

REFINITIV

## DELTA REPORT

### 10-Q

PLCE - CHILDRENS PLACE, INC.

10-Q - MAY 04, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2242

■ CHANGES	254
■ DELETIONS	954
■ ADDITIONS	1034

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

(Mark One)

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

For the quarterly period ended **October 28, 2023** **May 4, 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

**31-1241495**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

500 Plaza Drive  
Secaucus, New Jersey

**07094**

(Address of principal executive offices)

(Zip Code)

**(201) 558-2400**

(Registrant's telephone number, including area code)

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

<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 x 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 x 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	x
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 x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, par value \$0.10 per share, outstanding at **November 27, 2023** **June 5, 2024**: **12,477,325** **12,708,181**.

**THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE PERIOD ENDED ~~OCTOBER 28, 2023~~ MAY 4, 2024**

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

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

May 4, 2024	October 28, 2023	January 28, 2023	October 29, 2022	May 4, 2024	February 3, 2024	April 29, 2023
	October 28, 2023	January 28, 2023	October 29, 2022			

(in thousands, except par value)					
(in thousands, except par value)					
(in thousands, except par value)					
(in thousands, except par value)					
ASSETS					
Current assets:	Current assets:				
Cash and cash equivalents	Cash and cash equivalents				
Accounts receivable	Accounts receivable	51,712	49,584	48,820	
Inventorys	Inventorys	462,411	447,795	548,719	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	69,710	47,875	48,012	
Total current assets					
Total current assets					
Total current assets	Total current assets	597,355	561,943	664,795	
Long-term assets:	Long-term assets:				
Property and equipment, net	Property and equipment, net	134,639	149,874	154,975	
Right-of-use assets	Right-of-use assets	127,863	155,481	160,041	
Tradenames, net	Tradenames, net	70,291	70,891	71,091	
Deferred income taxes	Deferred income taxes	35,237	36,616	20,916	
Other assets	Other assets	7,996	11,476	12,799	
Total assets	Total assets	\$973,381	\$986,281	\$1,084,617	
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Current liabilities:	Current liabilities:				
Revolving loan	Revolving loan	\$358,679	\$286,990	\$ 265,000	
Accounts payable	Accounts payable	182,594	177,147	221,432	
Accounts payable	Accounts payable	182,594	177,147	221,432	
Current portion of lease liabilities	Current portion of lease liabilities	66,216	78,576	77,070	

	Income			
Income taxes payable	taxes payable	2,167	6,014	506
	Accrued expenses and other current liabilities			
	expenses and other current liabilities	96,086	99,658	119,660
	Total			
Total current liabilities	current liabilities	705,742	648,385	683,668
Long-term liabilities:	Long-term liabilities:			Long-term liabilities:
	Long-term debt			
Long-term debt	debt	49,801	49,752	49,735
Long-term debt				
Long-term debt				
Long-term portion of operating lease liabilities	portion of operating lease liabilities	76,641	96,482	104,073
Income taxes payable	Income taxes payable	9,611	17,199	18,925
Other tax liabilities	Other tax liabilities	3,529	2,757	2,347
Other long-term liabilities	Other long-term liabilities	9,986	13,228	13,693
Total liabilities	Total liabilities	855,310	827,803	872,441
Commitments and contingencies (see Note 8)	Commitments and contingencies (see Note 8)			Commitments and contingencies (see Note 8)
Stockholders' equity:				
Stockholders' (deficit) equity:				Stockholders' (deficit) equity:
Preferred stock, \$1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	Preferred stock, \$1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—	—
Common stock, \$0.10 par value, 100,000 shares authorized; 12,549, 12,292, and 12,662 issued; 12,476, 12,225, and 12,597 outstanding	Common stock, \$0.10 par value, 100,000 shares authorized; 12,549, 12,292, and 12,662 issued; 12,476, 12,225, and 12,597 outstanding	1,255	1,229	1,266
Common stock, \$0.10 par value, 100,000 shares authorized; 12,739, 12,585, and 12,473 issued; 12,679, 12,529, and 12,405 outstanding	Common stock, \$0.10 par value, 100,000 shares authorized; 12,739, 12,585, and 12,473 issued; 12,679, 12,529, and 12,405 outstanding			
Additional paid-in capital	Additional paid-in capital	140,330	150,956	148,546

Treasury stock, at cost (73, 67, and 65 shares)	(3,932)	(3,736)	(3,661)
Treasury stock, at cost (60, 56, and 68 shares)			
Deferred compensation	Deferred compensation	3,932	3,736
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(17,499)	(16,247)
Retained earnings (deficit)	(6,015)	22,540	79,375
Total stockholders' equity	118,071	158,478	212,176
<b>Total liabilities and stockholders' equity</b>	<b>\$973,381</b>	<b>\$986,281</b>	<b>\$1,084,617</b>
Accumulated deficit			
Total stockholders' (deficit) equity			
<b>Total liabilities and stockholders' (deficit) equity</b>			

See accompanying notes to these consolidated financial statements.

### THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended							
	October 28, 2023		October 28, 2023							
	(in thousands, except earnings (loss) per common share)									
(in thousands, except loss per common share)										
(in thousands, except loss per common share)										
(in thousands, except loss per common share)										
Net sales	Net sales	\$ 480,234	\$ 509,120	\$ 1,147,474						
Cost of sales (exclusive of depreciation and amortization)				\$ 1,252,355						
Cost of sales (exclusive of depreciation and amortization)										
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)									
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)	318,182	332,189	801,111						
<b>Gross profit</b>	<b>Gross profit</b>	<b>162,052</b>	<b>176,931</b>	<b>346,363</b>						
<b>Gross profit</b>				<b>434,440</b>						
<b>Gross profit</b>										

Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Selling, general, and administrative expenses	Selling, general, and administrative expenses	104,770	106,631	329,756	330,480
Depreciation and amortization	Depreciation and amortization	11,732	12,463	35,534	39,320
Depreciation and amortization					
Depreciation and amortization					
Asset impairment charges					
Asset impairment charges					
Asset impairment charges	Asset impairment charges	583	—	3,115	1,379
<b>Operating income (loss)</b>		<b>44,967</b>	<b>57,837</b>	<b>(22,042)</b>	<b>63,261</b>
<b>Operating loss</b>					
<b>Operating loss</b>					
Interest expense					
Interest expense					
Interest expense	Interest expense	(7,956)	(3,810)	(21,549)	(8,123)
Interest income	Interest income	17	24	68	43
<b>Income (loss) before provision (benefit) for income taxes</b>		<b>37,028</b>	<b>54,051</b>	<b>(43,523)</b>	<b>55,181</b>
Interest income					
Interest income					
<b>Loss before provision (benefit) for income taxes</b>					
<b>Loss before provision (benefit) for income taxes</b>					
<b>Loss before provision (benefit) for income taxes</b>					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes	Provision (benefit) for income taxes	(1,454)	11,196	(17,818)	5,794
<b>Net income (loss)</b>		<b>\$ 38,482</b>	<b>\$ 42,855</b>	<b>\$ (25,705)</b>	<b>\$ 49,387</b>
<b>Net loss</b>					
<b>Earnings (loss) per common share</b>					
<b>Net loss</b>					
<b>Net loss</b>					
<b>Loss per common share</b>					
<b>Loss per common share</b>					
<b>Loss per common share</b>					
Basic	Basic	\$ 3.07	\$ 3.28	\$ (2.06)	\$ 3.72
Basic					
Basic					
Diluted					
Diluted	Diluted	\$ 3.05	\$ 3.26	\$ (2.06)	\$ 3.68

