company's New Mithaq Term Loan with a carrying value (gross of debt issuance costs) of \$90.0 million at November 2, 2024, was approximately \$79.8 million. The fair value of debt was estimated using a market approach, which considers the Company's credit risk and market related conditions, and is therefore within Level 2 of the fair value hierarchy.

The Company's non-financial 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 Company performed periodic quantitative impairment assessments of its long-lived assets and did not record an impairment charge in the Third Quarter 2024 and Year-To-Date 2024. The Company recorded asset impairment charges in the Third Quarter 2023 and Year-To-Date 2023 of \$0.6 million and \$3.1 million, respectively, inclusive of ROU assets.

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 performs an annual impairment assessment of the Gymboree tradename at the end of December or whenever circumstances indicate that a decline in value may have occurred, in accordance with FASB ASC 350—*Intangibles – Goodwill and Other*. Based on this assessment, the Company recorded an impairment charge of \$29.0 million in Fiscal 2023, and a further impairment charge of \$28.0 million in the Second Quarter 2024, which reduced the carrying value to its fair value of \$13.0 million. There were no impairment charges recorded in the Third Quarter 2024.

Unfavorable changes in certain of the Company's key assumptions may affect future testing results. For example, keeping all other assumptions constant, a 100-basis point increase in the discount rate or a 10% decrease in forecasted revenue would result in further impairment charges of approximately \$1.0 million.

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

13. INCOME TAXES

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

The Company's provision (benefit) for income taxes in the Third Quarter 2024 has been calculated by applying an estimate of the annual effective tax rate for Fiscal 2024 to pre-tax income (loss), excluding unusual or infrequently occurring discrete items in the reporting period. This is the method that has historically been followed in interim reporting periods with the exception of the Third Quarter 2023, where the Company computed its provision (benefit) for income taxes based on the actual effective tax rate for Year-To-Date 2023 by applying the discrete method as allowed by Accounting Standards Codification ("ASC") 740-270-30-18, "Income Taxes-Interim Reporting-Initial Measurement". The Company's effective income tax rate for the Third Quarter 2024 was a benefit of (4.7)%, or \$(0.9) million, compared to (3.9)%, or \$(1.5) million, during the Third Quarter 2023. The change in the effective income tax rate and income tax provision (benefit) for the Third Quarter 2024 compared to the Third Quarter 2023 was primarily driven by the establishment of a valuation allowance against the Company's net deferred tax assets in Fiscal 2023, partially offset by a favorable shift in the jurisdictional earnings mix in Fiscal 2024. Furthermore, the Company's provision (benefit) for income taxes in the Third Quarter 2024 has been calculated by applying an estimate of the annual effective tax rate. In the Third Quarter 2023, the Company computed its provision (benefit) for income taxes based on the actual effective tax rate for Year-To-Date 2023 by applying the discrete method.

The Company's effective income tax rate for Year-To-Date 2024 was a provision of (4.8)%, or \$2.3 million, compared to a benefit of 40.9%, or \$(17.8) million, for Year-To-Date 2023. The change in the effective income tax rate and income tax provision (benefit) for Year-To-Date 2024 compared to Year-To-Date 2023 was primarily driven by the establishment of a valuation allowance against the Company's net deferred tax assets in Fiscal 2023.

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. As of November 2, 2024, the remaining income tax receivable of \$19.1 million is included within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

The Company accrues interest and penalties related to unrecognized tax benefits as part of its provision (benefit) for income taxes. The total amount of unrecognized tax benefits was \$6.9 million, \$7.0 million, and \$4.8 million as of November 2, 2024, February 3, 2024, and October 28, 2023, respectively, and is included within long-term liabilities. Additional interest expense recognized in the Third Quarter 2024 and Third Quarter 2023 related to unrecognized tax benefits was not significant.

The Company is subject to tax in the United States and foreign jurisdictions, including Canada and Hong Kong. The Company files a consolidated U.S. income tax return for federal income tax purposes. The Company is no longer subject to income tax examinations by U.S. federal, state and local or foreign tax authorities for tax years 2015 and prior.

The Internal Revenue Service is currently conducting an examination of the Company's tax return for fiscal year 2020 in conjunction with its review of the CARES Act NOL carryback to earlier fiscal years. The Company believes that its reserves for uncertain tax positions are adequate to cover existing risks or exposures. Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues arise as a result of a tax audit, and are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

During the First Quarter 2024, Mithaq became the controlling shareholder of the Company. This change of control constituted an "ownership change" under the Internal Revenue Code Section 382, subjecting the Company 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)
(Unaudited)

14. 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 one U.S. wholesale customer that individually accounted for more than 10% of its net sales, amounting to \$57.3 million and \$118.3 million for the Third Quarter 2024 and Year-To-Date 2024, respectively, and accounts for a majority of the Company's accounts receivable, amounting to \$45.1 million as of November 2, 2024. As of November 2, 2024, The Children's Place U.S. had 449 stores and The Children's Place International had 61 stores. As of October 28, 2023, The Children's Place U.S. had 520 stores and The Children's Place International had 71 stores.

The following table provides segment level financial information:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
	(in thousands)			
Net sales:				
The Children's Place U.S.	\$ 356,163	\$ 441,865	\$ 894,744	\$ 1,048,568
The Children's Place International ⁽¹⁾	34,010	38,369	82,962	98,906
Total net sales	<u>\$ 390,173</u>	<u>\$ 480,234</u>	<u>\$ 977,706</u>	<u>\$ 1,147,474</u>
Operating income (loss):				
The Children's Place U.S.	\$ 28,120	\$ 38,551	\$ (15,531)	\$ (26,216)
The Children's Place International ⁽¹⁾	1,138	6,416	(4,975)	4,174
Total operating income (loss)	<u>\$ 29,258</u>	<u>\$ 44,967</u>	<u>\$ (20,506)</u>	<u>\$ (22,042)</u>
Operating income (loss) as a percentage of net sales:				
The Children's Place U.S.	7.9%	8.7%	(1.7%)	(2.5)%
The Children's Place International ⁽¹⁾	3.3%	16.7%	(6.0%)	4.2%
Total operating income (loss) as a percentage of net sales	7.5%	9.4%	(2.1%)	(1.9)%
Depreciation and amortization:				
The Children's Place U.S.	\$ 8,613	\$ 10,868	\$ 27,102	\$ 32,852
The Children's Place International	653	864	3,304	2,682
Total depreciation and amortization	<u>\$ 9,266</u>	<u>\$ 11,732</u>	<u>\$ 30,406</u>	<u>\$ 35,534</u>
Capital expenditures:				
The Children's Place U.S.	\$ 2,949	\$ 6,217	\$ 15,347	\$ 24,359
The Children's Place International	497	—	577	10
Total capital expenditures	<u>\$ 3,446</u>	<u>\$ 6,217</u>	<u>\$ 15,924</u>	<u>\$ 24,369</u>

(1) The Company's foreign subsidiaries, primarily in Canada, have operating results based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars.

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

This Quarterly Report on Form 10-Q contains or may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives and results of operations, including adjusted net income (loss) per diluted share. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate," and similar words, although some forward-looking statements are expressed differently. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its 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 changes in the Company's plans and strategies with respect to pricing, capital allocation, capital structure, investor communications and/or operations may have a negative effect on the Company's business, the risk that the Company's strategic initiatives to increase sales and margin, improve operational efficiencies, enhance operating controls, decentralize operational authority and reshape the Company's culture 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 litigation 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.

The following discussion should be read in conjunction with the Company's unaudited financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the annual audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended February 3, 2024.

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

- *Third Quarter 2024* — The thirteen weeks ended November 2, 2024
- *Third Quarter 2023* — The thirteen weeks ended October 28, 2023
- *Second Quarter 2024* — The thirteen weeks ended August 3, 2024
- *Year-To-Date 2024* — The thirty-nine weeks ended November 2, 2024
- *Year-To-Date 2023* — The thirty-nine weeks ended October 28, 2023
- *Fiscal 2024* — The fifty-two weeks ending February 1, 2025
- *Fiscal 2023* — The fifty-three weeks ended February 3, 2024
- *SEC* — U.S. Securities and Exchange Commission
- *U.S. GAAP* — Generally Accepted Accounting Principles in the United States
- *FASB* — Financial Accounting Standards Board
- *FASB ASC* — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants
- *AUR* — Average unit retail price
- *Comparable Retail Sales* — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months and from our e-commerce store, excluding postage and handling fees. Store closures in the current

fiscal year will be excluded from Comparable Retail Sales beginning in the fiscal quarter in which the store closes. A store that is closed for a substantial remodel, relocation, or material change in size will be excluded from Comparable Retail Sales for at least 14 months beginning in the fiscal quarter in which the closure occurred. However, stores that temporarily close will be excluded from Comparable Retail Sales until the store is reopened for a full fiscal month.

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

OVERVIEW

Our Business

We are an omni-channel children's specialty portfolio of brands. 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 global retail and wholesale network includes two digital storefronts, more than 500 stores in North America, wholesale marketplaces, 199 international points of distribution in 15 countries through six international franchise partners, and social media channels on Instagram, Facebook, X, formerly known as Twitter, YouTube and Pinterest.

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 one U.S. wholesale customer that individually accounted for more than 10% of our net sales for the Third Quarter 2024 and Year-To-Date 2024.

Recent Developments

Macroeconomic conditions, including inflationary pressures, higher interest rates, and other domestic and geo-political factors, continue to adversely affect our core customer, resulting in a decrease in discretionary apparel purchases during the Third Quarter 2024. These macroeconomic conditions are expected to continue to have an adverse impact during the remainder of Fiscal 2024.

On August 23, 2024, we appointed Claudia Lima-Guinehut as Brand President, effective as of September 9, 2024. Ms. Lima-Guinehut succeeded Maegan Markee, who departed pursuant to a mutual agreement with the Company effective as of June 14, 2024.

On September 18, 2024, we entered into a lease agreement for office space in Lahore, Pakistan, with the lease term commencing on December 1, 2024 and expiring on November 30, 2034. We expect to utilize this office space primarily for back-office support, sourcing services and other business and corporate matters as needed.

On October 3, 2024, we announced Sheamus Toal will be leaving his positions as Chief Operating Officer and Chief Financial Officer, effective December 13, 2024.

On October 30, 2024, we announced our partnership with global fashion and lifestyle online retailer, SHEIN. This collaboration brings our apparel to SHEIN's platform, opening up opportunities for us to reach customers that would not typically be found in our customer file. This partnership marks a significant step forward, combining our heritage and value with SHEIN's global reach.

On November 19, 2024, we opened our first Gymboree store at the Garden State Plaza in Paramus, New Jersey.

Also, as previously disclosed, we entered into a letter agreement with our majority shareholder, Mithaq Capital SPC, a Cayman segregated portfolio company (“Mithaq”), on February 29, 2024 (the “Letter Agreement”), pursuant to which, among other things, we are required to use reasonable best efforts to prepare, file, and cause to be effective a registration statement, prospectus and other materials required under applicable law to permit, and to then commence and complete, a rights offering. In furtherance of our efforts to comply with such pre-existing contractual obligation, and following the determination of the disinterested directors on our current Board of Directors (the “Disinterested Directors”) that a rights offering is in the best interests of the Company and its stockholders and would, among other things, provide us with an opportunity to raise capital and deleverage and more generally strengthen our balance sheet, on September 25, 2024, the Disinterested Directors unanimously approved the commencement and completion of a rights offering. On October 15, 2024, we filed a preliminary prospectus with the SEC for the rights offering on Form S-1. On December 3, 2024, the Disinterested Directors unanimously approved that the record date for the rights offering would be December 13, 2024.

