



THE CHILDREN'S
PLACE

GYMBOREE | Sugar & Jade | PJ PLACE

**COMPANY
OVERVIEW**

SECOND QUARTER FISCAL 2023 RESULTS



- **Omni-channel** children's specialty **portfolio of brands** with an industry-leading **digital-first model**
- 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



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

\$1.7B
in Annual Revenue*

50%+ Planned
Digital Penetration

596 Stores in the
U.S. and Canada

Less than 30% of
Revenue from
Traditional Malls

221 International
points of distribution

Accelerated Amazon
Opportunity



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GYMBOREE



sugar
& jade



PJ
PLACE

* As of January 28, 2023



FINANCIAL HIGHLIGHTS

	Q2 2023		Q2 2022		Q2 2019		23 vs. 22 Inc/(Dec)		23 vs. 19 Inc/(Dec)	
		% of Sales		% of Sales		% of Sales	%	BPS	%	BPS
Net Sales	\$346		\$381		\$420		-9%		-18%	
Gross Profit	88	25.4%	115	30.2%	139	33.0%	-24%	(480)	-37%	(760)
SG&A	102	29.4%	114	29.8%	115	27.5%	-10%	(40)	-12%	190
Depreciation	11	3.2%	13	3.4%	18	4.2%	-15%	(20)	-37%	(100)
Operating Income	(25)	-7.2%	(12)	-3.1%	6	1.4%	-113%	(410)	-528%	(860)
Interest	8	2.2%	3	0.7%	2	0.5%	195%	150	235%	170
Income Before Taxes	(33)	-9.4%	(14)	-3.8%	4	0.8%	-128%	(560)	-1018%	(1,020)
Income Tax	(6)		(3)		1		-131%		-1185%	
Net Income	(\$26)	-7.7%	(\$12)	-3.1%	\$3	0.7%	-127%	(460)	-987%	(840)
Diluted EPS	(\$2.12)		(\$0.89)		\$0.19		-138%		-1223%	
Shares	13		13		16		-5%		-21%	
EBITDA	(\$14)	-4.0%	\$1	0.3%	\$23	5.6%	-1167%	(437)	-160%	(960)

Net Sales -9.3% to last year, -9.0% on comp basis:

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

Operating margin (7.2%), - 410 bps to last year

- Lower merchandise margins, due to peak cotton costs
- 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.

Q2 DIGITAL PENETRATION 51%

DIGITAL HIGHLIGHTS

+11%
Digital
Penetration
Growth YOY

+12%
Digital Traffic
Growth YOY

57%
Total US
Acquisition

80%
Mobile
Transaction
Penetration

MOBILE APP HIGHLIGHTS

+15%
US Mobile App
Sales Growth
YOY

+21%
US Mobile App
Traffic Growth
YOY

+21%
Mobile App
Unique
Customers
Growth YOY



	YTD 2023	% of Sales	YTD 2022	% of Sales	YTD 2019	% of Sales	23 vs. 22		23 vs. 19	
							Inc/(Dec)	BPS	Inc/(Dec)	BPS
Net Sales	\$667		\$743		\$833		-10%		-20%	
Gross Profit	184	27.6%	257	34.5%	290	34.9%	-28%	(690)	-37%	(730)
SG&A	211	31.6%	222	29.8%	243	29.1%	-5%	180	-13%	250
Depreciation	23	3.4%	26	3.5%	35	4.2%	-12%	(10)	-35%	(80)
Operating Income	(50)	-7.4%	9	1.2%	12	1.5%	-655%	(860)	-497%	(890)
Interest	14	2.0%	4	0.6%	4	0.5%	215%	140	239%	150
Income Before Taxes	(63)	-9.4%	5	0.6%	8	1.0%	-1465%	(1,000)	-844%	(1,040)
Income Tax	(12)		2		(0)		-752%		-3694%	
Net Income	(\$51)	-7.7%	\$3	0.4%	\$9	1.1%	-1925%	(810)	-683%	(880)
Diluted EPS	(\$4.12)		\$0.21		\$0.55		-2083%		-849%	
Shares	12		14		16		-8%		-22%	
EBITDA	(\$27)	-4.0%	\$35	4.7%	\$48	5.7%	-176%	(870)	-156%	(970)

Net Sales -10.2% to last year, -8.6% on comp basis:

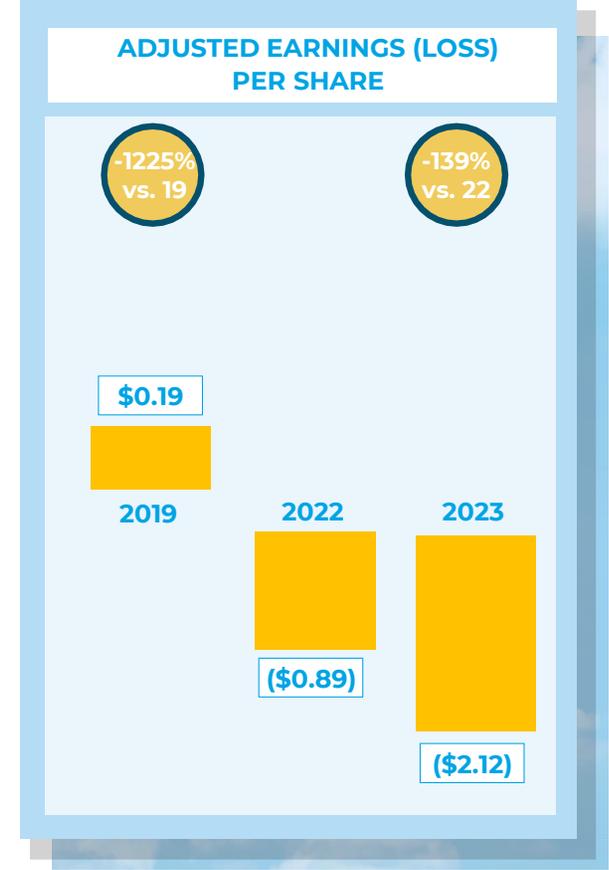
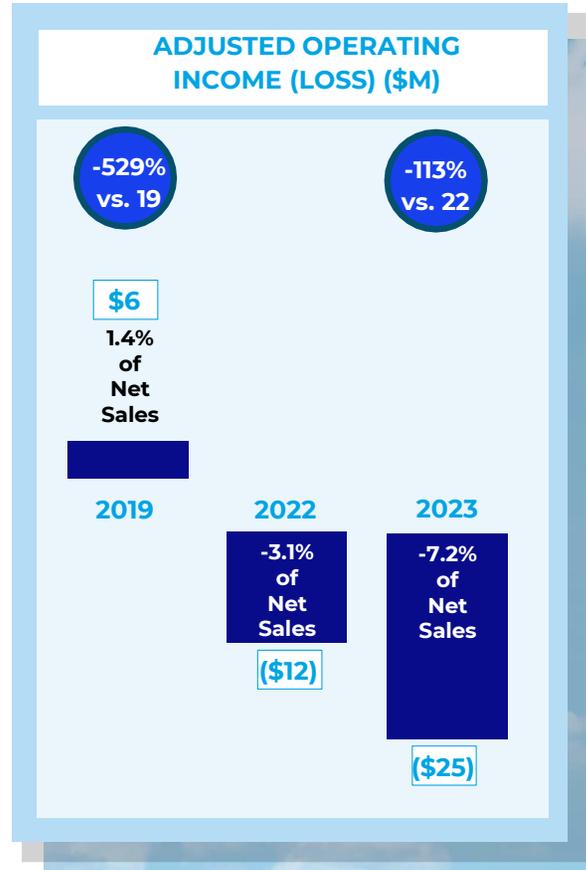
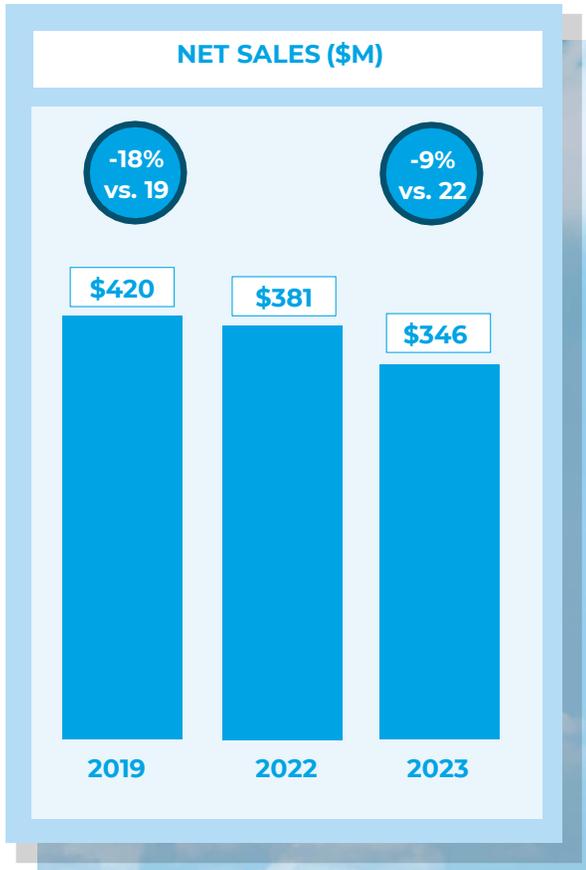
- Impact of slowdown in consumer demand, resulting from the unprecedented inflation impacting our customer
- Increased promotional activity across the sector
- Impact of permanent store closures