Weighted average common shares outstanding	Weighted average common shares outstanding				
<b>Weighted average common shares outstanding</b>					
<b>Weighted average common shares outstanding</b>					
Basic	Basic	12,548	13,064	12,481	13,277
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	12,619	13,162	12,481	13,409

See accompanying notes to these consolidated financial statements.

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

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

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 October 28, 2023**

							Accumulated			
	Common Stock		Additional		Retained		Other		Total	
	Paid-In		Deferred		Earnings		Comprehensive		Treasury Stock	Stockholders'
<b>Thirteen Weeks Ended May 4, 2024</b>										
<b>Thirteen Weeks Ended May 4, 2024</b>										
<b>Thirteen Weeks Ended May 4, 2024</b>										

Purchase and retirement of common stock	
Purchase and retirement of common stock	
Other comprehensive loss	
Other comprehensive loss	
Other comprehensive loss	
Deferral of common stock into deferred compensation plan	
Deferral of common stock into deferred compensation plan	
Deferral of common stock into deferred compensation plan	
Net loss	
Net loss	
Net loss	
Balance, May 4, 2024	
Balance, May 4, 2024	
Balance, May 4, 2024	

1

		Accumulated							
		Additional		Retained		Other		Total	
		Common Stock	Paid-In	Deferred	Earnings	Comprehensive	Treasury Stock	Stockholders'	
<b>Thirteen Weeks Ended April 29, 2023</b>									
<b>Thirteen Weeks Ended April 29, 2023</b>									
<b>Thirteen Weeks Ended April 29, 2023</b>									
		Accumulated							
		Additional		Additional		Additional		Other	
		Common	Stock	Common	Stock	Common	Stock	Paid-In	Deferred
(in thousands)	(in thousands)	Shares	Amount	Capital	Compensation	(Deficit)	Loss	Shares	Amount
Balance, January 28, 2023	Balance, January 28, 2023	12,292	\$ 1,229	\$ 150,956	\$ 3,736	\$ 22,540	(16,247)	(67)	(\$3,736)
Vesting of stock awards	Vesting of stock awards	462	47	(47)					—
Stock-based compensation benefit			(6,424)				(6,424)		
Vesting of stock awards									
Vesting of stock awards									
Stock-based compensation expense									
Purchase and retirement of common stock	Purchase and retirement of common stock	(205)	(21)	(4,155)		(2,850)			(7,026)
Other comprehensive loss	Other comprehensive loss							(1,252)	(1,252)

Deferral of common stock into deferred compensation plan	Deferral of common stock into deferred compensation plan	196	(6)	(196)	—
Deferral of common stock into deferred compensation plan					
Deferral of common stock into deferred compensation plan					
Net loss	Net loss	(25,705)			(25,705)
Balance, October 28, 2023	12,549	\$ 1,255	\$ 140,330	\$ 3,932	\$ (6,015)
Balance, April 29, 2023					

See accompanying notes to these consolidated financial statements.

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

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

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

See accompanying notes to these consolidated financial statements.

**THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

		Thirty-nine Weeks Ended		Thirteen Weeks Ended	
		October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023
		(in thousands)			
		(in thousands)			
<b>CASH FLOWS</b>	<b>CASH FLOWS</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
FROM OPERATING ACTIVITIES:	FROM OPERATING ACTIVITIES:				
Net income (loss)		\$(25,705)	\$ 49,387		
Net loss					
Reconciliation of net income (loss) to net cash used in operating activities:					
Reconciliation of net loss to net cash (used in) provided by operating activities:					
Reconciliation of net loss to net cash (used in) provided by operating activities:					
Reconciliation of net loss to net cash (used in) provided by operating activities:					
Non-cash portion of operating lease expense	Non-cash portion of operating lease expense	58,894	65,046		
Depreciation and amortization	Depreciation and amortization	35,534	39,320		
Non-cash stock-based compensation expense (benefit), net		(6,424)	19,055		
Non-cash stock-based compensation expense					
Non-cash stock-based compensation expense					
Non-cash stock-based compensation expense					
Asset impairment charges	Asset impairment charges	3,115	1,379		
Deferred income tax provision					
Deferred income tax provision					
Deferred income tax provision	Deferred income tax provision	1,266	2,186		

Other non-cash charges, net	Other non-cash charges, net	528	58
Other non-cash charges, net			
Other non-cash charges, net			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Inventories			
Inventories	Inventories	(16,239)	(123,012)
Accounts receivable and other assets	Accounts receivable and other assets	1,544	(28,427)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(4,947)	1,680
Income taxes payable, net of prepayments	Income taxes payable, net of prepayments	(25,293)	18,896
Accounts payable and other current liabilities	Accounts payable and other current liabilities	3,027	11,764
Lease liabilities	Lease liabilities	(64,673)	(75,767)
Other long-term liabilities	Other long-term liabilities	(3,259)	1,470
Net cash used in operating activities		(42,632)	(16,965)
Net cash (used in) provided by operating activities			
Net cash (used in) provided by operating activities			
Net cash (used in) provided by operating activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures	Capital expenditures	(24,369)	(31,193)
Change in deferred compensation plan			
Change in deferred compensation plan			
Change in deferred compensation plan	Change in deferred compensation plan	(173)	(421)
Net cash used in investing activities	Net cash used in investing activities	(24,542)	(31,614)

CASH FLOWS FROM FINANCING ACTIVITIES:		CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings under revolving credit facility	Borrowings under revolving credit facility	464,320	555,383
Repayments under revolving credit facility	Repayments under revolving credit facility	(392,629)	(465,701)
Purchase and retirement of common stock, including shares surrendered for tax withholdings and transaction costs	Purchase and retirement of common stock, including shares surrendered for tax withholdings and transaction costs	(7,026)	(75,672)
Proceeds from issuance of term loans			
Repayment of term loan			
Payment of debt issuance costs	Payment of debt issuance costs	(623)	—
Net cash provided by financing activities	Net cash provided by financing activities	64,042	14,010
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(35)	(974)
Net decrease in cash and cash equivalents		(3,167)	(35,543)
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	16,689	54,787
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 13,522	\$ 19,244
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Net cash paid (received) for income taxes		\$ 6,008	\$(15,680)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			

