



THE CHILDREN'S PLACE | GYMBORÉE | sugar & jade | PJ PLACE

COMPANY OVERVIEW

FIRST QUARTER FISCAL 2023 RESULTS



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

\$1.7B
in Annual Revenue*

50% Planned Digital Penetration

599 Stores in the U.S. and Canada

Less than **30%** of Revenue from Traditional Malls

212 International points of distribution

Accelerated Amazon Opportunity



THE CHILDREN'S
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GYMBOREE



sugar & jade



PJ
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* As of January 28, 2023

- **Strong brand awareness** and **market share leader** in children's specialty apparel retail
- Strength of design, merchandising, and sourcing teams delivers an on-trend **superior product offering**, with a **strong value proposition**, across our portfolio of brands
- Industry-leading digital penetration, with focus on **mobile-first enabled transactions** and **optimizing interactions** with our customers through **enhanced brand marketing and personalization**
- **Customer centric Omni-channel focus**, supported by digital delivery, and driven by customer insights and strategy
- **Experienced and talented management team**, with an average tenure of over seven years, focused on execution and operational excellence





FINANCIAL HIGHLIGHTS

	Q1 2023		Q1 2022		Q1 2019		23 vs. 22		23 vs. 19	
		% of Sales		% of Sales		% of Sales	Inc/(Dec) %	BPS	Inc/(Dec) %	BPS
Net Sales	\$322		\$362		\$412		-11%		-22%	
Gross Profit	96	30.0%	142	39.2%	151	36.7%	-32%	(920)	-36%	(670)
SG&A	109	33.9%	108	29.9%	127	30.8%	1%	400	-14%	310
Depreciation	12	3.7%	13	3.6%	18	4.3%	-9%	10	-33%	(60)
Operating Income	(25)	-7.6%	21	5.7%	7	1.6%	-219%	(1,330)	-470%	(920)
Interest	6	1.8%	2	0.5%	2	0.4%	246%	130	245%	140
Income Before Taxes	(30)	-9.5%	19	5.2%	5	1.2%	-261%	(1,470)	-718%	(1,070)
Income Tax	(6)		4		(1)		-228%		-551%	
Net Income	(\$25)	-7.7%	\$14	4.0%	\$6	1.4%	-271%	(1,170)	-527%	(910)
Diluted EPS	(\$2.00)		\$1.05		\$0.36		-291%		-656%	
Shares	12		14		16		-11%		-23%	
EBITDA	(\$13)	-3.9%	\$34	9.3%	\$24	5.9%	-138%	(1,320)	-152%	(980)

Net Sales -11.2% to last year, -8.2% on comp basis:

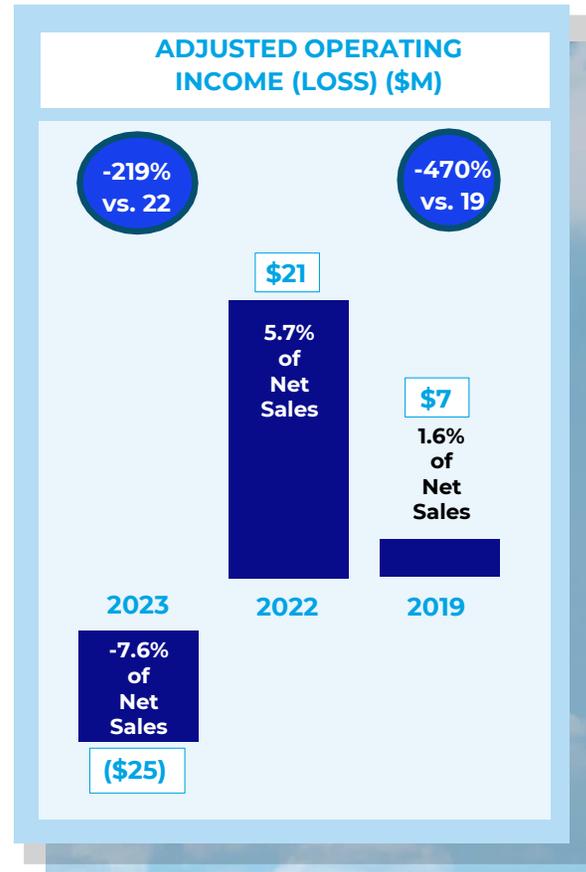
- Impact of slowdown in consumer demand, resulting from the unprecedented inflation impacting our customer

Operating margin (7.6%), - 1,330 bps to last year and -920 bps to 2019:

- Lower merchandise margins, due to AUR pressure and peak cotton costs
- Higher domestic supply chain costs and inbound transportation costs due to global supply chain disruptions
- Fixed costs de-leverage on lower net sales

*Adjusted measures are non-GAAP and exclude expenses and income which we believe are not indicative of the performance of the core business. A reconciliation of GAAP and non-GAAP measures is provided in the Company's earnings releases which are available at <http://investor.childrensplace.com>.