Operating margin -7.4%, - 860 bps to last year

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

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



BALANCE SHEET (2 nd QTR)	2023	2022
Cash	\$19	\$28
Accounts Receivable	33	44
Inventory	537	616
Revolver	348	284
Accounts Payable	262	304
Term Loan	50	50

CASH FLOW (2 nd QTR)	2023	2022
Operating Cash Flow	(\$38)	\$(34)
Capital Expenditures	(7)	(8)
Free Cash Flow	(\$45)	(\$42)
Share Repurchases	-	\$23

- Inventory **decreased 13%** as a result of lower average cost and inventory reduction initiatives
- Accounts Payable **decreased 14%**, as a result of lower merchandise inventory
- Cash and short-term investments of **\$19 million** with **\$348 million** outstanding on our Revolver
- Used **\$38 million** in operating cash flow in Q2 2023

Our outlook reflects:

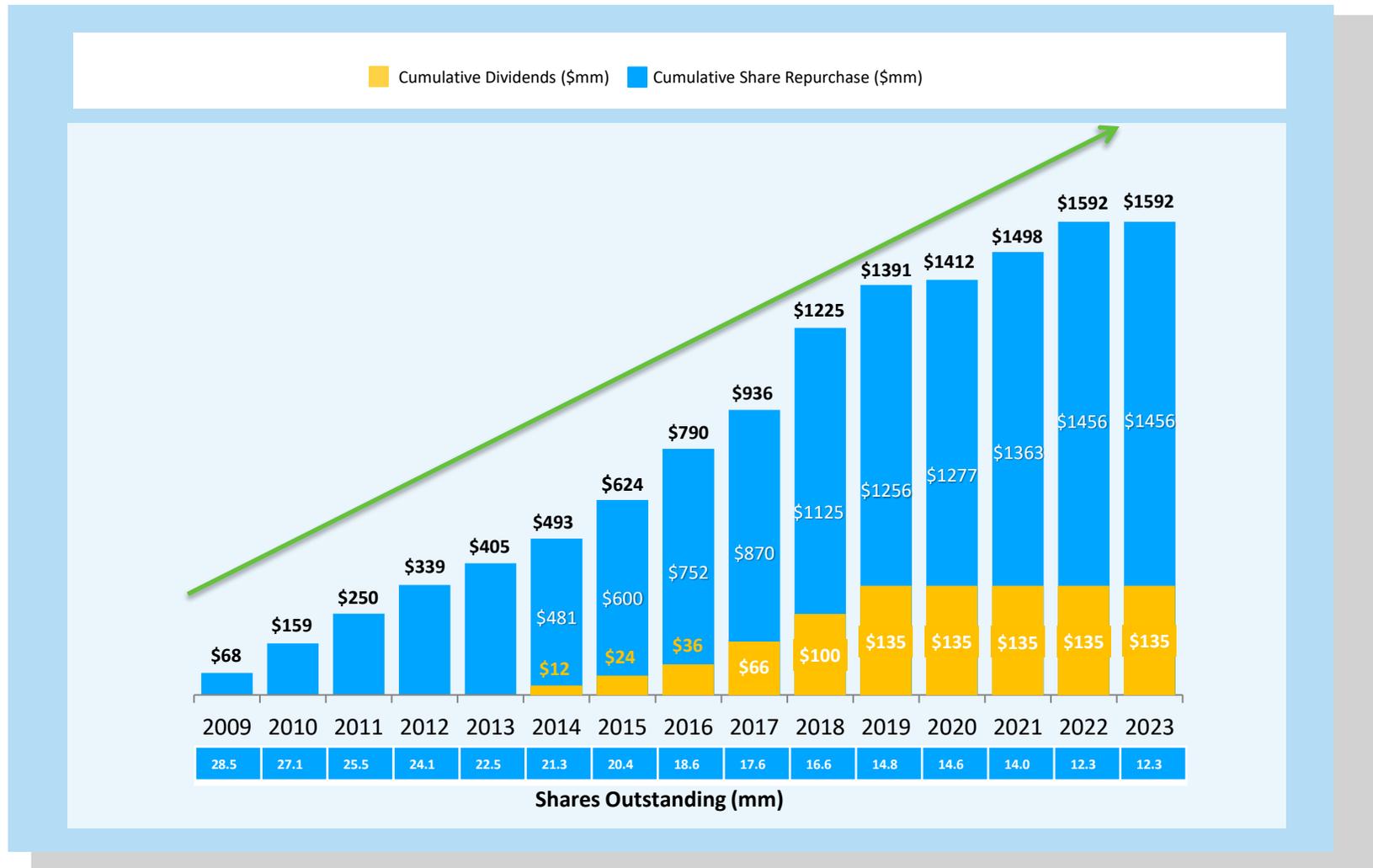
- **Double digit operating margin and EPS in the range of \$5.00-\$5.25 in back half of year**
- Continued headwinds from the macroeconomic environment
- Outsized impact of inflation on our core customer
- Temporary buildup of high input costs in inventory
- Strong growth in Wholesale channel with Amazon
- Lower occupancy expenses, resulting from favorable lease negotiations, permanent store closures, and expense reductions
- Planned marketing investments