Operating Highlights

Net sales decreased \$90.0 million, or 18.8%, to \$390.2 million during the Third Quarter 2024 from \$480.2 million during the Third Quarter 2023, driven by a combination of the anticipated decrease in e-commerce revenue, as we proactively rationalized our unprofitable promotional strategies, inflated marketing spend and “free shipping” offers to improve profitability, in addition to decreased brick and mortar revenue due to a lower store count and lower transactions. These efforts were successful during the Third Quarter 2024 in driving profitability despite having lower sales. During the Third Quarter 2024, we closed five stores and did not open any new stores. Comparable retail sales decreased 17.1% for the Third Quarter 2024, largely driven by the planned decrease in e-commerce revenue, as we proactively sacrificed unprofitable sales to improve profitability.

Gross profit decreased \$23.8 million to \$138.3 million during the Third Quarter 2024, compared to \$162.1 million during the Third Quarter 2023. Gross margin, however, increased 180 basis points to 35.5% of net sales in the Third Quarter 2024, compared to 33.7% of net sales in the Third Quarter 2023. The increase in gross margin was caused by a combination of factors, including reductions in product input costs, including cotton and supply chain costs, which negatively impacted margins in the prior year. These improvements in input costs were combined with the success of our strategies to rationalize profit-draining promotions and limit unprofitable shipping offers, which resulted in a significant improvement in the leverage of e-commerce freight costs.

Operating income was \$29.3 million during the Third Quarter 2024 compared to \$45.0 million during the Third Quarter 2023. Operating margin deleveraged 190 basis points to 7.5% of net sales.

Net income was \$20.1 million, or \$1.57 per diluted share, during the Third Quarter 2024 compared to \$38.5 million, or \$3.05 per diluted share, during the Third Quarter 2023, due to the factors discussed above.

While we continue to face a challenging macroeconomic environment, including inflationary pressures, higher interest rates, and other domestic and geo-political concerns, we continue to focus on our key strategic growth initiatives – superior product, digital transformation, alternative channels of distribution, and fleet optimization.

Digital remains a 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. As we continue to focus on our digital business, 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.

In November 2021, our Board authorized a \$250.0 million share repurchase program (the “Share Repurchase Program”). Currently, given the terms of our credit agreement, dated as of May 9, 2019 (as amended from time to time, the “Credit Agreement”), by and among the Company and certain of its subsidiaries, and the lenders party thereto (collectively, the “Credit Agreement Lenders”), as amended by the seventh amendment to the Credit Agreement (the “Seventh Amendment”), we are not expecting to repurchase any shares in Fiscal 2024, except pursuant to our practice as a result of our insider trading policy. As of November 2, 2024, there was \$156.7 million remaining availability under the Share Repurchase Program.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
<u>Average Translation Rates</u> ⁽¹⁾				
Canadian dollar	0.7324	0.7374	0.7325	0.7418
Hong Kong dollar	0.1285	0.1278	0.1281	0.1276

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

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

We describe our significant accounting policies in “Note 1. Basis of Preparation and Summary of Significant Accounting Policies” of the Consolidated Financial Statements included in our most recent Annual Report on Form 10-K for the fiscal year ended February 3, 2024. There have been no significant changes in our accounting policies from those described in our most recent Annual Report on Form 10-K.

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

Our critical accounting estimates are described under the heading “Critical Accounting Estimates” in Item 7 of our most recent Annual Report on Form 10-K for the fiscal year ended February 3, 2024. Our critical accounting estimates include impairment of long-lived assets, impairment of indefinite-lived intangible assets, income taxes, stock-based compensation, and inventory valuation. There have been no material changes in these critical accounting estimates from those described in our most recent Annual Report on Form 10-K.

Recent Accounting Standards Updates

Refer to “Note 1. Basis of Presentation” of the accompanying consolidated financial statements 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 Consolidated 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 380 basis points to 25.6% of Net sales during the Third Quarter 2024 from 21.8% during the Third Quarter 2023. Accordingly, to the extent that our sales decrease or if our costs grow at a faster pace than our sales (i.e., “deleveraging”), we have less efficiently utilized the investments we have made in our business. Conversely, if our sales increase at a faster rate than our costs (i.e., “leveraging”), the more efficiently we have utilized the investments we have made in our business.

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	64.5	66.3	64.9	69.8
Gross profit	35.5	33.7	35.1	30.2
Selling, general, and administrative expenses	25.6	21.8	31.2	28.7
Depreciation and amortization	2.4	2.4	3.1	3.1
Asset impairment charges	—	0.1	2.9	0.3
Operating income (loss)	7.5	9.4	(2.1)	(1.9)
Related party interest expense	(0.5)	—	(0.5)	—
Other interest expense, net	(2.1)	(1.7)	(2.3)	(1.9)
Income (loss) before provision (benefit) for income taxes	4.9	7.7	(4.9)	(3.8)
Provision (benefit) for income taxes	(0.2)	(0.3)	0.2	(1.6)
Net income (loss)	5.1 %	8.0 %	(5.1)%	(2.2)%
Number of Company stores, end of period	510	591	510	591

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
(in thousands)				
Net sales:				
The Children's Place U.S.	\$ 356,163	\$ 441,865	\$ 894,744	\$ 1,048,568
The Children's Place International	34,010	38,369	82,962	98,906
Total net sales	\$ 390,173	\$ 480,234	\$ 977,706	\$ 1,147,474

Third Quarter 2024 Compared to Third Quarter 2023

Net sales decreased \$90.0 million or 18.8%, to \$390.2 million during the Third Quarter 2024 from \$480.2 million during the Third Quarter 2023, driven by a combination of the anticipated decrease in e-commerce revenue, as we proactively rationalized our unprofitable promotional strategies, inflated marketing spend and "free shipping" offers to improve profitability, in addition to decreased brick and mortar revenue due to a lower store count and lower transactions. These efforts were successful during the Third Quarter 2024 in driving profitability despite having lower sales. During the Third Quarter 2024, we closed five stores and did not open any new stores. Comparable retail sales decreased 17.1% for the Third Quarter 2024, largely driven by the planned decrease in e-commerce revenue, as we proactively sacrificed unprofitable sales to improve profitability.

The Children's Place U.S. net sales decreased \$85.7 million or 19.4%, to \$356.2 million in the Third Quarter 2024, compared to \$441.9 million in the Third Quarter 2023, driven by a combination of the anticipated decrease in e-commerce revenue, as we proactively rationalized our unprofitable promotional strategies, inflated marketing spend and "free shipping" offers to improve profitability, in addition to decreased brick and mortar revenue due to a lower store count and lower transactions.

The Children's Place International net sales decreased \$4.4 million or 11.4%, to \$34.0 million in the Third Quarter 2024, compared to \$38.4 million in the Third Quarter 2023, driven by a combination of the anticipated decrease in e-commerce revenue, as we proactively rationalized our unprofitable promotional strategies, inflated marketing spend and "free shipping" offers to improve profitability.

Total e-commerce sales, which include postage and handling, were 55.3% of net retail sales and 46.5% of net sales during the Third Quarter 2024, compared to 57.0% and 50.0%, respectively, during the Third Quarter 2023.

Gross profit decreased \$23.8 million to \$138.3 million in the Third Quarter 2024, compared to \$162.1 million in the Third Quarter 2023. Gross margin, however, increased 180 basis points to 35.5% of net sales in the Third Quarter 2024, compared to 33.7% of net sales in the Third Quarter 2023. The increase in gross margin was caused by a combination of factors, including reductions in product input costs, including cotton and supply chain costs, which negatively impacted margins in the prior year. These improvements in input costs were combined with the success of our strategies to rationalize profit-draining promotions and limit unprofitable shipping offers, which resulted in a significant improvement in the leverage of e-commerce freight costs.

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

Selling, general, and administrative expenses were well-controlled at \$99.8 million during the Third Quarter 2024, compared to \$104.8 million during the Third Quarter 2023. The Third Quarter 2024 results included incremental operating expenses of \$6.0 million, including restructuring costs of \$4.8 million, primarily due to recent changes in our senior leadership team, lender required consulting fees of \$0.5 million, broken financing deal fees of \$0.3 million, other professional and consulting fees of \$0.2 million, and fleet optimization costs of \$0.1 million. The Third Quarter 2023 results included incremental operating expenses of \$1.9 million, including restructuring costs of \$0.8 million, credit agreement amendment costs of \$0.8 million, and fleet optimization costs of \$0.4 million. Excluding the impact of these incremental charges, Adjusted SG&A expenses were \$93.8 million during the Third Quarter 2024, compared to \$102.9 million during the Third Quarter 2023, and deleveraged 260 basis points to 24.0% of net sales, given the planned lower sales. We were successful in reducing Adjusted SG&A expenses by \$9.1 million despite the reversal of \$12.6 million in incentive compensation and equity compensation accruals in the prior year. This decrease was due to significant reductions in marketing expenses, as we eliminated inflated and unprofitable marketing costs and to a lesser extent, due to reductions in store payroll and home office payroll, partially offset by the impact of the change in incentive compensation and equity compensation accruals. This represents the lowest level of Adjusted selling, general, and administrative expenses in over 15 years for the third quarter of a fiscal year.

Depreciation and amortization was \$9.3 million during the Third Quarter 2024, compared to \$11.7 million during the Third Quarter 2023. The decrease was primarily driven by reduced depreciation of capitalized software and the permanent closure of 81 stores during the past twelve months.

Asset impairment charges were \$0.6 million during the Third Quarter 2023, inclusive of right-of-use (“ROU”) assets. These charges were related to underperforming stores identified in our ongoing store portfolio evaluation primarily as a result of decreased net sales and cash flow projections. There were no asset impairment charges during the Third Quarter 2024.

Operating income was \$29.3 million during the Third Quarter 2024, compared to \$45.0 million during the Third Quarter 2023. The Third Quarter 2024 results were impacted by incremental operating expenses of \$6.0 million, as described within SG&A expenses above. The Third Quarter 2023 results were impacted by incremental operating expenses of \$2.9 million, including SG&A expenses of \$1.9 million, as described above, asset impairment charges of \$0.6 million, and accelerated depreciation of \$0.5 million. Excluding the impact of these incremental charges, Adjusted operating income was \$35.3 million in the Third Quarter 2024, compared to \$47.9 million in the Third Quarter 2023, and deleveraged 100 basis points to 9.0% of net sales. The Children’s Place International operating margin was negatively impacted during the Third Quarter 2024 due to the closure of our distribution center in Toronto, Canada, and is expected to be partially offset by potential duty drawback claims in the future.

Related party interest expense was \$2.1 million during the Third Quarter 2024, due to interest-bearing borrowings from loans entered into with Mithaq during Fiscal 2024. There was no related party interest expense during the Third Quarter 2023.

Other interest expense, net was \$8.0 million during the Third Quarter 2024, compared to \$7.9 million during the Third Quarter 2023. The increase in interest expense was primarily driven by higher average interest rates associated with our revolving credit facility due to the impact of refinancings, partially offset by lower average borrowings.

Provision (benefit) for income taxes was a benefit of \$(0.9) million during the Third Quarter 2024, compared to \$(1.5) million during the Third Quarter 2023. Our effective tax rate was a benefit of (4.7)% and (3.9)% in the Third Quarter 2024 and Third Quarter 2023, respectively. The change in our effective tax rate and income tax provision (benefit) for the Third Quarter 2024 compared to the Third Quarter 2023 was primarily driven by the establishment of a valuation allowance against our net deferred tax assets in Fiscal 2023, partially offset by a favorable shift in the jurisdictional earnings mix in Fiscal 2024. In the comparable period last year, we calculated the provision (benefit) for income taxes based on the actual effective tax rate for Year-To-Date 2023 by applying the discrete method.