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



- **Net Sales decreased 11% versus last year**, driven by the impact of a slowdown in consumer demand resulting from the unprecedented inflation impacting our customer.
- **Adjusted Operating Income (Loss) was -1,330 basis points versus last year**, driven by lower merchandise margins, due to AUR pressure and peak cotton costs, higher domestic supply chain costs, and the deleverage of fixed expenses resulting from the decline in net sales.
- **Adjusted Earnings (Loss) per Share was (\$2.00)**, versus **\$1.05** in 2022 and **\$0.36** in 2019

BALANCE SHEET (1 st QTR)	2023	2022
Cash	\$18	\$58
Accounts Receivable	26	29
Inventory	504	549
Revolver	301	250
Accounts Payable	223	261
Term Loan	50	50

CASH FLOW (1 st QTR)	2023	2022
Operating Cash Flow	\$5	(\$19)
Capital Expenditures	(11)	(11)
Free Cash Flow	(\$6)	(\$30)
Share Repurchases	\$6	\$39

- Inventory **decreased 8%**, with 16% of our inventory in-transit
- Accounts Payable **decreased 14%**, as a result of lower merchandise inventory
- Cash and short-term investments of **\$18 million** versus \$58 million last year with **\$301 million** outstanding on our Revolver, compared to \$250 million outstanding last year
- Generated **\$5 million** in operating cash flow in Q1 2023
- Repurchased shares of **\$6 million** related to shares surrendered to cover tax withholdings

Our outlook reflects:

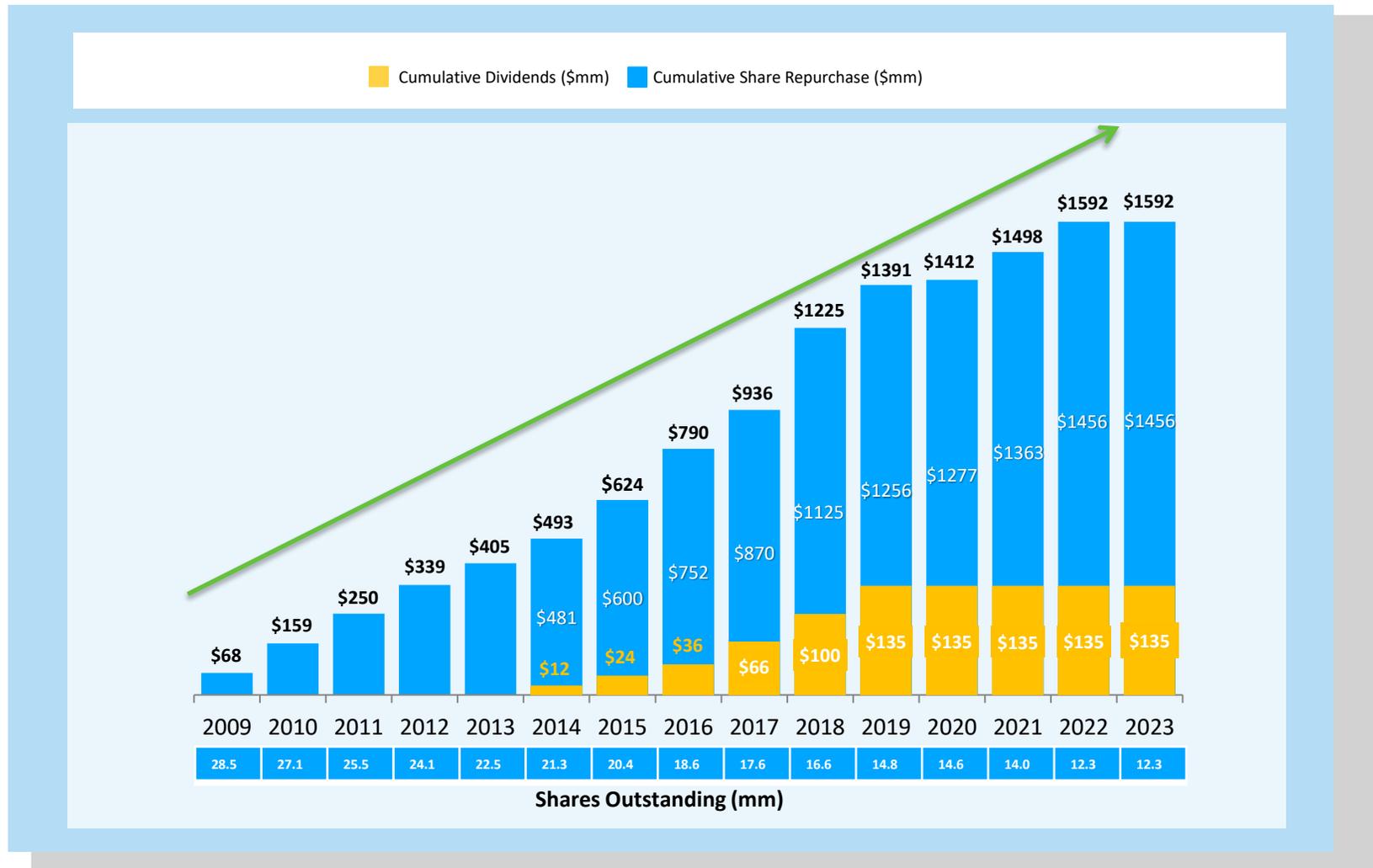
- **Double digit operating margin and EPS over \$5.00 in back half of year fueled by decrease in cotton & supply chain costs**
- Continued headwinds from the macroeconomic environment
- Outsized impact of inflation on our core customer
- Temporary buildup of high input costs in inventory
- Strong growth in Wholesale channel with Amazon
- Lower occupancy expenses, resulting from favorable lease negotiations, permanent store closures, and expense reductions
- Planned marketing investments