<i>\$ in millions</i>	2023	2022
THIRD QUARTER	Guidance	(% vs. 2022)
Net Sales	\$470 - \$475	\$509 -8% to -7%
Adjusted Operating Income	Approx. 13.5%	11.6% 190 bps
Adjusted Diluted EPS	\$3.55 to \$3.65	\$3.33 7% to 10%

<i>\$ in millions</i>	2023	2022
2ND HALF (Q3/Q4)	Guidance	(% vs. 2022)
Net Sales	\$910 - \$920	\$965 -6% to -5%
Adjusted Operating Income	Approx. 10%	-0.2% 1,020 bps
Adjusted Diluted EPS	\$5.00 to \$5.25	(\$0.31)

Consistent track record returning excess cash to shareholders



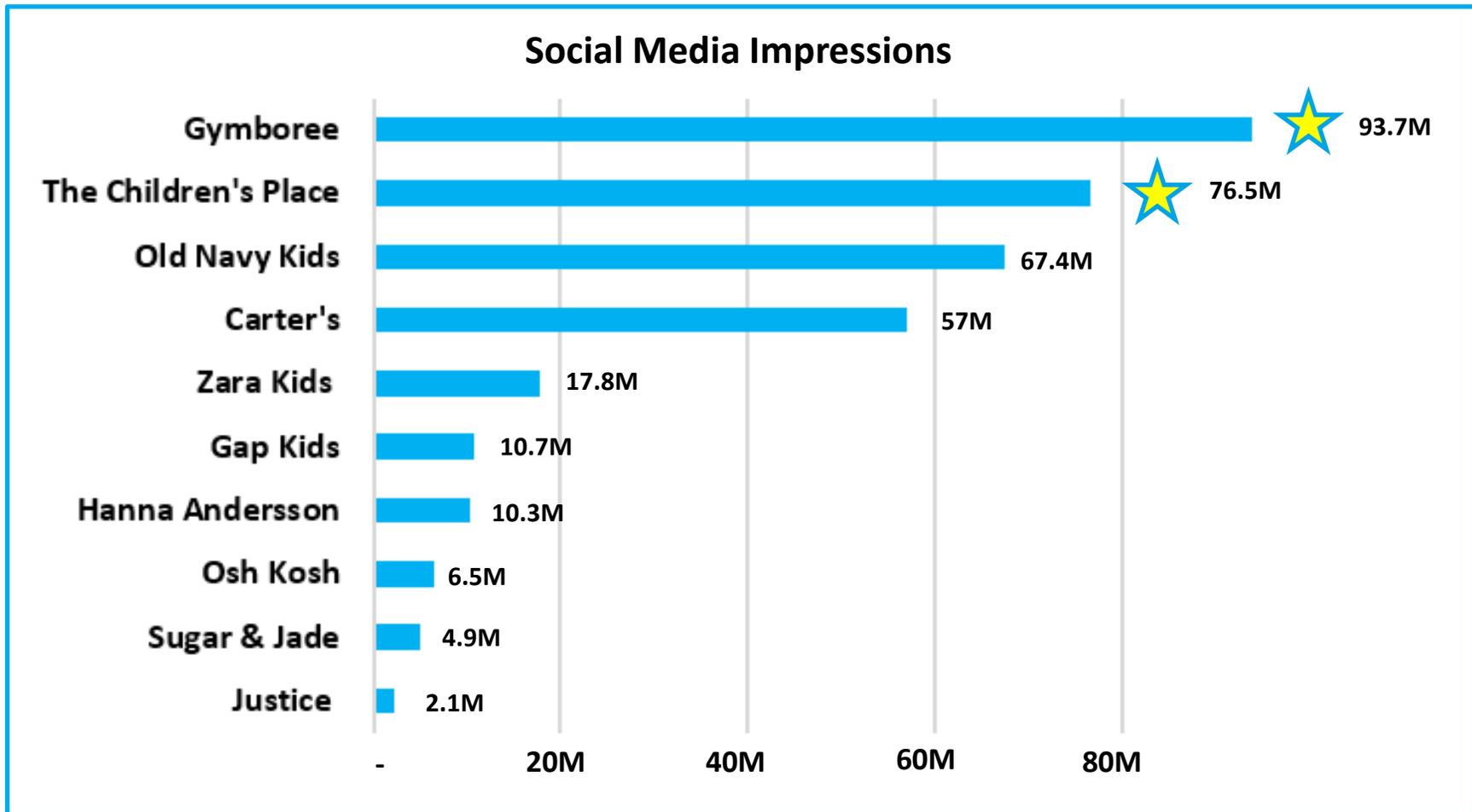


MARKETING



THE CHILDREN'S PLACE PORTFOLIO OF BRANDS DOMINATED THE CHILDRENS CATEGORY ACROSS SOCIAL MEDIA IN Q2