Net income was \$20.1 million, or \$1.57 per diluted share during the Third Quarter 2024, compared to \$38.5 million, or \$3.05 per diluted share during the Third Quarter 2023, due to the factors discussed above.

Year-To-Date 2024 Compared to Year-To-Date 2023

Net sales decreased \$169.8 million or 14.8%, to \$977.7 million during Year-To-Date 2024 from \$1.147 billion during Year-To-Date 2023, primarily due to reductions in retail sales due to a lower store count, and anticipated declines in e-commerce demand due to the rationalization of promotions, reductions in inflated and unprofitable marketing spend, and the strategic decision to change “free shipping” offers, as we proactively sacrificed unprofitable sales in an effort to improve profitability. Comparable retail sales decreased 12.6% during Year-To-Date 2024, largely due to the planned decrease in e-commerce revenue.

The Children’s Place U.S. net sales decreased \$153.8 million or 14.7%, to \$894.7 million during Year-To-Date 2024, compared to \$1.049 billion during Year-To-Date 2023, primarily due to a lower store count, and anticipated declines in e-commerce demand due to the rationalization of promotions, reductions in inflated and unprofitable marketing spend, and the strategic decision to change “free shipping” offers, as we proactively sacrificed unprofitable sales in an effort to improve profitability.

The Children’s Place International net sales decreased \$15.9 million or 16.1%, to \$83.0 million during Year-To-Date 2024, compared to \$98.9 million during Year-To-Date 2023, primarily due to anticipated declines in e-commerce demand due to the rationalization of promotions, reductions in inflated and unprofitable marketing spend, and the strategic decision to change “free shipping” offers, as we proactively sacrificed unprofitable sales in an effort to improve profitability.

Total e-commerce sales, which include postage and handling, were 52.8% of net retail sales and 45.7% of net sales during Year-To-Date 2024, compared to 52.1% and 46.2%, respectively, during Year-To-Date 2023.

Gross profit decreased \$3.5 million to \$342.9 million during Year-To-Date 2024, compared to \$346.4 million during Year-To-Date 2023. Gross margin, however, leveraged 490 basis points to 35.1% of net sales during Year-To-Date 2024, compared to 30.2% during Year-To-Date 2023. The increase in gross margin was primarily due to reductions in product input costs, including cotton and supply chain costs, which negatively impacted margins in the prior year. These improvements in input costs were combined with the success of our strategies to rationalize profit-draining promotions and limit unprofitable shipping offers, which resulted in a significant improvement in the leverage of e-commerce freight costs.

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

Selling, general, and administrative expenses were \$305.0 million during Year-To-Date 2024, compared to \$329.8 million during Year-To-Date 2023. The Year-To-Date 2024 results included incremental operating expenses of \$34.2 million, including restructuring costs of \$11.2 million, primarily due to changes in our senior leadership team, non-cash equity compensation charges of \$9.9 million and other fees of \$3.8 million associated with the change of control, financing-related charges of \$7.0 million, lender required consulting fees of \$2.4 million, fleet optimization costs of \$0.9 million, costs associated with the closure of our Canada distribution center of \$0.8 million, and other professional and consulting fees of \$0.6 million, partially offset by the reversal of a legal settlement accrual of \$2.3 million. The Year-To-Date 2023 results included incremental operating expenses of \$15.9 million, including restructuring costs of \$10.7 million, contract termination fees of \$3.0 million, fleet optimization costs of \$1.5 million, and credit agreement amendment costs of \$0.8 million. Excluding the impact of these incremental charges, Adjusted SG&A expenses were \$270.8 million during Year-To-Date 2024, compared to \$313.8 million during Year-To-Date 2023, and deleveraged 40 basis points to 27.7% of net sales, given the planned lower sales. We were successful in reducing Adjusted SG&A expenses by \$43.0 million despite the reversal of \$18.7 million in incentive compensation and equity compensation accruals in the prior year. This decrease was due to significant reductions in marketing expenses, as we eliminated inflated and unprofitable marketing costs and to a lesser extent, due to reductions in store payroll, home office payroll and professional fees, partially offset by the impact of the change in incentive compensation and equity compensation accruals. This represents the lowest level of Adjusted selling, general, and administrative expenses in over 15 years for the first three quarters of a fiscal year.

Depreciation and amortization was \$30.4 million during Year-To-Date 2024, compared to \$35.5 million during Year-To-Date 2023. The decrease was primarily driven by reduced depreciation of capitalized software and the permanent closure of 81 stores during the past twelve months.

Asset impairment charges were \$28.0 million during Year-To-Date 2024 due to the reduction in fair value of the Gymboree tradename during the Second Quarter 2024, which was primarily due to reductions in Gymboree sales forecasts and a reduction in the royalty rate used to value the tradename. Asset impairment charges were \$3.1 million during Year-To-Date 2023, inclusive of ROU assets. These charges were related to underperforming stores identified in our ongoing store portfolio evaluation primarily as a result of decreased net sales and cash flow projections.

Operating loss was \$(20.5) million during Year-To-Date 2024, compared to \$(22.0) million during Year-To-Date 2023. The Year-To-Date 2024 results were impacted by incremental operating expenses of \$64.9 million, including SG&A expenses of \$34.2 million, as described above, an impairment charge of \$28.0 million on the Gymboree tradename, accelerated depreciation of \$1.8 million, and additional change in control charges impacting gross margin of \$0.9 million. The Year-To-Date 2023 results were impacted by incremental operating expenses of \$20.4 million, including SG&A expenses of \$15.9 million, as described above, asset impairment charges of \$3.1 million, and accelerated depreciation of \$1.4 million. Excluding the impact of these incremental charges, Adjusted operating income was \$44.4 million during Year-To-Date 2024, or an improvement of \$46.0 million compared to an Adjusted operating loss of \$(1.6) million during Year-To-Date 2023, and leveraged 460 basis points to 4.5% of net sales. The Children's Place International operating margin was negatively impacted during Year-To-Date 2024 due to the closure of our distribution center in Toronto, Canada, and is expected to be partially offset by potential duty drawback claims in the future.

Related party interest expense was \$4.6 million during Year-To-Date 2024, due to interest-bearing borrowings from loans entered into with Mithaq during Fiscal 2024. There was no related party interest expense during Year-To-Date 2023.

Other interest expense, net was \$22.5 million during Year-To-Date 2024, compared to \$21.5 million during Year-To-Date 2023. The increase was primarily driven by higher average interest rates associated with our revolving credit facility due to the impact of refinancings, partially offset by lower average borrowings.

Provision (benefit) for income taxes was a provision of \$2.3 million during Year-To-Date 2024 compared to a benefit of \$(17.8) million during Year-To-Date 2023. Our effective tax rate was a provision of (4.8)% and a benefit of 40.9% during Year-To-Date 2024 and Year-To-Date 2023, respectively. The change in our effective tax rate and income tax provision (benefit) for Year-To-Date 2024 compared to Year-To-Date 2023 was primarily driven by the establishment of a valuation allowance against our net deferred tax assets in Fiscal 2023.

Net loss, which included certain non-cash impairment charges, restructuring charges, and charges due to our change in control, as described above, was \$(49.8) million, or \$(3.91) per diluted share during Year-To-Date 2024, compared to \$(25.7) million, or \$(2.06) per diluted share during Year-To-Date 2023, due to the factors discussed above. Adjusted net income was \$15.1 million, or \$1.18 per diluted share during Year-To-Date 2024, compared to an Adjusted net loss of \$(10.6) million, or \$(0.85) per diluted share during Year-To-Date 2023.

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 revolving credit facility, and the financing of capital projects.

Our working capital deficit decreased \$62.1 million to \$46.3 million at November 2, 2024, compared to \$108.4 million at October 28, 2023, primarily reflecting a decrease in our accounts payable balances and an increase in our accounts receivable balances.

At November 2, 2024, we had \$362.4 million of outstanding borrowings under our \$433.0 million asset-based revolving credit facility (the "ABL Credit Facility") under our Credit Agreement and no borrowings under our \$40.0 million senior unsecured credit facility with Mithaq (the "Mithaq Credit Facility"). We had total liquidity of \$94.0 million, including \$48.3 million of availability under our ABL Credit Facility, \$40.0 million of availability under our Mithaq Credit Facility, and \$5.7 million of cash on hand. At November 2, 2024, we had \$12.2 million of outstanding letters of credit, with an additional \$12.8 million available for issuing letters of credit under our ABL Credit Facility.

We expect to be able to meet our working capital, capital expenditure, and debt service requirements for at least the next twelve months from the date that our consolidated financial statements for the Third Quarter 2024 were issued, by using our cash on hand, cash flows from operations, and availability under our ABL Credit Facility and Mithaq Credit Facility. This liquidity may be further supplemented with proceeds from the rights offering, that we are currently contemplating, and for which a preliminary prospectus has been filed with the SEC on Form S-1 on October 15, 2024.

ABL Credit Facility and 2021 Term Loan

We and certain of our subsidiaries maintain the \$433.0 million ABL Credit Facility and, before it was fully repaid, maintained a \$50.0 million term loan (the “2021 Term Loan”) under our Credit Agreement with Wells Fargo Bank, National Association (“Wells Fargo”), Truist Bank, Bank of America, N.A., HSBC Business Credit (USA) Inc., JPMorgan Chase Bank, N.A., and PNC Bank, National Association as the Credit Agreement Lenders and Wells Fargo, as Administrative Agent, Collateral Agent, Swing Line Lender and, before the 2021 Term Loan was fully repaid, Term Agent. The ABL Credit Facility will mature and, before it was fully repaid, the 2021 Term Loan would have matured, in November 2026.

As of April 18, 2024, which is the effective date of the Seventh Amendment, the ABL Credit Facility includes a \$25.0 million Canadian sublimit and a \$25.0 million sublimit for standby and documentary letters of credit.

Under the ABL Credit Facility, borrowings outstanding bear interest, at our option, at:

- (i) the prime rate per annum, plus a margin of 2.000%; or
- (ii) the Secured Overnight Financing Rate (“SOFR”) per annum, plus 0.100%, plus a margin of 3.000%.

Prior to April 18, 2024, we were charged a fee of 0.200% on the unused portion of the commitments. As of April 18, 2024, based on the size of the unused portion of the commitments, we are charged a fee ranging from 0.250% to 0.375%. Letter of credit fees are at 1.125% for commercial letters of credit and 1.750% for standby letters of credit. The amount available for loans and letters of credit under the ABL Credit Facility is determined by a borrowing base consisting of certain credit card receivables, certain trade receivables, certain inventory, and the fair market value of certain real estate, subject to certain reserves and an availability block.

From and after February 4, 2025 and on the first day of each fiscal quarter thereafter, based on the amount of our average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility will bear interest, at our option, at:

- (i) the prime rate per annum, plus a margin of 1.750% or 2.000%; or
- (ii) the SOFR per annum, plus 0.100%, plus a margin of 2.750% or 3.000%.

Letter of credit fees will range from 1.000% to 1.125% for commercial letters of credit and will range from 1.500% to 1.750% for standby letters of credit. Letter of credit fees will be determined based on the amount of our average daily excess availability under the facility.

For the Third Quarter 2024 and Year-To-Date 2024, we recognized \$7.1 million and \$19.1 million, respectively, in interest expense related to the ABL Credit Facility. For the Third Quarter 2023 and Year-To-Date 2023, we recognized \$7.2 million and \$18.0 million, respectively, in interest expense related to the ABL Credit Facility.

Prior to April 18, 2024, when the 2021 Term Loan was fully repaid, 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. As of April 18, 2024, the ABL Credit Facility is secured on a first priority basis by all of the foregoing collateral.

The outstanding obligations under the ABL Credit Facility may be accelerated upon the occurrence of certain customary events of default, as further described below. We are not subject to any early termination fees.