Net cash (received) paid for income taxes			
Net cash (received) paid for income taxes			
Net cash (received) paid for income taxes			
Cash paid for interest	Cash paid for interest	20,389	7,545
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>			
Purchases of property and equipment not yet paid	Purchases of property and equipment not yet paid	6,196	15,106
Purchases of property and equipment not yet paid			
Purchases of property and equipment not yet paid			

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

The Company classifies its business into two segments: The Children's Place U.S. and The Children's Place International. Included in The Children's Place U.S. segment are the Company's U.S. and Puerto Rico-based stores and revenue from its U.S.-based wholesale business. Included in The Children's Place International segment are its Canadian-based stores, revenue from the Company's Canadian-based wholesale business, as well as revenue from international franchisees. Each segment includes an e-commerce business located at [www.childrensplace.com](http://www.childrensplace.com) [www.gymboree.com](http://www.gymboree.com), [www.sugarandjade.com](http://www.sugarandjade.com), and [www.pjplace.com](http://www.pjplace.com) [www.gymboree.com](http://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 First Quarter 2024 — The thirteen weeks ended May 4, 2024**
- **First Quarter 2023 — The thirteen weeks ended October 28, 2023** **April 29, 2023**
- **Third Quarter 2022 Fiscal 2024 — The thirteen fifty-two weeks ended October 29, 2022**
- **Year-To-Date 2023 — The thirty-nine weeks ended October 28, 2023**
- **Year-To-Date 2022 — The thirty-nine weeks ended October 29, 2022** **ending February 1, 2023**
- **Fiscal 2023 — The fifty-three weeks ending** **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 **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024** and **October 29, 2022** **April 29, 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 **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023**, the results of its consolidated operations, consolidated comprehensive **income (loss), and loss**, consolidated changes in stockholders' **(deficit) equity**, for the thirteen and thirty-nine weeks ended **October 28, 2023** and **October 29, 2022**, and consolidated cash flows for the thirty-nine **thirteen** weeks ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023**. The consolidated balance sheet as of **January 28, 2023** **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 and thirty-nine weeks ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 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 **January 28, 2023** **February 3, 2024**.

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

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

## Liquidity

The Company incurred net losses in the First Quarter 2024, Fiscal 2023 and Fiscal 2022. As of May 4, 2024, the Company had an Accumulated deficit of \$172.7 million and a working capital deficit of \$63.6 million, which included borrowings of \$226.1 million under its asset-based revolving credit facility (the "ABL Credit Facility") that do not mature until 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. The Company had availability under its ABL Credit Facility of \$47.7 million. These conditions resulted in the Company seeking additional liquidity to fund its ongoing operations. On May 2, 2024, the Company and its majority shareholder, Mithaq Capital SPC, a Cayman segregated portfolio company ("Mithaq"), entered into a commitment letter pursuant to which Mithaq agreed to provide the Company with a Shariah-compliant senior unsecured credit facility of up to \$40.0 million (the "Mithaq Credit Facility") in accordance with the terms described in "Note 7. Debt" of the consolidated financial statements. The Mithaq Credit Facility will be available to draw on at any time prior to July 1, 2025 to augment the Company's liquidity position, if needed. The Company plans to address its ongoing liquidity needs with additional financing as necessary. 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 First Quarter 2024 were issued.

## Fiscal Year

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

## Use of Estimates

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

## Recent Accounting Standards Updates

There 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 **no pending accounting standards updates** that designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses during interim and annual periods. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," ("ASU 2023-09"). The amendments in ASU 2023-09 are designed to enhance the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in

the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently **expected to have a material** evaluating the impact of this update on the Company's **its** consolidated financial statements.

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

**2. REVENUES**

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

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

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

<sup>(1)</sup> 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 CHILDREN'S PLACE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

The Company recognizes revenue, including shipping and handling fees billed to customers, upon purchase at the Company's retail stores or when received by the customer if the product was purchased via e-commerce, net of coupon redemptions and anticipated sales returns. The Company deferred sales of \$7.6 million \$5.3 million, \$2.9 million \$3.1 million, and \$8.9 million \$5.9 million within Accrued expenses and other current liabilities as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29,

2022 April 29, 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 \$8.6 \$7.0 million, \$5.0 million, \$9.0 million, and \$4.9 million \$5.5 million as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29, 2022 April 29, 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 \$2.5 million \$1.3 million, \$1.0 million \$1.7 million, and \$2.2 million \$1.8 million as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29, 2022 April 29, 2023, respectively.

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

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

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

The Company has a points-based customer loyalty program in which customers earn points based on purchases and other promotional activities. These points can be redeemed for coupons to discount future purchases. A contract liability is estimated based on the standalone selling price of benefits earned by customers through the program and the related redemption experience under the program. The value of each point earned is recorded as deferred revenue and is included within Accrued expenses and other current liabilities. The total contract liabilities related to this program were \$2.0 million \$2.3 million, \$2.6 million \$1.7 million, and \$2.0 million \$3.8 million as of October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29, 2022 April 29, 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 October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29, 2022 April 29, 2023 was \$6.3 million \$6.4 million, \$11.1 million \$6.8 million, and \$11.2 million \$10.5 million, respectively. During Year-To-Date 2023, the First Quarter 2024, the Company recognized Net sales of \$8.4 million \$1.7 million related to the gift card liability balance that existed at January 28, 2023 February 3, 2024.

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

The Company has an international program of territorial agreements with franchisees. The Company generates revenues from the franchisees from the sale of product and, in certain cases, sales royalties. The Company recognizes revenue on the sale of product to franchisees when the franchisee takes ownership of the product. The Company records net sales for royalties when the applicable franchisee sells the product to **their** **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

In support of the Company's ongoing structural transformation from a legacy store operating model to a digital-first retailer, during the second quarter of Fiscal 2023, the Company voluntarily entered into an early termination of its corporate office lease and implemented a workforce reduction. On May 26, 2023, the

The Company proactively accelerated the termination of its corporate office lease to capitalize on the prevailing tenant-favorable market conditions. That conditions and subsequently executed an amendment to its corporate office lease in January 2024 with its current landlord on more favorable terms. The amended lease will expire in May

2024, 2037, with a termination right after the seventh year, and the two five-year renewal options at fair market value.

The Company is continuing to explore various options for a new lease, including negotiations with the current landlord. During the second quarter of 2023, the Company also implemented a plan that encompassed two multiple headcount reductions, which accounted for over approximately 20% of its salaried workforce, the substantial majority of whom were located at the Company's corporate offices in Secaucus, New Jersey, with the balance at other domestic and international locations. The voluntary lease termination, combined with the associated workforce reduction will enable the Company to reduce its current space configuration and capitalize on lower prevailing market rates than would have been applicable under its existing lease, which included escalations in occupancy costs, and did not expire until 2029. The actions associated with the workforce reduction were substantially completed by as of the end of the Third First Quarter 2023, 2024.