<i>\$ in millions</i>	2023	2022	2021
SECOND QUARTER	Guidance	(% vs. 2022)	(% vs. 2021)
Net Sales	\$340 - \$345	\$381 -11% to -9%	\$414 -18% to -17%
Adjusted Operating Income	-8.0%	-3.1% -492 bps	9.7% -1,769 bps
Adjusted Diluted EPS	(\$2.15) to (\$2.20)	\$1.05 -306% to -310%	\$3.25 -166% to -168%

<i>\$ in millions</i>	2023	2022	2021
FULL YEAR	Guidance	(% vs. 2022)	(% vs. 2021)
Net Sales	\$1,575 - \$1,590	\$1,708 -8% to -7%	\$1,915 -18% to -17%
Adjusted Operating Income	2.5% to 2.9%	0.4% 209 to 249	15.1% -1,257 to -1,217
Adjusted Diluted EPS	\$1.00 to \$1.50	(\$0.08) 1,350% to 1,975%	\$13.40 -93% to -89%

Consistent track record returning excess cash to shareholders





DIGITAL FIRST

Q1 DIGITAL PENETRATION 46%



76%

Mobile
Transaction
Penetration

+19%

Mobile App
Penetration

+10%

Mobile App
Sales Growth
YOY

+32%

Mobile App
Unique
Customers
Growth YOY