The ABL Credit Facility contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments. These covenants also limit our ability to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, or dispositions or to change the nature of our business. Pursuant to the Seventh Amendment, the requisite payment condition thresholds for some of these covenants have been heightened, resulting in certain actions such as the repurchase of shares and payment of cash dividends becoming more difficult to perform. Additionally, if we are unable to maintain a certain amount of excess availability for borrowings (the “excess availability threshold”), we may be subject to cash dominion.

The ABL Credit Facility contains customary events of default, which include (subject in certain cases to customary grace and cure periods) nonpayment of principal or interest, breach of covenants, failure to pay certain other indebtedness, and certain events of bankruptcy, insolvency or reorganization, such as a change of control.

The tables below present the components of our ABL Credit Facility:

	November 2, 2024	February 3, 2024	October 28, 2023
	(in millions)		
Total borrowing base availability ⁽¹⁾	\$ 422.9	\$ 258.4	\$ 394.7
Credit facility availability ⁽¹⁾	433.0	400.5	400.5
Maximum borrowing availability ⁽²⁾	422.9	258.4	394.7
Outstanding borrowings	362.4	226.7	358.7
Letters of credit outstanding—standby	12.2	7.4	7.4
Utilization of credit facility at end of period	374.6	234.1	366.1
Availability ⁽³⁾	\$ 48.3	\$ 24.3	\$ 28.6
Interest rate at end of period	8.1%	8.1%	8.0%

(1) In Fiscal 2023, the total borrowing base availability and credit facility availability were both calculated net of the excess availability threshold under the Credit Agreement, as prior to the Seventh Amendment, crossing that threshold would have resulted in cash dominion, which would have triggered a fixed charge coverage ratio covenant test and would likely have led to a default under the Credit Agreement. As of the Seventh Amendment, the fixed charge coverage ratio covenant has been removed from the Credit Agreement, and entering into cash dominion by crossing the excess availability threshold no longer poses the same risk of default under the Credit Agreement.

(2) The lower of the credit facility availability and the total borrowing base availability.

(3) The sub-limit availability for letters of credit was \$12.8 million at November 2, 2024, and \$42.6 million at February 3, 2024 and October 28, 2023.

	Year-To-Date 2024	Fiscal 2023	Year-To-Date 2023
	(in millions)		
Average end of day loan balance during the period	\$ 280.9	\$ 315.5	\$ 327.6
Highest end of day loan balance during the period	\$ 366.9	\$ 379.4	\$ 379.4
Average interest rate	9.0%	7.5%	7.0%

The 2021 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 2021 Term Loan was pre-payable at any time without penalty, and did not require amortization. We recognized \$1.1 million in interest expense related to the 2021 Term Loan during Year-To-Date 2024. For the Third Quarter 2023 and Year-To-Date 2023, we recognized \$0.4 million and \$2.4 million, respectively, in interest expense related to the 2021 Term Loan.

As of April 18, 2024, the 2021 Term Loan was fully repaid.

As of November 2, 2024, unamortized deferred financing costs amounted to \$4.3 million related to our ABL Credit Facility.

Mithaq Term Loans

We and certain of our subsidiaries maintain an interest-free, unsecured and subordinated promissory note with Mithaq for a \$78.6 million term loan (the “Initial Mithaq Term Loan”), consisting of (a) a first tranche in an aggregate principal amount of \$30.0 million (the “First Tranche”) and (b) a second tranche in an aggregate principal amount of \$48.6 million (the “Second Tranche”). We received the First Tranche on February 29, 2024 and the Second Tranche on March 8, 2024.

The Initial Mithaq Term Loan matures on February 15, 2027. The Initial Mithaq Term Loan is guaranteed by each of our subsidiaries that guarantee our ABL Credit Facility.

We and certain of our subsidiaries also maintain an unsecured and subordinated \$90.0 million term loan with Mithaq (the “New Mithaq Term Loan”); and together with the Initial Mithaq Term Loan, collectively, the “Mithaq Term Loans”).

The New Mithaq Term Loan matures on April 16, 2027, and requires monthly payments equivalent to interest charged at the SOFR plus 4.000% per annum, with such monthly payments to Mithaq deferred until April 30, 2025. The New Mithaq Term Loan is guaranteed by each of our subsidiaries that guarantee our ABL Credit Facility. For the Third Quarter 2024 and Year-To-Date 2024, we recognized \$2.1 million and \$4.6 million, respectively, in deferred interest-equivalent expense related to the New Mithaq Term Loan.

The Mithaq Term Loans are subject to an amended and restated subordination agreement (as amended from time to time, the “Subordination Agreement”), dated as of April 16, 2024, by and among us and certain of our subsidiaries, Wells Fargo and Mithaq, pursuant to which the Mithaq Term Loans are subordinated in payment priority to our obligations under the Credit Agreement. Subject to such subordination terms, the Mithaq Term Loans are prepayable at any time and from time to time without penalty and do not require any mandatory prepayments.

The Mithaq Term Loans contain customary affirmative and negative covenants substantially similar to a subset of the covenants set forth in the Credit Agreement, including limits on our ability to incur certain liens, to incur certain indebtedness, to make certain investments, acquisitions, dispositions or restricted payments, or to change the nature of our business. The Mithaq Term Loans, however, do not provide for any closing, prepayment or exit fees, or other fees typical for transactions of this nature, do not impose additional reserves on borrowings under the Credit Agreement, and do not contain certain other restrictive covenants.

The Mithaq Term Loans contain certain customary events of default, which include (subject in certain cases to customary grace periods), nonpayment of principal, breach of other covenants of the Mithaq Term Loans, inaccuracy in representations or warranties, acceleration of certain other indebtedness (including under the Credit Agreement), certain events of bankruptcy, insolvency or reorganization, such as a change of control, and invalidity of any part of the Mithaq Term Loans.

As of November 2, 2024 unamortized deferred financing costs amounted to \$2.9 million related to the Mithaq Term Loans.

Maturities of our principal debt payments on the Mithaq Term Loans as of November 2, 2024 are as follows:

	<u>November 2, 2024</u>
	<u>(in thousands)</u>
Remainder of 2024	\$ —
2025	—
2026	—
2027	168,600
Thereafter	—
Total related party debt	<u>\$ 168,600</u>

Mithaq Commitment Letter

On May 2, 2024, we entered into a commitment letter (“the Commitment Letter”) with Mithaq for a \$40.0 million Mithaq Credit Facility. Under the Mithaq Credit Facility, we had the ability to request for advances at any time prior to July 1, 2025. On September 10, 2024, we entered into an Amendment No. 1 to the Commitment Letter with Mithaq, that extended the deadline for requesting advances until July 1, 2026.

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. Such debt shall be unsecured and shall be guaranteed by each of our subsidiaries that guarantee our ABL Credit Facility. Similar to the Mithaq Term Loans, such debt shall also be subject to the Subordination Agreement, contain customary affirmative and negative covenants substantially similar to a subset of the covenants set forth in the Credit Agreement, and contain certain customary events of default. Additionally, such debt shall require no mandatory prepayments and shall mature no earlier than July 1, 2026. As of November 2, 2024, no debt had been incurred under the Mithaq Credit Facility.

Cash Flows and Capital Expenditures

Cash used in operating activities was \$238.9 million during Year-To-Date 2024, compared to \$42.6 million during Year-To-Date 2023. Cash used in operating activities during Year-To-Date 2024 was primarily the result of higher inventory purchases and a lower accounts payable balance compared to Fiscal 2023.

Cash used in investing activities was \$15.9 million during Year-To-Date 2024, compared to \$24.5 million during Year-To-Date 2023, driven by lower capital expenditures.

Cash provided by financing activities was \$248.0 million during Year-To-Date 2024, compared to \$64.0 million during Year-To-Date 2023. The increase primarily resulted from proceeds from higher net borrowings under our ABL Credit Facility and the Mithaq Term Loans, partially offset by the repayment of the 2021 Term Loan.

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 and Mithaq 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 and Mithaq Credit Facility will be sufficient to fund our capital and other cash requirements for at least the next twelve months from the date that our consolidated financial statements for the Third Quarter 2024 were issued.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Cash and Cash Equivalents

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

Interest Rates

Until February 4, 2025, our ABL Credit Facility bears interest at a floating rate equal to the prime rate plus 2.000% or SOFR, plus 0.100%, plus 3.000%. As of November 2, 2024, we had \$362.4 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 2021 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 April 18, 2024, our 2021 Term Loan was fully repaid.

The New Mithaq Term Loan 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. A 10% change in the prime rate or SOFR would not have had a material impact on our interest expense.

As of November 2, 2024, we had no borrowings under our 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. A 10% change in the prime rate or SOFR would not have had a material impact on our interest expense.

Assets and Liabilities of Foreign Subsidiaries

Assets and liabilities outside the United States are primarily located in Canada and Hong Kong, where our investments in our subsidiaries are considered long-term. As of November 2, 2024, net liabilities in Canada and Hong Kong amounted to \$12.9 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 \$1.3 million. All changes in the net investments in our foreign subsidiaries are recorded in other comprehensive income (loss).

As of November 2, 2024, we had \$3.4 million of our cash and cash equivalents held in foreign subsidiaries, of which \$1.5 million was in India, \$1.2 million was in China, \$0.3 million was in Canada, \$0.2 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, Year-To-Date 2024 net sales would have decreased or increased by approximately \$7.7 million, and total costs and expenses would have decreased or increased by approximately \$10.8 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, currency policies and practices, or the occurrence of significant labor unrest in these countries or changes in foreign policies of the United States, could have a material adverse impact on our business, financial position, results of operations, and cash flows.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

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

Management, including our President and Interim Chief Executive Officer, 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 November 2, 2024.

Based on that evaluation, our President and Interim Chief Executive Officer, 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 November 2, 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.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that occurred during the quarter ended November 2, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Certain legal proceedings in which we are involved are discussed in “Note 8. Commitments and Contingencies” to the accompanying consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended February 3, 2024.

ITEM 1A. RISK FACTORS.

Except for the new risk factor described in our Quarterly Report on Form 10-Q for the quarter ended May 4, 2024, there were no material changes to the risk factors disclosed in Item 1A of Part I in our Annual Report on Form 10-K for the year ended February 3, 2024.

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

In November 2021, our Board authorized a \$250.0 million share repurchase program (the “Share Repurchase Program”). Under this program, we may repurchase shares on the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors, including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time and may thereafter reinstitute purchases, all without prior announcement. Pursuant to the Credit Agreement as amended by the Seventh Amendment as described above, 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 November 2, 2024, there was \$156.7 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.

There was no share repurchase activity during the Third Quarter 2024.

ITEM 5. OTHER INFORMATION.

During the Third Quarter 2024, none of the Company’s directors or officers, as defined in Section 16 of the Exchange Act, adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K of the Exchange Act.

ITEM 6. EXHIBITS.

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

10.6(+)	Separation and Release Agreement dated October 1, 2024, between Sheamus Toal and The Children's Place, Inc.
10.7(+)	Form of Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Plan.
31.1(+)	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2(+)	Certificate of Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32(+)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

(+) Filed herewith.

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

SIGNATURES

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

THE CHILDREN’S PLACE, INC.

Date: December 6, 2024

By: /S/ Muhammad Umair
Muhammad Umair
President and Interim Chief Executive Officer
(Principal Executive Officer)

Date: December 6, 2024

By: /S/ Sheamus Toal
Sheamus Toal
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release (the “Agreement”) is made as of the 1st day of October 2024 between Sheamus Toal (the “Employee”) and The Children’s Place Services Company, LLC and its parents and direct and indirect subsidiaries and affiliated corporations (collectively, the “Employer” or the “Company”).