In addition, the lease for the Company's distribution center in Toronto, Canada ("TODC") expires in April 2024. The Company expects to move has moved these operations to the United States to its current distribution center in Alabama which will result in a further headcount reduction at the TODC. The transition out as of the TODC is expected to be substantially completed by the end of the first quarter of First Quarter 2024.

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

As a result of these strategic actions associated with the voluntary early termination of its corporate office lease, the move from the TODC, and workforce reductions, the Company incurred non-operating charges of \$1.2 million and \$11.8 million in restructuring costs during the Third First Quarter 2023 and Year-To-Date 2023, respectively 2024 on a pretax basis, summarized in the following table:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(in thousands)			
Employee-related costs	\$ 674	\$ —	\$ 6,107	\$ —
Lease termination costs <sup>(1)</sup>	454	—	5,401	—
Professional fees	82	—	268	—
<b>Total restructuring costs <sup>(2)</sup></b>	<b>\$ 1,210</b>	<b>\$ —</b>	<b>\$ 11,776</b>	<b>\$ —</b>
Thirteen Weeks Ended				
May 4, 2024				
Lease termination costs <sup>(1)</sup>	\$ 460	\$ —	\$ —	\$ —
TODC costs <sup>(2)</sup>	1,848	—	—	—
<b>Total restructuring costs <sup>(3)</sup></b>	<b>\$ 2,308</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>(1)</sup> Includes non-cash charges related to accelerated depreciation on certain assets in the corporate office over the reduced term, amounting to \$0.5 million and \$1.4 for the First Quarter 2024.

<sup>(2)</sup> Includes non-cash charges related to accelerated depreciation on TODC assets, amounting to \$1.1 million for the Third First Quarter 2023 and Year-To-Date 2023, respectively. The Company expects to record additional accelerated depreciation charges of approximately \$1.0 million until the expiration of its corporate office lease. 2024.

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

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

The following table summarizes the restructuring costs that have been partially settled with cash payments and the remaining related liability as of October 28, 2023 May 4, 2024. The remaining related liability is expected to be settled with cash payments in the future and these costs are included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets:

Employee- Related Costs

	Employee- Related Costs	TODC Costs			Total
	(in thousands)			(in thousands)	
Balance at February 3, 2024					
Provision					
Cash payments					
Balance at May 4, 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	<u>\$ 853</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 853</u>	
	Employee-Related Costs	Lease Termination Costs	Professional Fees		Total
	(in thousands)				
Balance at April 29, 2023	\$ —	\$ —	\$ —	\$ —	—
Provision		5,433	4,040	186	9,659
Cash Payments		(2,602)	(4,040)	—	(6,642)
Balance at July 29, 2023	2,831	—	186	3,017	
Provision		674	—	82	756
Cash Payments		(2,652)	—	(268)	(2,920)
Balance at October 28, 2023	853	—	—	—	853
Provision		1,275	—	—	1,275
Cash Payments		(462)	—	—	(462)
Balance at February 3, 2024	<u>\$ 1,666</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,666</u>

**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 trademark of \$29.0 million in Fiscal 2023, which reduced the carrying value to its fair value of \$41.0 million. There were no impairment charges recorded in the First Quarter 2024.

The Company's intangible assets were as follows:

		October 28, 2023											
		Useful Life		Gross Amount		Accumulated Amortization		Net Amount					
						(in thousands)							
		May 4, 2024											
		Useful Life						Useful Life	Gross Amount				
		Indefinite		\$ 69,953		\$ —		Accumulated Amortization					
Gymboree tradename <sup>(1)</sup>		Gymboree tradename <sup>(1)</sup>						Net Amount					
Crazy 8 tradename <sup>(1)</sup>		Crazy 8 tradename <sup>(1)</sup>		5 years		\$ 4,000		\$ (3,662)					
Total intangible assets		Total intangible assets				\$ 73,953		\$ (3,662)					
		(in thousands)											

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

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

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

**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:

		October 28, 2023			January 28, 2023			October 29, 2022			
		(in thousands)									
Property and equipment:	Property and equipment:										
Land and land improvements	Land and land improvements	\$ 3,403	\$ 3,403	\$ 3,403							
Building and improvements	Building and improvements	36,187		36,187		36,187					
Material handling equipment	Material handling equipment	90,362		71,404		69,897					
Leasehold improvements	Leasehold improvements	177,203		196,302		196,189					
Store fixtures and equipment	Store fixtures and equipment	199,596		210,413		205,406					
Capitalized software	Capitalized software	350,318		336,336		336,557					
Construction in progress	Construction in progress	8,378		23,959		24,676					
		865,447		878,004		872,315					

Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	(730,808)	(728,130)	(717,340)
Property and equipment, net	Property and equipment, net	\$ 134,639	\$ 149,874	\$ 154,975

At **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 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 recorded asset impairment charges in the **Third** **First** Quarter 2023 and **Year-To-Date 2023** of **\$0.6** **\$1.8** million, and **\$3.1** million, respectively, inclusive of right-of-use ("ROU") assets. **No impairment charge was recorded in the Third Quarter 2022.** The Company **recorded** **did not record** asset impairment charges during **Year-To-Date 2022** of **\$1.4** million, inclusive of ROU assets, in the First Quarter 2024.

## 6. LEASES

The Company has operating leases for retail stores, corporate offices, distribution facilities, and certain equipment. The Company's leases have remaining lease terms ranging from less than one year up to **nine** **13** years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the lease early. The Company records all occupancy costs in Cost of sales, except costs for administrative office buildings, which are recorded in Selling, general, and administrative expenses. As of the periods presented, the Company's finance leases were not material to the Consolidated Balance Sheets, Consolidated Statements of Operations, or Consolidated Statements of Cash Flows.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended					
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022				
	(in thousands)							
May 4, 2024								
May 4, 2024								
May 4, 2024								
(in thousands)								
(in thousands)								
(in thousands)								
Fixed operating lease cost	Fixed operating lease cost	\$ 21,457	\$ 26,437	\$ 63,844				
Variable operating lease cost <sup>(1)</sup>	Variable operating lease cost <sup>(1)</sup>	11,030	12,477	40,115				
Variable operating lease cost <sup>(1)</sup>	Variable operating lease cost <sup>(1)</sup>			40,168				
Total operating lease cost	Total operating lease cost	\$ 32,487	\$ 38,914	\$ 103,959				
Total operating lease cost				\$ 113,645				
Total operating lease cost								

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

As of **October 28, 2023** **May 4, 2024**, the weighted-average remaining operating lease term was **8.1** **4.4** years, and the weighted-average discount rate for operating leases was **5.3%** **7.6%**. Cash paid for amounts included in the measurement of operating lease liabilities during **Year-To-Date 2023** **the First Quarter 2024** was **\$64.7** million, **\$19.7** million. ROU assets obtained in exchange for new operating lease liabilities were **\$51.5** million **\$22.1** million during **Year-To-Date 2023**, **the First Quarter 2024**.