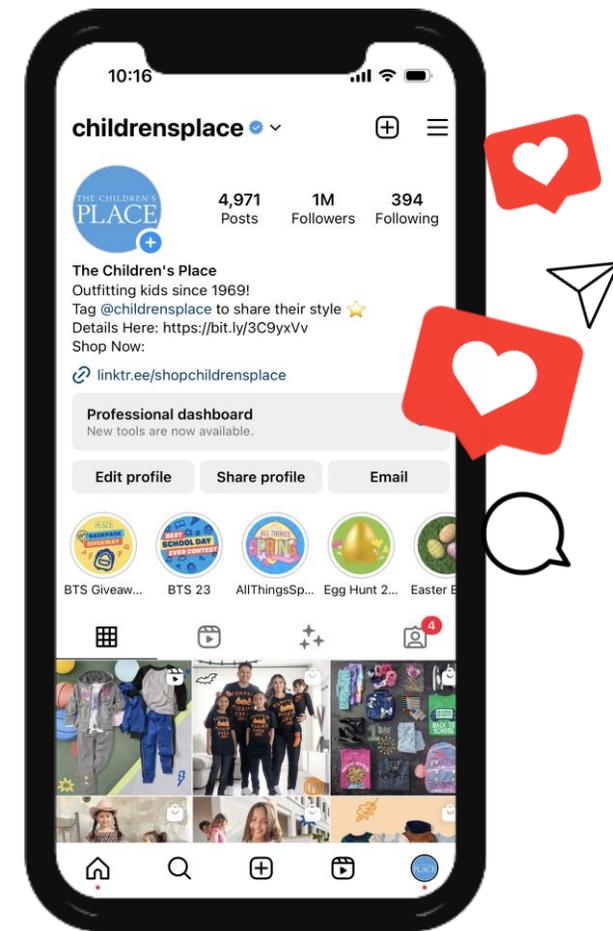
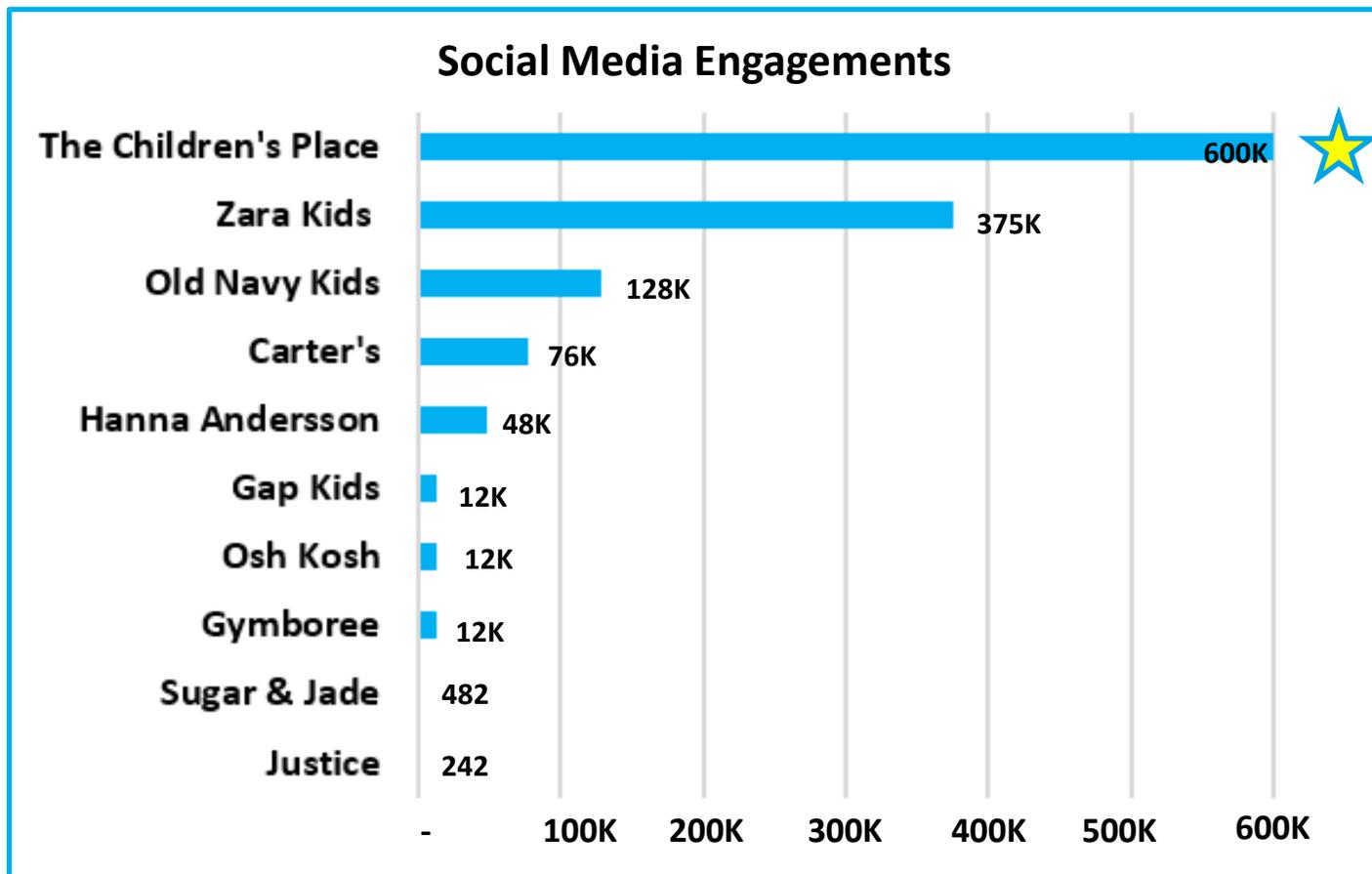
The Children's Place & Gymboree brands **went viral in Q2** across Facebook, Instagram, X and YouTube **totaling over 175M brand social media impressions.**



Source: Instagram, Facebook, Twitter, YouTube (April 30 – July 29) as of 8/4/23.

THE CHILDREN'S PLACE PORTFOLIO OF BRANDS DROVE STRONG ORGANIC SOCIAL INTERACTIONS

Significant organic social followership across Facebook, Instagram, X and YouTube, drove over 600K social interactions across The Children's Place social media accounts.