1. Separation from Employment. The Employee acknowledges, confirms and agrees that the Employee’s last day of employment with the Company (the “Separation Date”) shall be the earlier of December 14, 2024, and (ii) the Early Separation Date (defined below). For the avoidance of confusion, however, Employee’s separation date for purposes determining vesting of stock-based compensation awards shall be December 14, 2024.

2. Transition Period. During the period beginning on October 1, 2024, and ending on the Separation Date (the “Transition Period”), the Employee will remain an at-will employee of the Employer and shall continue to perform all services for the Employer, unless directed by the Employer to not report to work or perform any services (either from the office or a remote location) for the Employer. In the event the Employer directs the Employee to not report to work or perform any services, the Employee shall nonetheless, during this Transition Period, be readily available via telephone, e-mail and/or in person, during regular business hours, to (a) respond to inquiries from the Employer, (b) attend meetings, and (c) upon the Employer’s request, assist with any open matters and/or issues relating to the transition of the Employee’s duties. At all times during the Transition Period, the Employee agrees to comply with Paragraphs 7, 8, 9 and 15 hereof. During the Transition Period (subject to the Employee's satisfactory performance of the services that the Employee is requested to perform and compliance with the terms of this Paragraph 2), the Employee shall (i) remain on the Employer’s payroll and continue to be paid the Employee's base salary (at the rate in effect immediately prior to the Transition Period) in accordance with the Employer’s customary payroll practices, and (ii) be entitled to participate in the Employer’s benefit plans to the extent and on the same basis that the Employee participated in such plans prior to the Transition Period (subject to any changes to such plan that are generally applicable to all employees). Employer reserves the right to terminate Employee’s employment prior to December 14, 2024 for any or no reason, including if the Employee fails to satisfactorily perform the services that the Employee is requested to perform during the Transition Period, breaches the Employee’s obligations under this Agreement or violates any of the terms of this Paragraph 2 (the date of such termination (if any) hereinafter, the “Early Separation Date”). In the event of such early termination, the Employee’s entitlement to salary and benefits pursuant to this Paragraph 2 shall terminate in full on the Early Separation Date. Employee, however, shall remain entitled to the consideration provided in Paragraph 3 of this Agreement and Employee’s separation date for determining vesting of stock-based compensation awards shall still be December 14, 2024.

1. Separation Payment and Benefits (a) As good and valuable consideration for the Employee’s execution, delivery and non-revocation of this Agreement and the Reaffirmation (defined below), the Employer shall, subject to the effectiveness of this Agreement and the Reaffirmation, pay to the Employee the amount of Two Million One Hundred Seventy-Five Thousand Dollars (\$2,175,000), less legally required payroll deductions, which amount shall be paid within ten (10) business days following execution and effectiveness of the Agreement and of the Reaffirmation and subject to the terms contained herein and therein.

(b) As good and valuable consideration for the Employee’s execution, delivery, and non-revocation of this Agreement, the Employer also shall, subject to the effectiveness of this Agreement and General Release, waive the Employee’s premium costs for continued health and/

or dental coverage under the Company's group health plan(s) pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period of eighteen (18) months or the date the Employee becomes eligible for such benefits through full-time employment with another entity or third party that offers health benefits, whichever date is sooner and, provided, that the Employee timely elects such COBRA coverage in accordance with the requirements of such plan(s). Thereafter, should the Employee desire to continue COBRA coverage, the Employee shall be responsible for the full applicable COBRA premium costs.

(c) Employer shall consider Employee's separation date to be December 14, 2024 for determining vesting of Employee's applicable stock-based compensation award that will vest on December 2, 2024.

(d) As material conditions to the Employee's receipt of the payments described in this Paragraph 3 above, the Employee shall: (i) execute and deliver to the Employer the Reaffirmation of Agreement and General Release (the "Reaffirmation") annexed hereto as Exhibit A on, or within five (5) days following, (but not before) the Separation Date; and (ii) not revoke the Reaffirmation within the revocation period set forth therein..

3. Acknowledgments Regarding Payments and Benefits. The Employer represents and warrants, and the Employee acknowledges, that the consideration set forth in Paragraphs 2 and 3 of this Agreement exceeds, supersedes, and extinguishes the amount, if any, that the Employee may be entitled to under any offer letter or employment agreement, verbal or written, as well as any employment or personnel policies, procedures or handbooks, including but not limited to, severance plans, policies or precedent utilized by the Employer or any other legal obligation which the Employer may have to the Employee. The Employee further acknowledges that in the absence of this Agreement, the Employee would not be entitled to, among other things, the payments provided by this Agreement. The Employee also acknowledges that any monetary or other benefits which, prior to the execution of this Agreement, the Employee may have earned or accrued or to which the Employee may have been entitled to be paid prior to the execution of this Agreement, have been paid, or addressed in this Agreement, or such payments or benefits have been released, waived or settled by the Employee pursuant to this Agreement. Except for payments to which Employee is entitled pursuant to this Agreement or payments that are otherwise exempted from the scope of the release in this Agreement, the Employee agrees that the Employee is not entitled to and will not seek any further consideration, including, but not limited to, any wages, vacation pay, sick pay, disability pay, bonus, compensation (including cash-based or equity-based compensation and/or awards), payment or benefit from the Released Parties (as defined in Paragraph 12). The Employee further agrees that except as otherwise provided by this Agreement the Employee shall not accrue any additional awards or rights pursuant to any equity plan of the Company and shall forfeit any rights to any awards, other than Employee's unvested award that will vest on December 2, 2024.

4. Return of Company Property. The Employee understands and agrees that, whether the Employee signs this Agreement or not, and as a prior condition to receiving the consideration set forth in Paragraphs 2 and 3, the Employee must return to the Company all laptops, cellular telephones, iPhones, iPads, blackberries, keys, locks, credit cards, documents, records, materials, and other information of any type whatsoever that is the property of the Company or its affiliates. The Employee further agrees that the Employee must not retain and shall immediately return any copies, images, or reproductions of correspondence, memoranda, reports, financial information, notebooks, drawings, photographs, or other documents relating in any way to the affairs of the Company, its affiliates or their respective vendors. Notwithstanding the foregoing, Employee may retain any agreements between Employee and Employer and any

documents concerning vested benefits to which Employee is entitled by virtue of Employee's employment with Employer.

5. Consultation with Counsel and Voluntariness of Agreement.

(a) The Employee acknowledges that the Employer has advised the Employee in writing to consult with an attorney prior to executing this Agreement. The Employee further acknowledges that, to the extent desired, the Employee has consulted with the Employee's own attorney in reviewing this Agreement, the Employee has carefully read and fully understands all the provisions of this Agreement, and that the Employee is voluntarily entering into this Agreement.

(b) The Employee further acknowledges and agrees that the Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Agreement and changes to this Agreement, whether material or immaterial, do not restart the running of the 21-day period.

(c) Unless revoked as provided below, this Agreement shall be effective and enforceable on the eighth (8th) day after execution and delivery of this Agreement to the Employer by the Employee. The parties to this Agreement understand and agree that the Employee may revoke this Agreement after having executed and delivered it to the Employer by so advising the Employer in writing no later than 11:59 p.m. on the seventh (7th) day after the Employee's execution and delivery of this Agreement to the Employer. If the Employee revokes this Agreement, it shall not be effective or enforceable, and the Employee shall not be entitled to the payments or benefits set forth in Paragraphs 2 and 3 of this Agreement.

2. Confidentiality of Agreement. Except as otherwise provided in Paragraph 21, the Employee agrees:

(a) The Employee will not disclose the existence of this Agreement or the terms and conditions of this Agreement to any person or entity, except: (i) to comply with or enforce this Agreement; (ii) to the Employee's legal, certified financial or tax advisors, spouse, and to the Internal Revenue Service or any similar state or local taxation authority; or (iii) as otherwise permitted by law. The parties to this Agreement expressly acknowledge and agree that there are no claims by the Employee against the Company relating to discrimination, retaliation and/or harassment. As such, the scope of the confidentiality and nondisclosure provisions contained herein are not limited, or otherwise covered by, any applicable New Jersey state law restricting the scope of such confidentiality/nondisclosure terms in the context of claims made related to discrimination, retaliation and/or harassment.

(b) The Employee agrees not to make any disparaging statements, comments, or remarks, whether written or oral (collectively, "Disparaging Statements"), to employees or affiliates of the Company entities, or to any third party, regarding the Company or any other Company entities or any of their respective officers, directors or Mithaq Capital SPC and its affiliates (including Mithaq Holding Company and its affiliates) or, in their capacity as such, their employees, agents, representatives, administrators, attorneys, and advisors, except (a) on a confidential basis to his attorneys, advisors, or immediate family, provided that the Employee does not direct, encourage, or request that these individuals violate his obligations under this Paragraph 7(b), and the Employee will instruct those individuals not to make any Disparaging Statements, (b) as required by applicable law, regulation, statute, or fiduciary obligation, (c) as

necessary to enforce rights under this Agreement, (d) to respond publicly to a Disparaging Statement made publicly in breach of this Paragraph 7(b) to the extent reasonably necessary to correct or refute such Disparaging Statement, or (e) pursuant to the exercise of the Indemnification Rights or the Executive Protections. “Disparaging” statements, comments, suggestions, or remarks are those that are defamatory or that, directly or indirectly, impugn in any manner the character, honesty, integrity, morality, ethics, or business acumen or abilities of the individual or entity at issue, including, without limitation, in any press release, official statement, or filing. The Company, on behalf of itself and the Company entities, agrees that its current directors and, during the period of their service with the Company or the applicable Company entity, its current officers (within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) shall not, and the Company agrees to instruct its Senior Leadership, not to, make any Disparaging Statements to employees or affiliates of the Company entities, or to any third party, regarding the Employee, or his advisors or attorneys, except (a) on a confidential basis to their attorneys and other advisors, provided that they do not direct, encourage, or request that these individuals violate the Company’s, or the Company entities’ obligations under this Paragraph 7(b), and the Company and the other Company entities will instruct those individuals not to make any Disparaging Statements, (b) as required by applicable law, regulation, statute, or fiduciary obligation, (c) as necessary to enforce rights under this Agreement, (d) to respond publicly to a Disparaging Statement made publicly in breach of this Paragraph 7(b) to the extent reasonably necessary to correct or refute such Disparaging Statement, and (e) on a confidential basis to the Company’s auditors. Notwithstanding the foregoing, nothing herein prohibits any person from providing truthful testimony in response to lawful legal process as part of an investigation or lawsuit, and nothing herein prohibits the Company’s directors and officers from discussing privately and in confidence the Employee or his work between or among one another.

6. Confidential and Proprietary Information and Work Product. The Employee acknowledges and agrees that the Employee continues to be bound by the terms of the Confidentiality, Work Product and Non-solicitation Agreement, signed by the Employee on November 7, 2022 (the “Confidentiality Agreement”).

7. No Interference With Business Operations.

(a) The Employee agrees that for a period of twelve (12) months following the Separation Date, the Employee will not directly or indirectly interfere with, disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its vendors, suppliers, consultants, lessors, franchisees, wholesale customers, independent contractors, agents, employees, or any operator or owner of an internet (e-commerce) site with whom the Company does business on, or during the six (6) months immediately precedent, the Separation Date.

(b) The Employee further agrees that for a period of twelve (12) months following the Separation Date, Employee will not interfere with, disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its vendors, lessors, franchisees, wholesale customers, independent contractors, agents, employees, or any operator or owner of an internet (e-commerce) site with whom the Company does business on, or during the six (6) months immediately preceding, the Separation Date. This provision does not prohibit customary competitive business activity.