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

As of **October 28, 2023** **May 4, 2024**, the maturities of operating lease liabilities were as follows:

October 28, 2023		
(in thousands)		
Remainder of 2023	\$ 27,097	
2024	57,778	
May 4, 2024		
(in thousands)		
Remainder of 2024		
2025	2025	31,770
2026	2026	14,361
2027	2027	9,984
2028		
Thereafter	Thereafter	13,454
Total operating lease payments	Total operating lease payments	154,444
Less: imputed interest	Less: imputed interest	(11,587)
Present value of operating lease liabilities	Present value of operating lease liabilities	\$ 142,857

## 7. DEBT

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

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

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

### ABL Credit Facility and 2021 Term Loan

The Company and certain of its subsidiaries maintain the \$445.0 million \$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 "Lenders" "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. Both the The ABL Credit Facility will mature and, before it was fully repaid, the 2021 Term Loan mature would have matured, in November 2026.

The As of the effective date of the seventh amendment to the Credit Agreement (the "Seventh Amendment"), the ABL Credit Facility includes a \$25.0 million \$25.0 million Canadian sublimit and a \$50.0 million \$25.0 million sublimit for standby and documentary letters of credit.

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

- (i) the prime rate per annum, plus a margin of 1.250% or 1.500% 2.000%; or

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Unaudited)**

(ii) the SOFR Secured Overnight Financing Rate ("SOFR") per annum, plus 0.100%, plus a margin of 2.000% or 2.250% 3.000%.

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

Once From and after February 4, 2025 and on the Company achieves a consolidated EBITDA first day of at least \$200.0 million across four consecutive each fiscal quarters, and quarter thereafter, based on the amount of the Company's average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility ~~would~~ will bear interest, at the Company's option, at:

- (i) the prime rate per annum, plus a margin of 0.625% 1.750% or 0.875% 2.000%; or
- (ii) the SOFR per annum, plus 0.100%, plus a margin of 1.375% 2.750% or 1.625% 3.000%.

Letter of credit fees ~~would~~ will range from 0.688% 1.000% to 0.813% 1.125% for commercial letters of credit and ~~would~~ will range from 0.875% 1.500% to 1.125% 1.750% for standby letters of credit. Letter of credit fees ~~are~~ will be determined based on the amount of the Company's average daily excess availability under the facility.

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For the ~~Third~~ First Quarter 2023 2024 and ~~Year-To-Date~~ First Quarter 2023, the Company recognized \$7.2 million \$5.7 million and \$18.0 million \$4.7 million, respectively, in interest expense related to the ABL Credit Facility. For

Prior to the ~~Third~~ Quarter 2022 and ~~Year-To-Date~~ 2022, effective date of the Company recognized \$3.0 million and \$6.9 million, respectively, in interest expense related to Seventh Amendment, when the 2021 Term Loan was fully repaid, credit extended under the ABL Credit Facility. 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 the effective date of the Seventh Amendment, 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, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness, and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. The Company is not subject to any early termination fees.

The ABL Credit Facility contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar ~~payments~~, and a fixed-charge coverage ratio covenant, which only becomes effective in the event that borrowings and other uses of credit exceed the maximum borrowing availability (as reflected in the table below), based on the Company's ability to maintain a certain amount of excess availability for borrowings (the "excess availability threshold"). ~~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.

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

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**(Unaudited)**

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

	October 28, 2023	January 28, 2023	October 29, 2022
	(in millions)		
Total borrowing base availability, net of the excess availability threshold, as applicable	\$ 394.7	\$ 363.8	\$ 463.9
Credit facility maximum, net of the excess availability threshold, as applicable	400.5	315.0	350.0
Maximum borrowing availability <sup>(1)</sup>	394.7	315.0	350.0
Outstanding borrowings	358.7	287.0	265.0

Letters of credit outstanding—standby	7.4	7.4	7.4
Utilization of credit facility at end of period	366.1	294.4	272.4
Availability <sup>(2)</sup>	\$ 28.6	\$ 20.6	\$ 77.6
Interest rate at end of period	8.0%	5.9%	4.8%
	Year-To-Date 2023	Fiscal 2022	Year-To-Date 2022
	(in millions)		
Average end of day loan balance during the period	\$ 327.6	\$ 274.9	\$ 273.1
Highest end of day loan balance during the period	\$ 379.4	\$ 297.7	\$ 297.6
Average interest rate	7.0%	3.7%	3.0%

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

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

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

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

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

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

During the First Quarter 2024, Mithaq became the controlling shareholder of the Company and this change of control triggered an event of default under the Credit Agreement, thus subjecting the Company to cash dominion by the Credit Agreement Lenders. Subsequently, the Credit Agreement Lenders agreed to forbear from enforcing certain other rights and remedies during a limited forbearance period. On April 16, 2024, the Company and certain of its subsidiaries entered into the Seventh Amendment with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default. As of October 28, 2023 the effective date of the Seventh Amendment, the ABL Credit Facility was reduced from \$445.0 million to \$433.0 million, and until the Company achieves certain excess availability thresholds, the Seventh Amendment preserves the temporary enhanced reporting requirements under the Waiver Agreement and continues to impose cash dominion.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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The table below presents the components of the Company's ABL Credit Facility:

	May 4, 2024	February 3, 2024		April 29, 2023
		(in millions)		
Total borrowing base availability <sup>(1)</sup>	\$ 286.0	\$ 258.4	\$ 408.9	
Credit facility availability <sup>(2)</sup>	433.0	400.5	315.0	
Maximum borrowing availability <sup>(3)</sup>	286.0	258.4	315.0	
Outstanding borrowings	226.1	226.7	300.8	
Letters of credit outstanding—standby	12.2	7.4	7.4	
Utilization of credit facility at end of period	238.3	234.1	308.2	

Availability <sup>(4)</sup>	\$ 47.7	\$ 24.3	\$ 6.8
Interest rate at end of period	9.9%	8.1%	6.5%
	Year-To-Date 2024	Fiscal 2023	Year-To-Date 2023
	(in millions)		
Average end of day loan balance during the period	\$ 228.2	\$ 315.5	\$ 297.1
Highest end of day loan balance during the period	\$ 251.6	\$ 379.4	\$ 305.9
Average interest rate	9.6%	7.5%	5.9%

- (a) In the First Quarter 2024, given that the Company was under cash dominion, the total borrowing base availability was only net of the availability block under the Credit Agreement as of the effective date of the Seventh Amendment, and the excess availability threshold was not applicable. For the second quarter of Fiscal 2024, if applicable, the total borrowing base availability will need to be net of the excess availability threshold for 60 consecutive days after June 30, 2024 in order to exit cash dominion. In Fiscal 2023, the total borrowing base availability was net of the excess availability threshold under the Credit Agreement prior to the effective date of the Seventh Amendment.
- (b) In the First Quarter 2024, given that the Company was under cash dominion, the excess availability threshold under the Credit Agreement as of the effective date of the Seventh Amendment was not applicable to the determination of the credit facility availability. For the second quarter of Fiscal 2024, if applicable, the credit facility availability will need to be net of the excess availability threshold for 60 consecutive days after June 30, 2024 in order to exit cash dominion. In Fiscal 2023, the credit facility availability was net of the excess availability threshold under the Credit Agreement prior to the effective date of the Seventh Amendment.
- (c) The lower of the credit facility availability and the total borrowing base availability.
- (d) The sub-limit availability for letters of credit was \$12.8 million at May 4, 2024, and \$42.6 million at February 3, 2024 and April 29, 2023.