THE CHILDREN'S PLACE

Source: Instagram, Facebook, Twitter, YouTube (April 30 – July 29) as of 8/4/23.

The Children's Place partnered with global pop superstars, **Jonas Brothers**, on the incredibly impactful first to market back-to-school campaign.

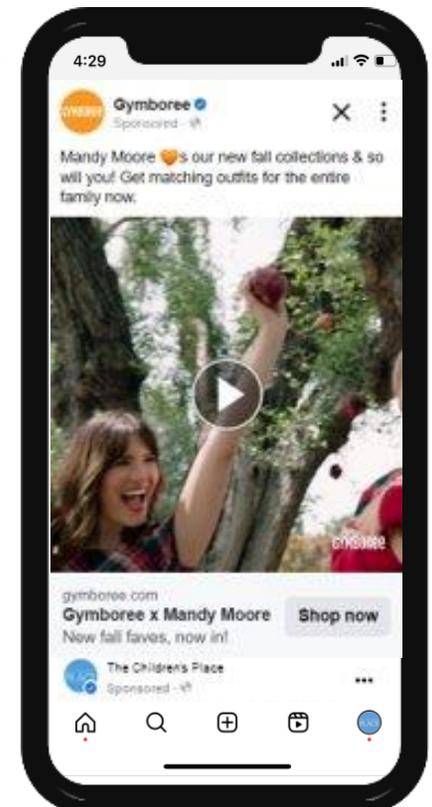
Together, we launched the "**Best School Day Ever**" contest to support our mission of nurturing children and their education. The contest encouraged parents and children across the country to enter their school for a chance to win \$100,000 towards the improvement of their school, plus, a chance to see the Jonas Brothers live!