(c) The Employee acknowledges and agrees that the restrictions on the activities in which the Employee may engage that are set forth in Paragraphs 9(a) of this Agreement and the location and period of time for which such restrictions apply are reasonable and necessary to protect the Company's legitimate business interests. The Employee understands that the Company's business is global and, accordingly, the restrictions cannot be limited to any particular geographic area except as otherwise provided herein. The Employee further acknowledges that the restrictions contained in this Agreement will not prevent the Employee from earning a livelihood.

8. Injunctive Relief. The Employee acknowledges that a breach or threatened breach of any of the terms set forth in Paragraphs 7, 8 or 9 of this Agreement shall result in an immediate irreparable and continuing harm to the Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to the Employer in connection with Paragraphs 7, 8 and 9 of this Agreement.

9. Confirmation of Employment. The Employee shall direct all reference requests to the Company's automated reference service (The Work Number at 1-800-367-5690; Employer Code 10048) and consistent with the Company's general policy regarding requests for employee references, the Company shall provide only the Employee's dates of employment and position.

10. Employee Release of Employer and Released Parties.

(a) In exchange for the consideration set forth above, the Employee, on behalf of the Employee and the Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases the Employer, as well as the Employer's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, agreements, promises, damages, back and front pay, costs, expenses, and attorneys' fees by reason of any matter, cause, act or omission arising out of or in connection with the Employee's employment with the Employer or separation therefrom, including but not limited to any claims based upon common law, or any federal, state or local employment statutes or civil rights laws (hereafter the "Claims"). Claims, as included in this release, without limiting its scope, are claims arising under Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act ("ADEA"); the Older Workers Benefit Protection Act (the "OWBPA"); the Americans with Disabilities Act; the Lily Ledbetter Act; the Equal Pay Act; the Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; the New Jersey Law Against Discrimination; the New Jersey Family Leave Act; the New Jersey Wage Payment Act; the Sarbanes-Oxley Act of 2002; the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and any other laws prohibiting discrimination, retaliation, wrongful termination, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This releases all Claims including those of which the Employee is not aware and those not mentioned in this Agreement up to the date of the execution and delivery of this Agreement to Company. The Employee expressly acknowledges and agrees that, by entering into this Agreement, the Employee is releasing and waiving any and all Claims, including, without limitation, claims that the Employee may have arising under ADEA, which have arisen on or before the date of the Employee's execution and delivery of this Agreement to Company.

(b) This release does not waive rights or claims that may arise after this release is executed, including any right or claim to enforce the terms of this Agreement, and does not waive any rights or Claims hereunder or which cannot be waived as a matter of law. This release

also does not waive any rights or claims preserved by the terms of Paragraph 15 and Paragraph 22 of this Agreement.

(c) Notwithstanding anything set forth in this Agreement to the contrary, nothing in this Agreement shall affect or be used to interfere with the Employee's protected right to test in any court, under the OWBPA, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Agreement.

11. Release by the Company.

In exchange for the Release provided by the Employee described in Paragraph 12 and the Employee's other covenants pursuant to this Agreement, effective from and after the Effective Date, the Company, for itself and on behalf of the their respective present and former representatives, officers, directors and Mithaq Capital SPC and all others acting or purporting to act on its or their behalf (collectively, the "Company Releasing Parties"), hereby unconditionally and irrevocably waives, releases, and forever discharges the Employee and each of his current and former agents, advisors, representatives, successors, assigns, beneficiaries, executors, administrators, insurers, reinsurers, sureties, attorneys, and all others acting or purporting to act on his behalf, past and present (collectively, the "Employee Released Parties"), from any and all debts, demands, actions, causes of action, complaints, suits, accounts, covenants, contracts, agreements, damages, losses, judgments, executions, orders, fees, costs, and expenses, and any and all claims, demands and liabilities whatsoever of any kind, whether in law or in equity, known or unknown, suspected or unsuspected, whether sounding in tort, contract, under municipal, state, or federal law or any other rule, regulation or authority, including but not limited to the "Clawback Policy" as defined in the Company's Annual Proxy that the Company Releasing Parties have, or ever had, against the Employee Released Parties, based on any fact or thing occurring from the beginning of time to the Effective Date. From and after the Payment Date, any Employee Released Party may plead this Agreement as a complete defense and bar to any released claim brought in contravention hereof.

12. Representations by the Employee. (a) Except as otherwise provided in Paragraph 21, the Employee hereby represents and warrants to the Released Parties that: (a) as of the date of this Agreement the Employee has not filed, caused, or permitted to be filed any pending lawsuit or complaint against the Released Parties, nor has the Employee agreed to do any of the foregoing; and (b) the Employee has not assigned, transferred, sold, encumbered, pledged, hypothecated, mortgaged, distributed, or otherwise disposed of or conveyed to any third party any right or Claim against the Released Parties that has been released in this Agreement.

(b) The Employee represents and warrants that the Employee: (i) has not made any misrepresentations or engaged in any misconduct or malfeasance during the Employee's employment that would constitute a material violation under the Company's Code of Business Conduct; and (ii) is not aware of any misconduct or malfeasance by any employee, independent contractor or director of the Company that the Employee should report in accordance with the Company's Code of Business Conduct or any irregularity in the Company's books or records or any other matter relating to the Company's accounting that should properly be reported by the Employee pursuant to the procedures established by the Company for making such reports, except any that has already been reported by the Employee in writing to the appropriate personnel of the Company.

13. Removal from Company Positions and Indemnification. The Employee agrees that as of the Separation Date, the Employee hereby resigns from all positions held on behalf of the Company including but not limited to officer, director, agent, representative, trustee, administrator, fiduciary and signatory. In addition, with respect to all acts or omissions of the Employee which occurred prior to the Separation Date, the Company agrees to continue to indemnify the Employee to the same extent that the Employee was indemnified prior to the Separation Date and that the Employee shall retain the benefit of all directors and officers liability insurance and coverage maintained by the Company with respect to claims made during the period provided by the Company's current policy and to the extent provided by any future policy from time to time maintained by the Company with respect to other former executives of the Company, in each case on the terms and conditions of such policy.

14. Cooperation. Except as otherwise provided in Paragraph 21, the Employee shall furnish such information as may be in the Employee's possession to, and cooperate with, the Company as may reasonably be requested by the Company in the orderly transfer of the Employee's responsibilities to other Company employees or in connection with any litigation or other proceeding in which the Company is or may be involved or a party. The Company shall reimburse Employee for all reasonable out-of-pocket expenses incurred by Employee in connection with providing cooperation under this Paragraph, including attorneys' fees and costs when the Company reasonably determines that Employee should have independent counsel.

15. Violation of Terms. Should the Employee materially violate any provision of this Agreement, then, the Company may at its option and as applicable (i) plead this Agreement in bar to any such action; and (ii) seek all damages or legal remedies available to the Employer (including without limitation injunctive relief and monetary damages, costs and reasonable attorney's fees.) The Employee agrees that if the Employee is required to return such payments, this Agreement shall continue to be binding on the Employee and the Released Parties shall be entitled to enforce the provisions of this Agreement as if the payments had not been repaid to Company and Company shall have no further obligations to pay or provide the Employee with any of the payments and benefits set forth herein. Should the Employer violate any provision of this Agreement, then the Employee shall have all remedies and civil actions available to remedy the Employee's damages. If the Separation Payment in Paragraph 3 is not paid to the Employee when and as provided for in Paragraph 3 above, and the Company fails to cure such breach within five (5) days after receiving written notice thereof, then, notwithstanding any contrary provisions herein, (i) in lieu of the Severance Payment provided for in Paragraph 3 above, the Employee shall receive the severance benefits provided by Section 4 of the Change in Control Severance Agreement between the Company and Employee; and (ii) the Employee's termination of employment with the Company shall be deemed to be an Involuntary Termination Event, as defined in and in connection with any and all awards to the Employee of the Company's common stock, and, consequently, all otherwise unvested common stock of the Company under such awards shall become fully vested and be immediately delivered to the Employee. The parties agree that, should either party seek to enforce the terms of this Agreement through litigation, then the prevailing party, in addition to all other legal remedies, shall be reimbursed by the other party for all reasonable attorneys' fees in relation to such litigation. However, in accordance with applicable laws, if the Employee commences a proceeding under the OWBPA and/or the ADEA to challenge the validity of this release and prevails on the merits of an ADEA claim, the above shall not apply, and the court shall have discretion to determine whether the Company is entitled to restitution, recoupment or set off (a "reduction") against a monetary award obtained by the Employee, which cannot exceed the amount the Employee recovers or the amount the Employee received for signing this release, whichever is less.

16. No Admission. Nothing contained in this Agreement nor the fact that the parties have signed this Agreement shall be construed as an admission by either party.

17. Waiver of Reinstatement. By entering into this Agreement, the Employee acknowledges that the Employee waives any claim to reinstatement and/or future employment with the Employer. The Employee further acknowledges that the Employee is not and shall not be entitled to any payments, benefits or other obligations from the Released Parties whatsoever (except as expressly set forth in this Agreement) based on the Company's denial of such reinstatement and/or future employment. Notwithstanding the foregoing, in the event the Company acquires, merges with, or otherwise joins an entity at which Employee is currently working or providing services to, nothing in this Agreement requires the termination of that relationship.

18. Delay in Payments as Required by Section 409A of the Code. The Employee and the Company confirm that it is intended that payments and benefits made or provided under this Agreement shall comply with or be exempt from Section 409A of the Internal Revenue Code. Notwithstanding any provisions herein to the contrary, if all or any portion of the payments due under Paragraph 2 hereof are reasonably determined to be "nonqualified deferred compensation" subject to Section 409A of the Code and the Company determines that the Employee is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code and the other guidance promulgated thereunder), then such payments shall commence on the first regular payroll date on or immediately following the first day of the seventh month following the Employee's "separation from service", as defined in Treasury Regulation Section 1.409A-1(h), including the default presumptions and the first of such payments shall include all amounts otherwise payable prior to the first payment date but for the application of this Paragraph 19.

19. Section 409A of the Code. The Employee hereby acknowledges and agrees with the Company that the interpretation of Section 409A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Employee that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. If, however, any such benefit or payment is deemed to not comply with Section 409A of the Code, the Employee and the Company agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any payment payable hereof), if possible, so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved. The Company shall consult with the Employee in good faith regarding the implementation of the provisions of this Paragraph 20; provided, that neither the Company nor any of its employees or representatives shall have any liability to the Employee with respect to Section 409A of the Code.

20. Exceptions. Nothing in this Agreement or any of its provisions prohibits or restricts the Employee from (i) making a claim for vested rights under ERISA-covered employee benefit plans as applicable on the date the Employee sign this Agreement; (ii) making a claim that may arise after the Employee signs this Agreement; (iii) making a claim which cannot be released by private agreement; (iv) initiating, testifying, assisting, complying with a subpoena from or participating in any manner with an investigation conducted by the appropriate local, state, or federal agency; (v) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid, or any other public benefits to which the Employee is entitled; (vi) speaking with law enforcement, the Equal Employment Opportunity Commission, a local commission on human rights, or an attorney retained by the Employee; or (vii) filing, testifying, or participating in or otherwise assisting in a proceeding relating to, or reporting, an alleged violation of any federal, state, or municipal law relating to fraud or any rule, regulation, or investigation of a governmental agency (including, but not limited to, the Securities Exchange Commission ("SEC")), or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. Prior authorization of the Company shall not be

required to make any reports or disclosures under this Paragraph. Nevertheless, the Employee acknowledges and agrees that by virtue of the general release set forth in this Agreement, the Employee has waived any relief available to them (including without limitation, monetary damages, equitable relief and reinstatement) under any of the claims and/or causes of action waived in the general release set forth above in this Agreement. Therefore, except as set forth herein, the Employee agrees that they will not seek or accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Agreement. This Agreement does not, however, waive or release the Employee's right to receive a whistleblower award from the SEC for information provided to the SEC.