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. For the First Quarter 2024 and First Quarter 2023, the Company recognized \$1.1 million and \$0.9 million, respectively, in interest expense related to the 2021 Term Loan.

As of the effective date of the Seventh Amendment, the 2021 Term Loan was fully repaid.

As of May 4, 2024, unamortized deferred financing costs amounted to \$2.4 million, of which \$2.2 million \$2.9 million related to our 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 CHILDREN'S PLACE, INC. AND SUBSIDIARIES**  
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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 a Shariah-compliant 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 First Quarter 2024, the Company recognized \$0.4 million 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 May 4, 2024 unamortized deferred financing costs amounted to \$2.0 million related to the Mithaq Term Loans.

Maturities of the Company's principal debt payments as of May 4, 2024 are as follows:

May 4,  
2024

	(in thousands)
Remainder of 2024	\$ —
2025	—
2026	—
2027	168,600
Thereafter	—
<b>Total debt</b>	<b>\$ 168,600</b>

#### **Mithaq Commitment Letter**

On May 2, 2024, the Company entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million Mithaq Credit Facility. Under the Mithaq Credit Facility, the Company may request for advances at any time prior to July 1, 2025.

If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. 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, 2025. As of May 4, 2024, no debt had been incurred under the Mithaq Credit Facility.

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#### **8. COMMITMENTS AND CONTINGENCIES**

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

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

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. 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 will therefore be reset, including the Company's motion to dismiss.

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

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

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## 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, pursuant to given the Waiver terms of the Company's Credit Agreement as amended by its Seventh Amendment described above, the Company is temporarily restricted from repurchasing not expecting to repurchase any shares, shares in Fiscal 2024, except as described below, pursuant to our practice as a result of our insider trading policy. As of **October 28, 2023** **May 4, 2024**, there was **\$157.3 million** **\$156.9 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.

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The following table summarizes the Company's share repurchases:

		Thirty-nine Weeks Ended					
		October 28, 2023		October 29, 2022			
		Shares	Amount	Shares	Amount		
(in thousands)							
		Thirteen Weeks Ended					
		May 4, 2024		May 4, 2024		April 29, 2023	
		Shares		Shares	Amount	Shares	Amount
(in thousands)							
Share	Share						
repurchases	repurchases						
related to:	related to:						
Share	Share						
repurchase	repurchase						
program	program	205	\$7,026	1,581	\$78,913		
Share	Share						
repurchase	repurchase						
program	program						
Shares	Shares						
acquired	acquired						
and held in	and held in						
treasury	treasury	6	\$ 196	4	\$ 218		

In accordance with the FASB ASC 505—*Equity*, the par value of the shares retired is charged against Common stock and the remaining purchase price is allocated between Additional paid-in capital and **Retained earnings (deficit)**. **Accumulated deficit**. The portion charged against Additional paid-in capital is determined using a pro-rata allocation based on total shares outstanding. For all shares retired in **Year-To-Date** the First Quarter 2023, and **Year-To-Date** 2022, \$2.9 million and \$47.9 million was charged to **Retained earnings (deficit)**, respectively. **Accumulated deficit**. There were no amounts charged to **Accumulated deficit** in the First Quarter 2024.

## Dividends

Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the Company's Board of Directors based on a number of factors, including business and market conditions, the Company's financial performance, and other investment priorities. Currently, pursuant to given the Waiver terms of the Credit Agreement as amended by the Seventh Amendment as described above, the Company is temporarily restricted from issuing not expecting to pay any cash dividends, dividends in Fiscal 2024.

**THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES**  
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## 10. STOCK-BASED COMPENSATION

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

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

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

	Thirteen Weeks Ended	
	May 4, 2024	April 29, 2023
	(in thousands)	
Deferred Awards	\$ 2,418	\$ 2,500
Performance Awards	10,192	583
Total stock-based compensation expense <sup>(1)</sup>	\$ 12,610	\$ 3,083

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

(2) Stock-based compensation expense (benefit) recorded within Cost of sales (exclusive of depreciation and amortization) amounted to \$0.1 million \$1.0 million and \$0.3 million \$0.4 million in the First Quarter 2024 and First Quarter 2023, and Third Quarter 2022, respectively, and \$1.2 million in Year-To-Date 2022. The stock-based compensation expense (benefit) recorded within Cost of sales (exclusive of depreciation and amortization) in Year-To-Date 2023 nets to zero, respectively. 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 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 incremental expense recorded for Performance Awards in the First Quarter 2024 due to the change of control was \$9.9 million.

## 11. LOSS PER COMMON SHARE

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

	Thirteen Weeks Ended	
	May 4, 2024	April 29, 2023
	(in thousands)	
Net loss	\$ (37,795)	\$ (28,834)
Basic weighted average common shares outstanding	12,643	12,374

Dilutive effect of stock awards	—	—
Diluted weighted average common shares outstanding	12,643	12,374
Anti-dilutive shares excluded from diluted loss per common share calculation	78	228

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

**11. EARNINGS (LOSS) PER COMMON SHARE** 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 May 4, 2024, was approximately \$53.2 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 May 4, 2024, was approximately \$77.8 million. The fair value of debt was estimated using a market approach, which considersthe Company's credit risk and market related conditions, and is therefore within Level 2 of the fair value hierarchy.

The following table reconciles net 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 recorded impairment charges in the First Quarter 2023 of \$1.8 million, inclusive of ROU assets. The Company did not record asset impairment charges in the First Quarter 2024.

### Impairment of Indefinite-Lived Intangible Assets

The Company estimates the fair value of its indefinite-lived Gymboree tradename based on an income (loss) 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 share amounts utilized other factors in order to calculate basic project future cash flows.

The Company performs a periodic quantitative impairment assessment of the Gymboree tradename, in accordance with FASB ASC 350—*Intangibles – Goodwill and diluted earnings (loss) per common share: Other*. Based on this assessment, 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. There were no impairment charges recorded in the First Quarter 2024.