+26%

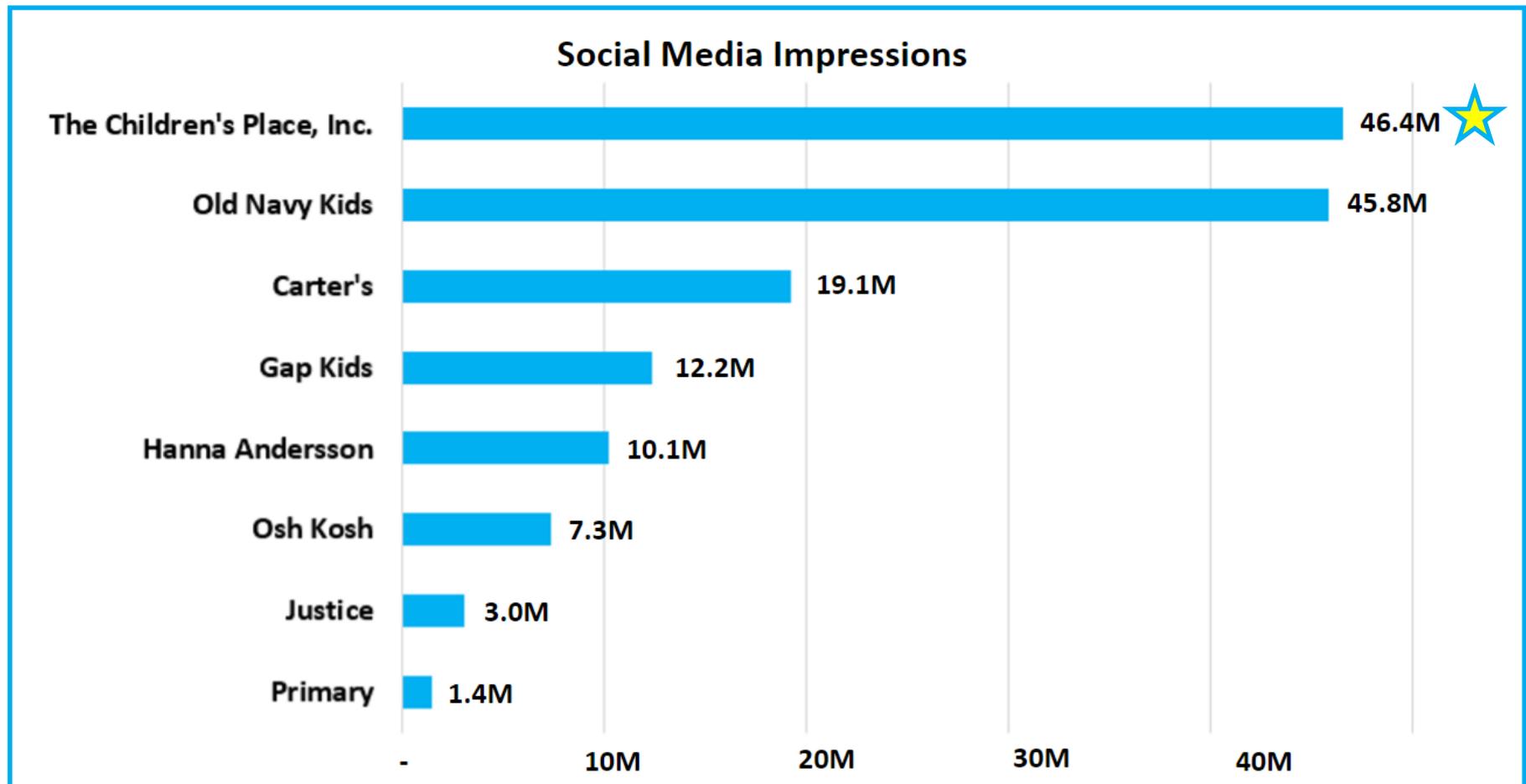
Mobile App
Traffic Growth
YOY



MARKETING

THE CHILDREN'S PLACE DOMINATES THE CATEGORY ACROSS SOCIAL MEDIA

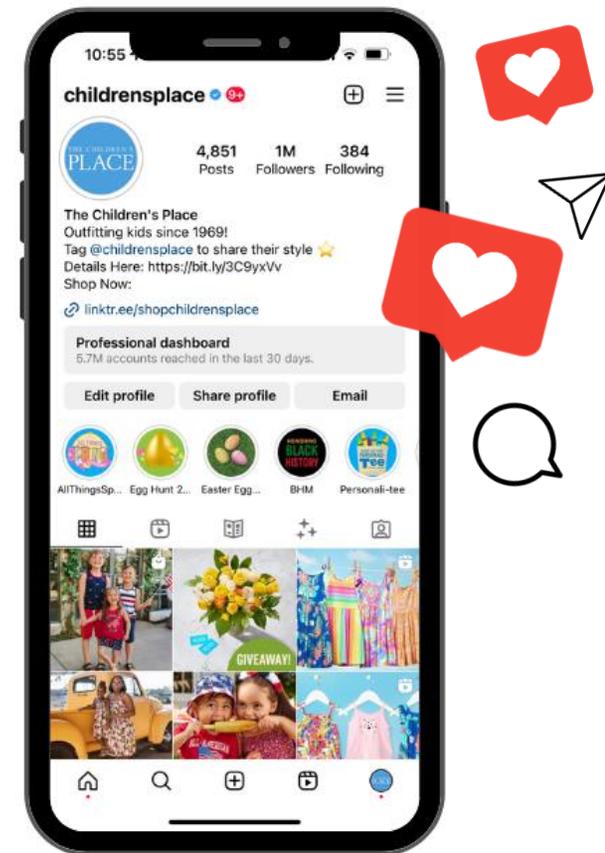
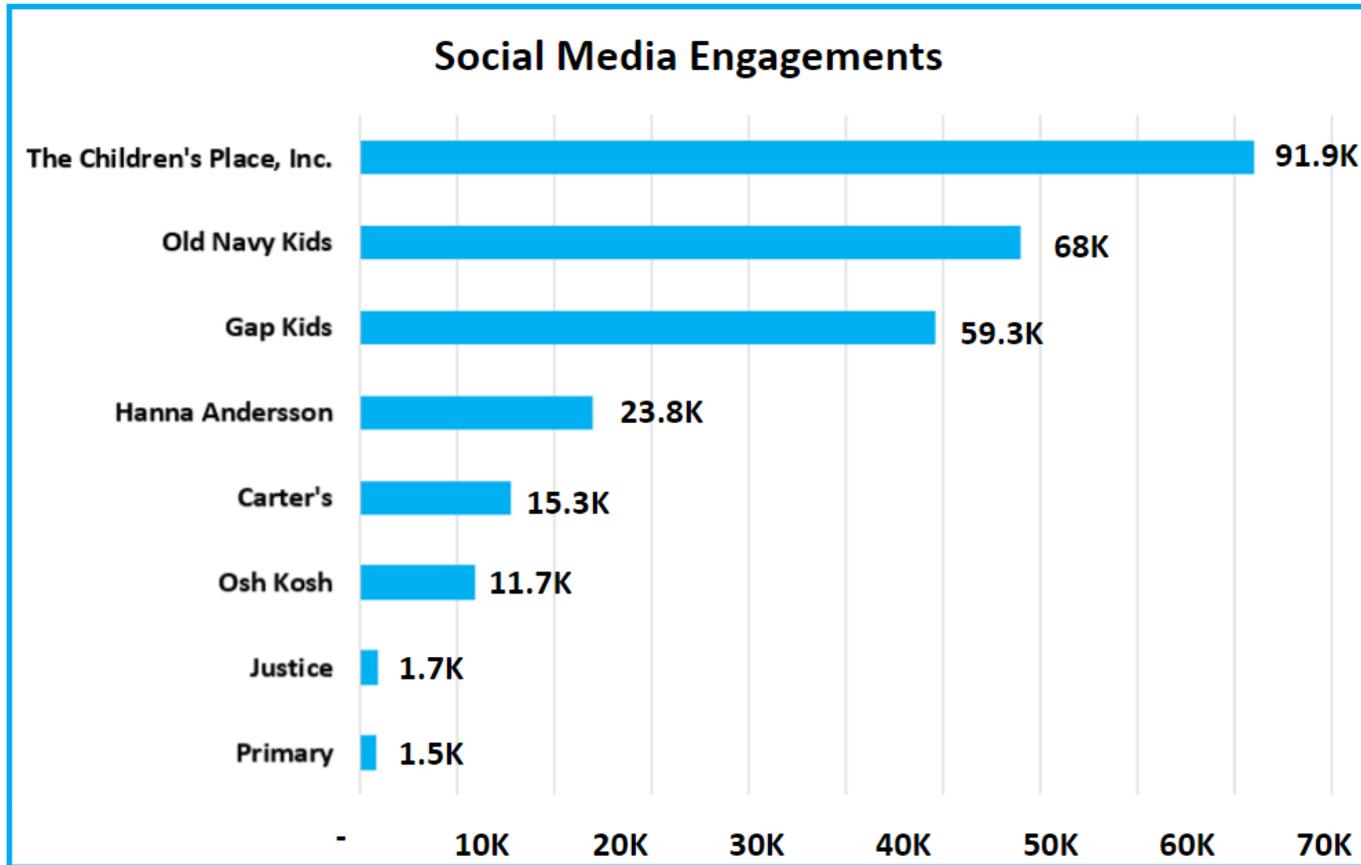
The Children's Place brands drove a total of **46.4M brand social media impressions** across Facebook, Instagram, Twitter and YouTube, dominating the children's apparel category across social.