21. Miscellaneous. This Agreement contains the entire understanding between the parties with respect to the subject matter herein. This Agreement supersedes any and all previous agreements, whether written or oral, between the Employee and the Employer except for any agreements that Employee entered into in connection with Employee's employment with the Employer concerning the at-will nature of Employee's employment, governing the protection of confidential or proprietary information or trade secrets, , and requiring that all disputes be submitted exclusively to arbitration ("Mutual Agreement to Arbitrate Claims"), and plans, all of which shall remain in full force and effect. Other than the aforementioned agreements, there are no other representations, agreements or understandings, oral or written, between the parties relating to the subject matter of this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the parties hereto subsequent to the date of this Agreement. This Agreement may be executed in counterparts, and all counterparts so executed shall constitute one agreement, binding upon the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties, as well as their administrators, representatives, agents, executors, successors and assigns.

22. Choice of Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to contracts made and performed in such State and without regard to the conflicts or choice of law provisions thereof that would give rise to the application of the domestic substantive law of any other jurisdiction. Except in the event the Company seeks to enforce its rights under Paragraphs 7, 8, 9 or 10 of this Agreement, the parties agree to mediate any dispute arising under this Agreement. In the event of any such dispute subject to mediation, the parties, within thirty (30) days of a written request for mediation, shall attend a mediation to be conducted in New Jersey in order to make a good faith reasonable effort to resolve such dispute. The Company shall bear the cost of the mediation expenses. The parties shall attempt, in good faith, to agree to a mediator. If the parties are unable to agree to a mediator, the parties shall submit the matter to the American Arbitration Association to appoint a mediator and conduct the mediation in New Jersey. If this good faith mediation effort fails to resolve the dispute arising under this Agreement or in the event the Company seeks to enforce its rights under Paragraphs 7, 8, 9 or 10 of this Agreement, then either party may commence a legal suit, action or proceeding to resolve such dispute, provided that such legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in a New Jersey federal or state court. The Employee and Employer agree to waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding and the Employee and Employer irrevocably submit to the exclusive jurisdiction of any such court in any suit, action or proceeding.

23. Severability. If any term, provision or part of this Agreement shall be determined to be in conflict with any applicable federal, state or other governmental law or regulation, or otherwise shall be invalid or unlawful, such term, provision or part shall continue in effect to the extent permitted by such law or regulation. Such invalidity, unenforceability or unlawfulness shall not affect or impair any other terms, provisions and parts of this Agreement not in conflict,

invalid or unlawful, and such terms, provisions and parts shall continue in full force and effect and remain binding upon the parties hereto.

THE EMPLOYEE STATES THAT THE EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT PRIOR TO SIGNING IT, THAT THE AGREEMENT HAS BEEN FULLY EXPLAINED TO THE EMPLOYEE PRIOR TO SIGNING IT, THAT THE EMPLOYEE HAS HAD THE OPPORTUNITY TO HAVE IT REVIEWED BY AN ATTORNEY AT THE EMPLOYEE'S OWN EXPENSE AND THE EMPLOYEE UNDERSTANDS THE AGREEMENT'S FINAL AND BINDING EFFECT PRIOR TO SIGNING IT, AND THAT THE EMPLOYEE IS SIGNING THE RELEASE KNOWINGLY AND VOLUNTARILY WITH THE FULL INTENTION OF COMPROMISING, SETTLING, AND RELEASING THE RELEASED PARTIES AS STATED IN THIS AGREEMENT.

Agreed to and accepted by, on this ____ day of October, 2024.

EMPLOYEE:

Name: Sheamus Toal

Agreed to and accepted by, on this ____ day of October, 2024.

THE CHILDREN'S PLACE SERVICES COMPANY, LLC

By: _____
Name: Jared Shure
Title: Chief Administrative Officer, General Counsel

EXHIBIT A

This Reaffirmation must be executed and delivered to Employer (Attn: General Counsel) on, or within five (5) days following (but not before), the Separation Date.

REAFFIRMATION OF AGREEMENT AND GENERAL RELEASE

1. Capitalized terms used but not defined in this Reaffirmation of Agreement and General Release (“Reaffirmation”) shall have the meaning set forth in the Agreement and General Release (the “Agreement”) between the Employee and the Employer, a copy of which is attached hereto.
2. The Employee hereby affirms the validity of the general release of the Released Parties set forth in Paragraph 12 of the Agreement and all other provisions of the Agreement. The Employee also affirms that the Employee is not in default of any provision of the Agreement. The Employee acknowledges that the Agreement is complete, true, accurate, valid and in full force and effect as of the date below.
3. Subject to the same limitations applicable to the release in Paragraph 12 of the Agreement, in consideration of the payments and benefits set forth in Paragraph 3 of the Agreement, the Employee hereby unconditionally and irrevocably releases, waives, discharges and gives up, to the full extent permitted by law, any and all Claims (as defined below) that the Employee may have against any of the Released Parties, arising on or prior to the date of Employee’s execution and delivery of this Reaffirmation to the Employer. “Claims” shall have the meaning set forth in Paragraph 12 of the Agreement. Subject to the same limitations applicable to the release in Paragraph 12 of the Agreement, this Section 3 releases all Claims including those of which the Employee is not aware and those not mentioned in the Agreement or this Reaffirmation. Except as otherwise exempted by the terms of the Agreement, the Employee specifically releases any and all Claims arising out the Employee’s employment with the Employer and/or its predecessors or termination therefrom. The Employee expressly acknowledges and agrees that, by entering into this Reaffirmation, the Employee is releasing and waiving any and all Claims which have arisen on or before the date of the Employee’s execution and delivery of this Reaffirmation to Employer.
4. The Employer and the Employee acknowledge and agree that neither the Agreement nor this Reaffirmation waive rights or claims that may arise after this Reaffirmation is executed, including any right or claim to enforce the terms of the Agreement, and does not waive any rights or Claims which cannot be waived as a matter of law. Notwithstanding anything set forth in this Agreement or the Reaffirmation to the contrary, nothing in this Agreement or Reaffirmation shall affect or be used to interfere with the Employee’s protected right to test in any court, under the OWBPA, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Agreement

5. (a) The Employee acknowledges that the Employer has advised the Employee in writing to consult with an attorney at his own expense prior to executing this Reaffirmation. The Employee further acknowledges that, to the extent desired, the Employee has consulted with the Employee's own attorney in reviewing this Reaffirmation, that the Employee has carefully read and fully understands all the provisions of this Reaffirmation, and that the Employee is voluntarily entering into this Reaffirmation.

(b) The Employee further acknowledges that the Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Reaffirmation and changes to the Reaffirmation, whether material or immaterial, do not restart the running of the 21-day period.

(c) Unless revoked as provided below, this Reaffirmation shall be effective and enforceable on the eighth (8th) day after execution and delivery of this Reaffirmation to Employer by the Employee. The parties to this Agreement understand and agree that the Employee may revoke this Reaffirmation after having executed and delivered it to Employer by so advising Employer in writing no later than 11:59 p.m. on the seventh (7th) day after the Employee's execution and delivery of this Reaffirmation to Employer. If the Employee revokes this Reaffirmation, it shall not be effective or enforceable, the Employee shall not be entitled to the payments or benefits set forth in Paragraph 3 of the Agreement.

Agreed to and accepted by, on this ____ day of December 2024.

Witness:

EMPLOYEE:

Name: Sheamus Toal

Agreed to and accepted by, on this ____ day of December 2024.

THE CHILDREN'S PLACE SERVICES Company, LLC

By: _____

Name: Jared Shure

Title: Chief Administrative Officer, General Counsel

RESTRICTED STOCK UNIT AWARD AGREEMENT**THE CHILDREN'S PLACE, INC.**

This Restricted Stock Unit Award Agreement (the "Agreement"), effective as of [-----] [--], 2024 (the "Award Date"), is entered into by and between The Children's Place, Inc., a Delaware corporation (the "Company"), and _____ (the "Awardee").

WHEREAS, the Company desires to provide the Awardee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company;

WHEREAS, to give effect to the foregoing intentions, the Company desires to grant the Awardee the right to receive shares of the Company's common stock, par value \$0.10 per share (the "Common Stock"), pursuant to Section 9 of the 2011 Equity Incentive Plan of the Company (the "Plan"), subject to the terms and conditions set forth herein; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto agree as follows:

1. Award. Subject to the terms and conditions set forth in this Agreement, and as otherwise provided in the Plan, the Company shall issue and deliver to the Awardee that number of shares of Common Stock on or within 10 days following each of the three vesting dates set forth in Exhibit A to this Agreement (each, a "Vesting Date"); *provided, however*, that the shares of Common Stock deliverable in accordance with the foregoing (the "Deferred Shares") on or following each Vesting Date shall not be so delivered unless the Awardee is in the employ of the Company or its subsidiaries on such respective Vesting Date; *provided, further*, that for the Vesting Dates of April 15, 2026 or April 15, 2027, as applicable (such Deferred Shares, the "Performance Shares"), a determination has been made by the Board or the Committee that the Adjusted Free Cash Flow targets for the Performance Periods set forth in Exhibit B have been achieved, and at what levels those targets have been achieved (by reference to Exhibit B) (a "Determination"). The total number of Deferred Shares that may be earned if the Awardee remains employed by the Company or its subsidiaries through the final Vesting Date is set forth in Exhibit A to this Agreement.

2. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Awardee and his or her legal representative in respect of any questions arising under the Plan or this Agreement. By signing this Agreement, Awardee acknowledges that he or she has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan (and this Agreement).

3. Termination and Change in Control.

(a) Except as provided in Sections 3(b) and 3(c) of this Agreement, if the Awardee's employment with the Company terminates for any reason, the Awardee's right to receive any unpaid Deferred Shares and dividend equivalents otherwise credited pursuant to Section 4 below will be immediately forfeited, unless otherwise specifically provided otherwise by the Committee. For purposes of this Agreement, the

Awardee will not be considered to have incurred a termination of employment with the Company unless the Awardee's employment has terminated from the Company and each of its subsidiaries and Affiliates, as determined by the Committee.

(b) Notwithstanding any provision herein to the contrary, if a Change in Control occurs prior to a Determination, then immediately prior to such Change in Control, the target number of Performance Shares (as set forth in Exhibit B) shall automatically convert into service-based Deferred Shares, and such service-based Deferred Shares shall vest and be immediately delivered to the Awardee on the Vesting Date (without regard to achievement of any of the Adjusted Free Cash Flow targets set forth on Exhibit B), provided that the Awardee is in the employ of the Company or its subsidiaries on the Vesting Date. Notwithstanding any provision herein to the contrary, in the event that an Involuntary Termination Event occurs within one (1) year following the occurrence of a Change in Control, the outstanding Deferred Shares shall immediately become fully vested as soon as practicable (but not later than 15 days) following the Involuntary Termination Event. In the event that after a Determination, an Involuntary Termination Event and a Change in Control occur, then the number of Performance Shares determined to have been earned shall immediately vest and shall be immediately delivered to the Awardee.

(c) In the event that the Awardee's employment with the Company and/or its subsidiaries terminates due to the Awardee's death, Disability or Retirement, (i) with respect to Deferred Shares that are not Performance Shares, all such Deferred Shares shall immediately vest and be delivered to the Awardee (or the Awardee's estate, as applicable) within 10 days following the date of such termination of employment (subject to Section 15(u)(ii) of the Plan) or (ii) with respect to Performance Shares, (x) prior to a Determination, then the performance targets in Exhibit B shall be deemed to have been achieved at target, and the conditions set forth in Exhibit B shall be deemed to have been satisfied, and, therefore, the Target Number of Performance Shares (as set forth in Exhibit B) shall immediately vest and be delivered to the Awardee (or the Awardee's estate, as applicable) within 10 days following the date of such termination of employment (subject to Section 15(u)(ii) of the Plan); *provided* that if such termination of employment occurs on or prior to the date on which 50% of the Performance Period (as set forth in Exhibit B) has elapsed, only 50% of the target number of Performance Shares shall immediately vest and be so delivered or (y) after a Determination, then any Performance Shares that are determined to have been earned by the Awardee in accordance with Exhibit B shall, to the extent not previously delivered to the Awardee, vest and be delivered to the Awardee (or the Awardee's estate, as applicable) within 10 days following the date of such termination of employment (subject to Section 15(u)(ii) of the Plan).