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

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 would result in further impairment charges of approximately \$3.0 million or a 10% decrease in forecasted revenue would result in further impairment charges of approximately \$4.0 million.

## 12.13. INCOME TAXES

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

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

The Company's effective income tax rate for the **Third First Quarter 2023** was a benefit provision of **(3.9) (5.8)%**, or **\$1.5 million** **\$2.1 million**, compared to a provision benefit of **20.7% 19.8%**, or **\$11.2 million**, **(\$7.1 million)**, during the **Third First Quarter 2022**. The change in the effective income tax rate and income tax provision (benefit) for the **Third First Quarter 2023** compared to the **Third First Quarter 2022** was primarily driven by the utilization of the discrete tax provision methodology discussed above in the Third Quarter 2023, and the impact of certain non-deductible executive compensation.

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

#### THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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. During As of May 4, 2024, the first quarter of Fiscal 2022, the Company received \$22.0 million of this remaining income tax refund and the remaining balance receivable of \$19.1 million as of October 28, 2023 is included within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

#### THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The Company accrues interest and penalties related to unrecognized tax benefits as part of the provision for income taxes. The total amount of unrecognized tax benefits was **\$4.8 million** **\$7.4 million**, **\$3.6 million** **\$7.0 million**, and **\$2.3 million** **\$3.8 million** as of **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024**, and **October 29, 2022** **April 29, 2023**, respectively, and is included within long-term liabilities. Interest Additional interest expense recognized in Year-To-Date the First Quarter 2024 and First Quarter 2023 and Year-To-Date 2022 related to unrecognized tax benefits was not significant.

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

#### 13.14. 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](http://www.childrensplace.com) [www.gymboree.com](http://www.gymboree.com), [www.sugarandjade.com](http://www.sugarandjade.com), and [www.pjplace.com](http://www.pjplace.com), [www.gymboree.com](http://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 \$54.5 million and \$116.0 million for the Third Quarter 2023 and Year-To-Date 2023, respectively, and accounts for a majority of the Company's accounts receivable. As of October 28, 2023 May 4, 2024, The Children's Place U.S. had 520 stores and The Children's Place International had 63 stores. As of April 29, 2023, The Children's Place U.S. had 528 stores and The Children's Place International had 71 stores. As of October 29, 2022, The Children's Place U.S. had 577 stores and The Children's Place International had 81 stores.

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

The following table provides segment level financial information:

	Thirteen Weeks Ended				Thirty-nine Weeks Ended									
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022							
	(in thousands)				(in thousands)									
<b>Net sales:</b>														
<b>Net sales:</b>														
<b>Net sales:</b>	<b>Net sales:</b>													
The Children's Place U.S.	The Children's Place U.S.	\$ 441,865	\$ 457,508	\$ 1,048,568	\$ 1,126,692									
The Children's Place U.S.														
The Children's Place U.S.														
The Children's Place International (1)	The Children's Place International (1)	38,369	51,612	98,906	125,663									
The Children's Place International (1)														
The Children's Place International (1)														
Total net sales		Total net sales	\$ 480,234	\$ 509,120	\$ 1,147,474	\$ 1,252,355								
<b>Operating income (loss):</b>														
<b>Operating loss:</b>														
<b>Operating loss:</b>														
<b>Operating loss:</b>														
The Children's Place U.S.														
The Children's Place U.S.														
The Children's Place U.S.	The Children's Place U.S.	\$ 38,551	\$ 51,460	\$ (26,216)	\$ 54,385									
The Children's Place International	The Children's Place International	6,416	6,377	4,174	8,876									
Total operating income (loss)		\$ 44,967	\$ 57,837	\$ (22,042)	\$ 63,261									
<b>Operating income (loss) as a percentage of net sales:</b>														
The Children's Place International														
The Children's Place International														
Total operating loss														

Total operating loss							
Total operating loss							
<b>Operating loss as a percentage of net sales:</b>							
<b>Operating loss as a percentage of net sales:</b>							
<b>Operating loss as a percentage of net sales:</b>							
The Children's Place U.S.							
The Children's Place U.S.							
The Children's Place U.S.	The Children's Place U.S.		8.7%		11.2%		(2.5%)
The Children's Place International	The Children's Place International		16.7%		12.4%		4.2%
Total operating income (loss) as a percentage of net sales		9.4%		11.4%		(1.9%)	5.1%
The Children's Place International							
The Children's Place International							
Total operating loss as a percentage of net sales							
Total operating loss as a percentage of net sales							
Total operating loss as a percentage of net sales							
<b>Depreciation and amortization:</b>							
<b>Depreciation and amortization:</b>							
<b>Depreciation and amortization:</b>	<b>Depreciation and amortization:</b>						
The Children's Place U.S.	The Children's Place U.S.	\$	10,868	\$	11,592	\$	32,852
The Children's Place U.S.							\$ 36,441
The Children's Place U.S.							
The Children's Place U.S.							
The Children's Place International							
The Children's Place International							
The Children's Place International	The Children's Place International		864		871		2,682
Total depreciation and amortization	Total depreciation and amortization	\$	11,732	\$	12,463	\$	35,534
Total depreciation and amortization							\$ 39,320
Total depreciation and amortization							
Total depreciation and amortization							
<b>Capital expenditures:</b>							
<b>Capital expenditures:</b>							
<b>Capital expenditures:</b>	<b>Capital expenditures:</b>						
The Children's Place U.S.	The Children's Place U.S.	\$	6,217	\$	12,342	\$	24,359
The Children's Place U.S.							\$ 30,311
The Children's Place U.S.							
The Children's Place U.S.							
The Children's Place International							
The Children's Place International							
The Children's Place International	The Children's Place International		—		86		10
Total capital expenditures	Total capital expenditures	\$	6,217	\$	12,428	\$	24,369
Total capital expenditures							\$ 31,193
Total capital expenditures							

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

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

This Quarterly Report on Form 10-Q contains or may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives and results of operations, including adjusted net income (loss) per diluted share. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate," and similar words, although some forward-looking statements are expressed differently. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in Part I, Item 1A, Risk Factors of its annual report on Form 10-K for the fiscal year ended January 28, 2023 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 risks related 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 COVID-19 pandemic, including the impact of the COVID-19 pandemic on our Company's business, or the economy in general, 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 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 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 January 28, 2023 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 First Quarter 2024** — The thirteen weeks ended May 4, 2024
- **First Quarter 2023** — The thirteen weeks ended October 28, 2023 April 29, 2023
- **Third Quarter 2022 Fiscal 2024** — The thirteen fifty-two weeks ended October 29, 2022
- **Year-To-Date 2023** — The thirty-nine weeks ended October 28, 2023
- **Year-To-Date 2022** — The thirty-nine weeks ended October 29, 2022 ending February 1, 2025
- **Fiscal 2023** — The fifty-three weeks ending February 3, 2024
- **Fiscal 2022** — The fifty-two weeks ended January 28, 2023
- **SEC** — U.S. Securities and Exchange Commission
- **U.S. GAAP** — Generally Accepted Accounting Principles in the United States
- **FASB** — Financial Accounting Standards Board
- **FASB ASC** — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants
- **AUR** — Average unit retail price
- **Comparable Retail Sales** — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months and from our e-commerce store, excluding postage and handling fees. Store closures in the current fiscal year will be excluded from Comparable Retail Sales beginning in the fiscal quarter in which the store closes. A store that is closed for a substantial remodel, relocation, or material change in size will be excluded from Comparable Retail Sales for at least 14 months beginning in the fiscal quarter in which the closure occurred. However, stores that temporarily close will be excluded from Comparable Retail Sales until the store is reopened for a full fiscal month.
- **Gross Margin** — Gross profit expressed as a percentage of net sales
- **SG&A** — Selling, general, and administrative expenses