Source: Instagram, Facebook, Twitter, YouTube (Feb– April) as of 4/29/23

THE CHILDREN'S PLACE DRIVES STRONG ORGANIC SOCIAL INTERACTIONS

The Children's Place brands drove **over 91K social media engagements**, demonstrating the power of our strong and engaged followings across Facebook, Instagram, Twitter and YouTube.



THE CHILDREN'S PLACE

+4.5% Increase in Engagement Rate vs. Q4 22

Source: Instagram, Facebook, Twitter, YouTube (Feb– April) as of 4/29/23

The Children's Place partnered with legendary football players, **Eli Manning, Shaun O'Hara, Justin Tuck, Emmanuel Sanders and Brian Westbrook** for its' Spring '23 brand campaign. This disruptive and culturally relevant campaign broke through the noise and drove maximum awareness, spotlighting the ability of The Children's Place to dress families across the nation for every made-to-match moment, through its incredible dressy assortment, filled-with-personality graphic tee assortment and casual-and-famed pajama-wear.

Following the launch of the campaign, the brand teamed up with Manning to treat hundreds of local NJ children to a day of **fun, football and philanthropy**. The day began at Hackensack Meridian Hospital where we came together to support Tackle Kids Cancer and treated the children to Easter baskets filled to the brim with goodies. That afternoon, Eli and Shaun O'Hara joined **300+ children** for a fun afternoon of personalizing graphic tees from The Children's Place Spring 2023 Collection, a competitive obstacle course, football target practice, a thrilling Easter egg hunt, and more.

The campaign garnered **over 10B earned media impressions across 1.3K+ media placements and was supported via full-funnel media strategy.**

Over 10B Impressions



1.3K Media Placements

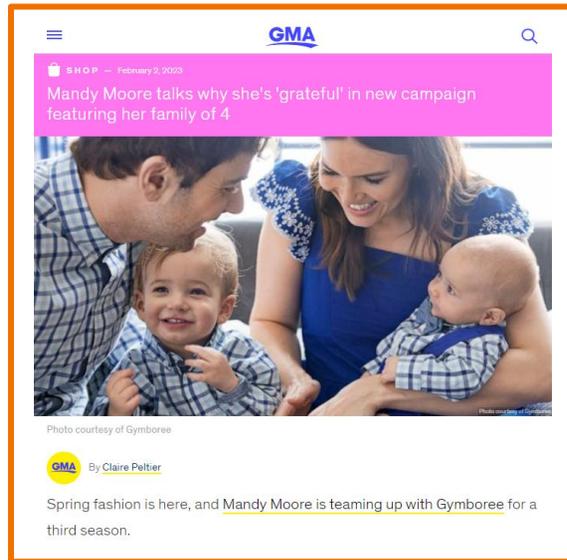


Announced **Gymboree's** Brand Ambassador, **Mandy Moore** in tandem with the brand's Spring '23 brand campaign. Actress, singer, philanthropist and Mom, **Mandy Moore**, and her new family of four, celebrated the Spring season and Easter Holiday in an emotional brand video, "Our Story". Narrated by Mandy, the campaign illustrated the essence of what the Easter season is all about: family, love and celebration. This continued collaboration included rich-photo and video content that captured her growing family, dressed in bow-to-toe Gymboree, in their first shoot as a family of four.

Additionally, the brand, in partnership with **Mandy Moore**, launched Women's History Month with a pledge to support **Dress for Success**. Gymboree provided clothing and monetary donations, hosted a month-long clothing drive held in our corporate office that generated **25 boxes** of clothing and accessories, and matched all associate-made donations to Dress for Success in the month of March. This philanthropic initiative highlighted Gymboree's continued 2023 partnership with Mandy Moore and the company's goals and accomplishments in social and environmental topics, especially surrounding a **gender-diverse** workforce.

These campaigns drove over 7B earned media impressions across 160+ media placements and was supported via full-funnel media strategy.