10.9B+
Media
Impressions



Gymboree's Brand Ambassador, Mandy Moore, partnered with us again this season to highlight our newest fall collections. The content-rich campaign was supported through all consumer touchpoints, including a full-funnel media strategy.

1.4B+
Media
Impressions

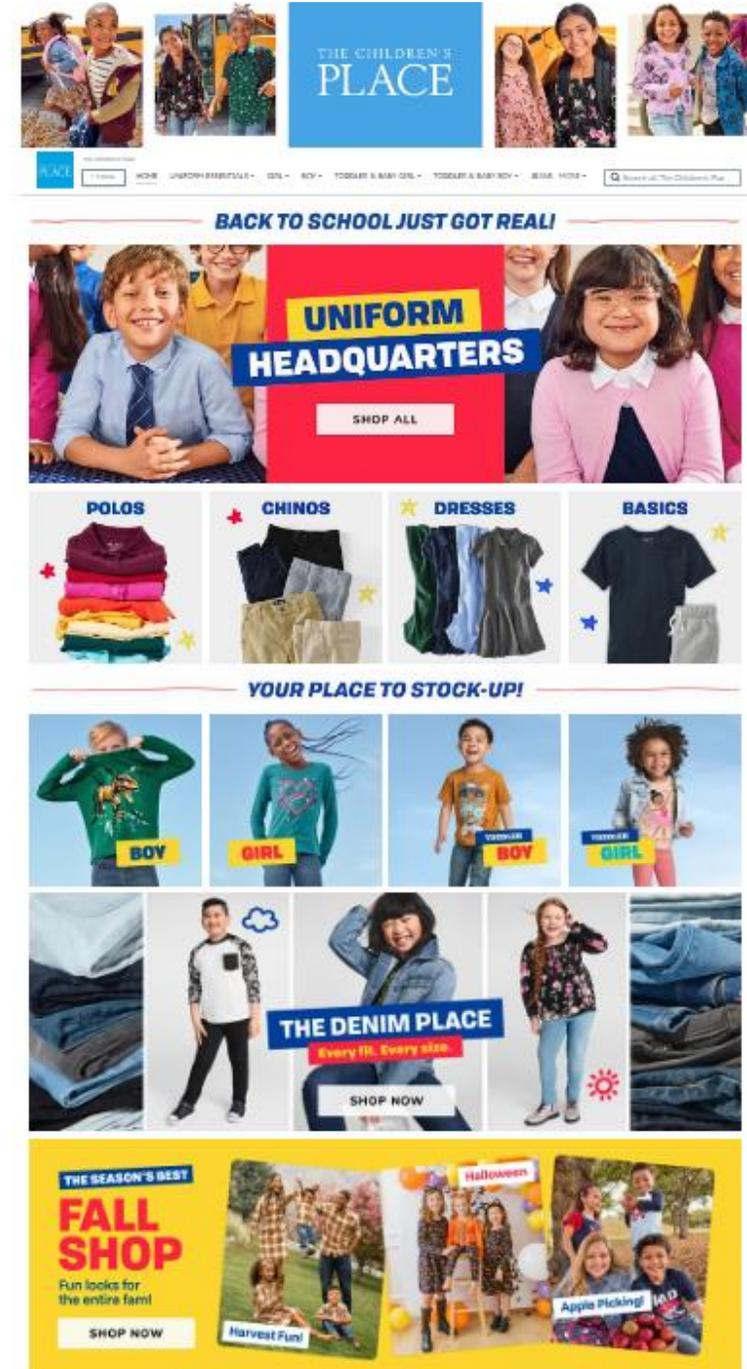


amazon



Q2 Results

- Amazon's Site Sales and traffic were both **up triple digits in Q2 vs. Q2 of 2022.**
- We participated in the July Prime Day event resulting in TCP's **largest week on Amazon in our history.**
- The momentum we experienced in Q2 was partly fueled by **an enhanced advertising strategy** built around **maximizing both brand's visibility** in high-impact placements.
- **The Gymboree brand** continues to exceed expectations on Amazon, **delivering another strong quarter.**
- Ad campaigns, featuring **influencer creative**, continued to prove to be successful representing 40% of total sales for featured collections.