(d) For purposes of this Agreement, the terms "Involuntary Termination Event" shall mean (i) the involuntary termination of the Awardee's employment with the Company or any of its subsidiaries (other than for Cause, death or Disability) or (ii) the Awardee's resignation of employment with the Company or any of its subsidiaries for Good Reason and (2) "Good Reason" shall mean the occurrence of any of the following without the Awardee's prior written consent: (i) a material reduction in the Awardee's then current base salary or target bonus percentage, (ii) a material diminution of the Awardee's duties or responsibilities, (iii) the assignment to the Awardee of duties or responsibilities which are materially inconsistent with the Awardee's previous duties or responsibilities, or (iv) relocation of the Awardee's principal work location to a location more than thirty (30) miles from the Awardee's previous principal work location; *provided, however*, that no such occurrence shall constitute Good Reason unless the Awardee provides the Company with written notice of the matter within thirty (30) days after the Awardee first has knowledge of the matter and, in the case of clauses (i), (ii) or (iii) of the definition of Good Reason, the Company fails to cure such matter within thirty (30) days after its receipt of such notice, and if the Company fails to cure such matter, the Awardee resigns within thirty (30) days following the expiration of the cure period.

(e) For purposes of this Agreement, the terms “Cause”, “Disability” and “Retirement” shall have the meanings given such terms under the Plan.

(f) For purposes of this Agreement, and for all purposes of this Award, notwithstanding the definition of Change in Control set forth in the Plan, “Change in Control” shall mean the following:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “Person”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); *provided, however*, that for purposes of this Agreement, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company, (II) any acquisition by any employee benefit plan sponsored or maintained by the Company, (III) any acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (IV) any acquisition by an entity owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of the Company or (V) any acquisition by Mithaq Capital SPC, Mithaq Holding Company or any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Mithaq Capital SPC or Mithaq Holding Company (collectively, “Mithaq”); *provided* that the provisions of this subsection (i) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (iv) below;

(ii) individuals who, during any consecutive 12-month period from or after the date hereof, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board; *provided* that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(iii) the approval by the stockholders of the Company of a plan of complete dissolution or liquidation of the Company; or

(iv) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company other than any transaction with Mithaq (a “Business Combination”), or sale, transfer or other disposition of all or substantially all of the business or assets of the Company to an entity that is not an Affiliate of the Company and is not Mithaq (a “Sale”), that in each case requires the approval of the Company’s stockholders (whether for such Business Combination or Sale or the issuance of securities in such Business Combination or Sale), unless immediately following such Business Combination or Sale: (A) more than 50% of the total voting power

of (x) the entity resulting from such Business Combination or the entity which has acquired all or substantially all of the business or assets of the Company in a Sale (in either case, the “Surviving Company”), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the board of directors (or the analogous governing body) of the Surviving Company (the “Parent Company”), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination or Sale (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination or Sale, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company or Mithaq), is or becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination or Sale were Board members at the time of the Board’s approval of the execution of the initial agreement providing for such Business Combination or Sale.

Terms used in the foregoing definition of “Change in Control” but not defined therein shall have the meanings set forth in the Plan.

4. Dividend Equivalents. The Company shall credit the Awardee in respect of each Deferred Share (and each Dividend Equivalent Share (or fraction thereof)) subject to this Award with dividend equivalents in the form of a number of shares of Common Stock (including any fractional shares) (the “Dividend Equivalent Shares”) equal to the (i) the amount of each dividend (including extraordinary dividends if so determined by the Committee) declared to other stockholders of the Company in respect of one share of Common Stock divided by (ii) the Fair Market Value of a share of Common Stock on the payment date for the applicable dividend. On the date(s) that Deferred Shares are delivered to the Awardee hereunder (whether pursuant to Sections 1 or 3), the Dividend Equivalent Shares in respect of the aggregate number of delivered Deferred Shares shall also be delivered to the Awardee, with the aggregate number of such Dividend Equivalent Shares being rounded down to the nearest whole share (but, in any event, no fewer than one share). No dividend equivalents shall be accrued for the benefit of the Awardee with respect to record dates occurring prior to the Award Date, or with respect to record dates occurring on or after the date, if any, on which the Awardee’s rights to receive Deferred Shares are forfeited.

5. Taxes. This Agreement and the Award shall be governed by, and construed in accordance with, Section 15(u) of the Plan relating to Section 409A of the Internal Revenue Code of 1986, as amended. Notwithstanding the foregoing, neither the Company nor any of its subsidiaries or Affiliates will have any obligation to indemnify or otherwise hold the Awardee (or any beneficiary) harmless from any or all of such taxes or penalties.

6. Transfer Restrictions. Prior to delivery of any Common Stock with respect to the Deferred Shares or the Dividend Equivalent Shares, the Awardee shall not be deemed to have any ownership or stockholder rights (including without limitation dividend and voting rights) with respect to such shares, nor may the Awardee sell, assign, pledge or otherwise transfer (voluntarily or involuntarily) this Award, or any of the Deferred Shares or any of the Dividend Equivalent Shares prior to delivery thereof.

7. Changes in Capitalization. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock, or (b) unusual or nonrecurring events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation service, accounting principles or law, such that in any case an adjustment to this Award is determined by the Committee in its sole discretion to be necessary or appropriate, then this Award shall be adjusted in such manner as the Committee may deem equitable in accordance with Section 12 of the Plan.

8. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver the Deferred Shares or any certificates evidencing such shares shall be subject to the terms of all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

9. Withholding Taxes. Awardee shall be required to pay to the Company or its subsidiary, and the Company or its subsidiary shall have the right (but not the obligation) and is hereby authorized to withhold from amounts payable and/or property deliverable to the Awardee, the amount of any required withholding taxes in respect of the Deferred Shares and the Dividend Equivalent Shares, or any other payment or transfer under the Award, and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding taxes.

10. Awardee Representations. The Awardee has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Awardee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Awardee. The Awardee understands that the Awardee (and, subject to Section 9 above, not the Company) shall be responsible for the Awardee's own tax liability arising as a result of the transactions contemplated by this Agreement.

11. Clawback/Forfeiture. The Awardee acknowledges and agrees to abide by the terms of the Company's Clawback Policy, as in effect from time to time (the "Clawback Policy"), in respect of all compensation that the Awardee receives from the Company or any of its Affiliates, whether pursuant to this Agreement, the Plan or otherwise to the extent set forth in the Clawback Policy (collectively, "Covered Compensation"), and the Awardee further agrees that, in the event that any Covered Compensation previously paid to the Awardee is subject to recovery pursuant to the Clawback Policy, the Awardee hereby consents to recovery by the Company through any means determined by the Company in its sole discretion, including through withholding by the Company or any of its Affiliates of the Awardee's salary, wages or any other cash or equity-based compensation payable to the Awardee by the Company or any of its Affiliates. To the extent required by applicable law (including without limitation Section 302 of the Sarbanes-Oxley Act of 2002 and Section 954 of the Dodd Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of NASDAQ or other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, this Award shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Award and this Agreement). In the event that this Section 11 and/or such written policy is deemed to be unenforceable, then the award of Deferred Shares shall be deemed to be unenforceable due to the lack of adequate consideration.

12. Employment. Neither this Agreement nor any action taken hereunder shall be construed as giving the Awardee any right of continuing employment by the Company or its subsidiaries.

13. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight

courier service to the Company at its principal office or to the Awardee at his or her address contained in the records of the Company.

14. Governing Law. This Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter of this Agreement. Notwithstanding the foregoing, this Agreement and the Award made hereby shall be subject to the terms of the Plan. In the event of a conflict between this Agreement and the Plan, the terms and conditions of the Plan shall control.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Awardee and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Awardee and may not be assigned by the Awardee without the prior written consent of the Company. Any attempted assignment in violation of this Section shall be null and void.

17. Amendment. This Agreement may be amended or modified only as provided in Section 14 of the Plan or by a written instrument executed by both the Company and the Awardee.

18. Survivorship. This Agreement shall continue in effect until there are no further rights or obligations of the parties outstanding hereunder and shall not be terminated by either party without the express written consent of both parties.

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused their duly authorized officer to execute this Agreement as of the date first written above.

THE CHILDREN'S PLACE, INC.

By: _____
Name: Jared E. Shure
Title: Chief Administrative Officer, General Counsel

AWARDEE

By: _____
Name:
Date: As of _____, 2024

Exhibit A

Vesting Date	Quantity	Maximum Number of Deferred Shares Available to be Earned
May 29, 2025		
April 15, 2026	[---] (target)	
April 15, 2027	[---] (target)	

Exhibit B

Adjusted Free Cash Flow Targets

The Awardee shall earn the percentage of the Target Number of Performance Shares that are scheduled to vest in April 2026 (as listed on Exhibit A) by reference to the Adjusted Free Cash Flow achieved for Fiscal Year 2025 (the “FY 2025 Performance Period”) as set forth in the following table. If the Adjusted Free Cash Flow achieved for the FY 2025 Performance Period falls between the thresholds set forth in the following table, the percentage of the Target Number of Performance Shares to be earned shall be determined by linear interpolation:

Adjusted Free Cash Flow for FY 2025 Performance Period	Percentage of the Target Number of Performance Shares to be Earned
\$100,000,000	200%
\$90,000,000	150%
\$80,000,000	125%
\$65,000,000	100% (Target)
\$50,000,000	75%
\$40,000,000	50%
\$30,000,000	0%

The Awardee shall earn the percentage of the Target Number of Performance Shares that are scheduled to vest in April 2027 (as listed on Exhibit A) by reference to the Adjusted Free Cash Flow achieved for Fiscal Year 2026 (the “FY 2026 Performance Period,” and, with the FY 2025 Performance Period, the “Performance Periods”) as set forth in the following table. If the Adjusted Free Cash Flow achieved for the FY 2026 Performance Period falls between the thresholds set forth in the following table, the percentage of the Target Number of Performance Shares to be earned shall be determined by linear interpolation:

Adjusted Free Cash Flow for FY 2026 Performance Period	Percentage of the Target Number of Performance Shares to be Earned
\$150,000,000	200%
\$130,000,000	150%
\$115,000,000	125%
\$100,000,000	100% (Target)
\$85,000,000	75%
\$70,000,000	50%
\$50,000,000	0%

“Adjusted Free Cash Flow” shall mean the Company’s cash flow from operations minus (i) capital expenditures and/or (ii) other unusual or non-recurring items, each as approved by the Committee.

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

I, Muhammad Umair, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2024

By: /S/ MUHAMMAD UMAIR
MUHAMMAD UMAIR
President and Interim Chief Executive Officer
(Principal Executive Officer)

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

I, Sheamus Toal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 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, Muhammad Umair, President and Interim Chief Executive Officer of The Children's Place, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended November 2, 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 quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 6th day of December, 2024.

By: /S/ MUHAMMAD UMAIR
President and Interim Chief Executive Officer
(Principal Executive Officer)

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

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended November 2, 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 quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 6th day of December, 2024.

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

This certification accompanies the Quarterly Report on Form 10-Q of The Children's Place, Inc. for the quarter ended November 2, 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.