Over 7B Impressions



160+ Media Placements

amazon



Q1 Results

- Our Q1 Amazon Site Sales were **up 124% versus Q1 of 2022** fueled by a **214% increase in traffic** over last year.
- Total customers for the Q1 time period were **+81% to Q1 2022**
 - Total **New to Brand customers** for the Q1 time period were **+51% to LY**
- Marketing continues to be a key component driving the Amazon business, and our successful marketing strategies are **driving the significant year over year increase in traffic**.
- Ad attributed sales for Q1 2023 actualized **+145% to LY**, with a ROAS improvement of **28% to LY**.
- We continued to see our brand campaigns perform well on Amazon with our top performing Ads for the time period showcasing our NFL Celebrity Brand Campaign
 - This influencer advertising generated over **18M Impressions on Amazon** delivering a strong return on Ad spend.



Q1 Results

- The Gymboree brand continues to exceed expectations on Amazon, **delivering another strong quarter.**
- The momentum we experienced in Q1 was partly fueled by an **enhanced advertising strategy built around maximizing the brand's visibility** in high-impact placements.
- Ad attributed sales for the quarter actualized at **49% of total sales** with a strong return on ad spend signaling significant opportunity ahead to drive incremental sales through increased marketing investment.
 - Top performing Ads in Q1 featured Gymboree's 2023 **Brand Ambassador Mandy Moore** and Family Highlighting our Easter Assortment!
 - In addition to driving strong ad attributed sales the Mandy Moore ad units continued to be a strong acquisition driver, with **New to Brand customers generating 43% of orders!**





SUMMER 2023 COLLECTIONS





THE CHILDREN'S
PLACE
SUMMER 2023 COLLECTION



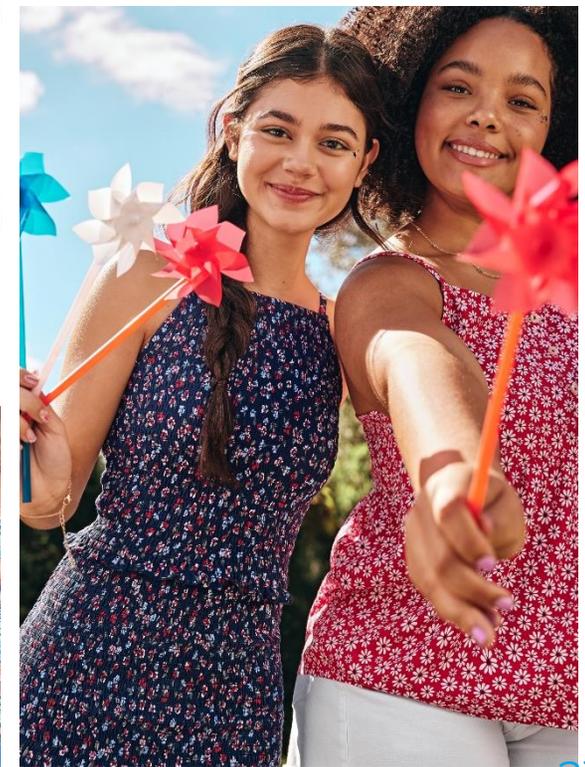


GYMBOREE®
SUMMER 2023 COLLECTION





**sugar
&jade**
SUMMER 2023 COLLECTION





PJ
PLACE
SUMMER 2023 COLLECTION



A photograph of three children in a park. On the left, a girl with long dreadlocks is smiling and has her arm around the middle child. The middle child is a girl with brown hair, also smiling. On the right, a boy is looking up and smiling. They are all wearing colorful, casual clothing. The background shows green trees and a clear blue sky.