BTS 2023 COLLECTIONS





THE CHILDREN'S
PLACE
 BTS 2023 COLLECTION





GYMBOREE®

BTS 2023 COLLECTION





sugar & jade

BTS 2023 COLLECTION





PJ
PLACE
SUMMER 2023 COLLECTION



A photograph of two young girls laughing joyfully on a playground structure. The girl on the left has voluminous curly red hair and is wearing a purple floral dress. The girl on the right has long blonde hair and is wearing a black dress with purple floral patterns. They are both smiling broadly with their mouths open. The background shows a clear blue sky with some clouds and a green field.

ESG

**ENVIRONMENTAL, SOCIAL &
GOVERNANCE**

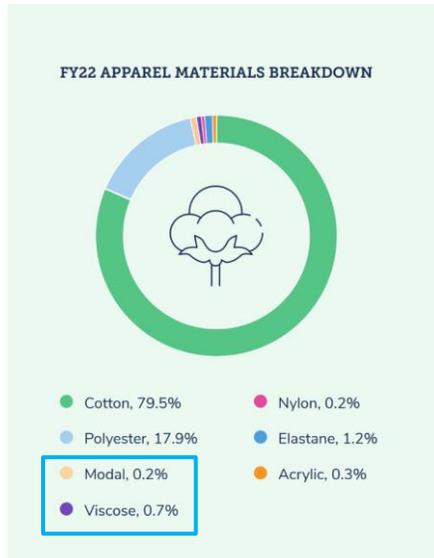
2022 Environment, Social & Governance Report

We published our **2022 ESG Report**, which includes progress on our public goals. Our report is aligned with internationally recognized frameworks such as material **Sustainability Accounting Standards Board (SASB) Standards** and relevant **Global Reporting Initiative (GRI) Standard** disclosures.



Manmade Cellulosic Fibers (MMCF)

In the 2022 ESG Report, we announced our new public goal regarding more **responsibly sourced raw material fibers** derived from wood pulp, including **viscose/rayon and modal**. We have partnered with Canopy Planet and signed the **CanopyStyle and Pack4Good** pledges to **protect the world's forests, species and climate** by sourcing sustainable alternatives for our packaging and manmade cellulosic fibers.



NEW GOAL

By end of 2025, source all man-made cellulosic fibers in our apparel from suppliers that have achieved Canopy's "green shirt" ranking, which indicates they employ best practices in protecting forests.



canopy



Task Force on Climate-related Financial Disclosures

The climate disclosure in our 2022 ESG Report was published in alignment with the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). TCFD has developed a set of consistent disclosure recommendations for use by companies as a means of providing transparency about their [climate-related risk exposure](#).

Our TCFD-aligned disclosure focused on a [qualitative evaluation of potential climate-related physical and transition risks](#) as well as [business opportunities](#) arising from the transition towards a low-carbon economy.

Disclosure recommendations span four areas: governance, strategy, risk management and metrics and targets.





THANK YOU

FORWARD LOOKING STATEMENTS

This presentation contains or may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives and adjusted net income per diluted share. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its annual report on Form 10-K for the fiscal year ended January 29, 2022. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by changes in economic conditions, the risks related to the COVID-19 pandemic, including the impact of the COVID-19 pandemic on our business or the economy in general (including decreased customer traffic, schools adopting remote and hybrid learning models, closures of businesses and other activities causing decreased demand for our products and negative impacts on our customers' spending patterns due to decreased income or actual or perceived wealth, and the impact of legislation related to the COVID-19 pandemic, including any changes to such legislation), the risk that the Company's strategic initiatives to increase sales and margin are delayed or do not result in anticipated improvements, the risk of delays, interruptions and disruptions in the Company's global supply chain, including resulting from the COVID-19 pandemic or other disease outbreaks, foreign sources of supply in less developed countries, more politically unstable countries, or countries where vendors fail to comply with industry standards or ethical business practices, including the use of forced, indentured or child labor, the risk that the cost of raw materials or energy prices will increase beyond current expectations or that the Company is unable to offset cost increases through value engineering or price increases, various types of litigation, including class action litigations brought under consumer protection, employment, and privacy and information security laws and regulations, the imposition of regulations affecting the importation of foreign-produced merchandise, including duties and tariffs, and the uncertainty of weather patterns. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