ESG

**ENVIRONMENTAL, SOCIAL &
GOVERNANCE**

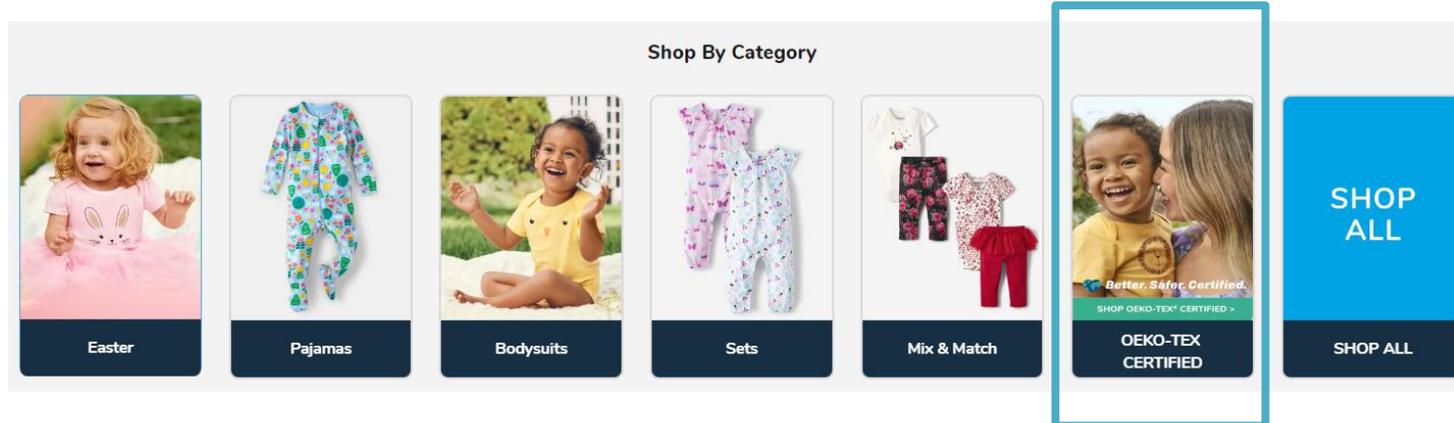
OEKO-TEX® STANDARD 100 Certification



During February Baby Month, we highlighted the launch of **OEKO-TEX® STANDARD 100 certified** products on our website. This certification means that every component of the product, i.e. every thread, button and other accessories, has been tested for harmful substances against strict global criteria by independent partner OEKO-TEX® institute.



We launched with 100 products and starting Spring '23, **over 80% of The Children's Place cotton sleepwear, newborn and underwear products, as well as some Gymboree sleepwear** will bear the STANDARD 100 hangtag or label.

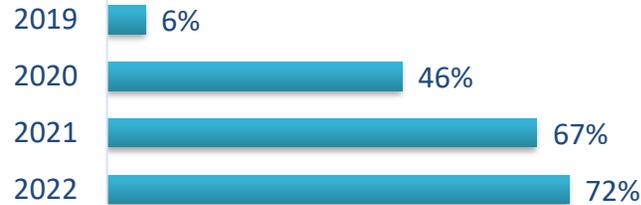


Focus on Responsibly Sourced Cotton

We are committed to improving cotton farming practices globally and are **on track to meet our 100% responsibly sourced cotton goal by the end of 2025**. Sourcing more sustainable cotton such as Better Cotton generates change on the ground by helping to improve soil health, address climate change and alleviate poverty.



SOURCE 100% RESPONSIBLY SOURCED COTTON FOR THE COTTON FIBERS USED IN OUR APPAREL BY END OF 2025.



We have also signed up to the **2025 Sustainable Cotton Challenge**, a Textile Exchange campaign working to shift the market toward the use of cotton grown using agricultural practices with improved environmental and social sustainability outcomes. By signing the pledge, we reaffirm our commitment to source 100% of our cotton from more sustainable cotton programs and initiatives by 2025.





THANK YOU

FORWARD LOOKING STATEMENTS

This presentation contains or may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives and 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 January 28, 2023. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by changes in economic conditions (including inflation), the risks related to the COVID-19 pandemic, including the impact of the COVID-19 pandemic on our business or the economy in general, the risk that the Company's strategic initiatives to increase sales and margin are delayed or do not result in anticipated improvements, the risk of delays, interruptions, disruptions and higher costs in the Company's global supply chain, including resulting from COVID-19 or other disease outbreaks, foreign sources of supply in less developed countries, more politically unstable countries, or countries where vendors fail to comply with industry standards or ethical business practices, including the use of forced, indentured or child labor, the risk that the cost of raw materials or energy prices will increase beyond current expectations or that the Company is unable to offset cost increases through value engineering or price increases, various types of litigation, including class action litigations brought under consumer protection, employment, and privacy and information security laws and regulations, the imposition of regulations affecting the importation of foreign-produced merchandise, including duties and tariffs, and the uncertainty of weather patterns. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