## OVERVIEW

## Our Business

We are an omni-channel children's specialty portfolio of brands with an industry-leading digital-first operating model. We design, contract to manufacture, and sell fashionable, high quality apparel, accessories and footwear predominantly at value prices, primarily under our proprietary brands: "The Children's Place", "Gymboree", "Sugar & Jade", and "PJ Place". As of **October 28, 2023** May 4, 2024, we had **591** **518** stores across North America, our e-commerce business at [www.childrensplace.com](http://www.childrensplace.com) [www.gymboree.com](http://www.gymboree.com), [www.sugarandjade.com](http://www.sugarandjade.com), and [www.pjplace.com](http://www.pjplace.com) [www.gymboree.com](http://www.gymboree.com), social media channels on Instagram, Facebook, X, formerly known as Twitter, YouTube and Pinterest, and **226** **214** international points of distribution with our six franchise partners in 16 countries.

## Segment Reporting

In accordance with FASB ASC 280—*Segment Reporting*, we report segment data based on geography: The Children's Place U.S. and The Children's Place International. Each segment includes an e-commerce business located at [www.childrensplace.com](http://www.childrensplace.com) [www.gymboree.com](http://www.gymboree.com), [www.sugarandjade.com](http://www.sugarandjade.com) and [www.pjplace.com](http://www.pjplace.com) [www.gymboree.com](http://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 **no** customer that individually accounted for more than 10% of our net sales, amounting to \$54.5 million and \$116.0 million for the Third Quarter 2023 and Year-To-Date 2023, respectively, and accounts for a majority of our accounts receivable. sales.

## COVID-19 Pandemic

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

## Recent Developments

Recent macroeconomic Macroeconomic conditions, have increased the cost of goods including inflationary pressures, higher interest rates, and services necessary other domestic and geo-political factors, continue to produce, import, and distribute our products, including increases in wage rates. Inflationary pressures have also adversely affected affect our core customer, resulting in a decrease in discretionary apparel purchases during Year-To-Date 2023. We expect these the First Quarter 2024. These macroeconomic conditions including but not limited to increased product input costs, transportation costs, distribution costs, and inflationary pressures, are expected to continue to have an adverse impact during the remainder of Fiscal 2023, 2024.

As previously disclosed in On May 20, 2024 our Form 8-K dated October 30, 2023, we became aware Board of an inadvertent calculation error contained in Directors (the "Board") appointed Muhammad Umair, who is currently a Board member, as President and Interim Chief Executive Officer of the June, July Company. Mr. Umair succeeded Jane Elfers, who departed as our President and August 2023 borrowing base certificates provided to Chief Executive Officer and as a member of the lenders under our credit agreement, all of which have since been remedied. While the lenders determined the calculation error resulted in certain technical defaults under the credit agreement (including us not being in compliance with certain debt covenants), we and the lenders entered into a Waiver and Amendment Agreement (the "Waiver Agreement") on October 24, 2023, Board pursuant to which a mutual agreement with the lenders waived all Company, effective as of the defaults and we agreed to certain temporary enhanced reporting requirements and temporary restrictions on certain payments. These enhanced reporting requirements and restrictions will cease once we achieve certain excess availability thresholds. At no time prior to or following entering into the Waiver Agreement were we prevented from borrowing under the Credit Agreement in the ordinary course.

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

May 20, 2024.

## Operating Highlights

Net sales decreased \$28.9 \$53.7 million, or **5.7%** **16.7%**, to \$480.2 \$267.9 million during the **Third** First Quarter 2023 2024 from \$509.1 \$321.6 million during the **Third** First Quarter 2022, 2023, primarily due to reductions in retail sales due to lower store count and traffic declines to stores, declines in e-commerce demand due to reductions in marketing results from liquidity challenges early in the quarter and decreases in wholesale revenue. During the First Quarter 2024, we closed five stores and did not open any new stores. Comparable retail sales decreased 11.7% for the First Quarter 2024.

Gross profit decreased \$3.8 million to \$92.7 million or 34.6% of net sales during the First Quarter 2024 from \$96.5 million or 30.0% of net sales during the First Quarter 2023. The 460 basis point increase was primarily due to reductions in product input costs, including cotton and supply chain costs, which negatively impacted margins in the prior year coupled with improvements in the leverage of e-commerce freight costs due to our new shipping threshold for free shipping. These improvements were partially offset by margin pressure due to aggressive promotions, as we sought to maximize revenue during the quarter and due to increases in freight cost resulting from split shipments.

Operating loss decreased \$2.1 million to \$(28.0) million during the First Quarter 2024 compared to a loss of \$(30.1) million during the First Quarter 2023. Operating margin deleveraged 110 basis points to (10.4)% of net sales.

Net loss increased \$9.0 million to \$(37.8) million, or \$(2.99) per diluted share, during the First Quarter 2024 compared to \$(28.8) million, or \$(2.33) per diluted share, during the First Quarter 2023, due to the factors discussed above, in addition to higher interest expense due to higher average interest rates associated with our revolving credit facility due to the impact of the refinancings and continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase in wholesale revenue. Comparable retail sales decreased 7.3% for the Third Quarter 2023.

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

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

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

While we continue to face a challenging macroeconomic environment, including increases in the cost of goods inflationary pressures, higher interest rates, and services necessary to produce, import, other domestic and distribute our products, 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 our top priority and we continue to expand our digital capabilities. We have migrated to a new responsive site and mobile application, and we have expanded our partnerships with our outside providers to help us monitor and reallocate our marketing budgets in a more efficient and timely manner to drive acquisition, retention and reactivation. Starting in the second half of Fiscal 2022, the results from our new marketing strategies have been encouraging and we We continue to position marketing as a key growth lever in Fiscal 2023 2024 and beyond. As our digital business continues to expand, we also continue to strengthen our partnership with our third-party third party logistics providers in an effort to provide our customer customers with a best-in-class digital experience.

We continue to evaluate our store fleet through our fleet optimization initiative. We have closed 608 681 stores including five stores closed during the Third Quarter 2023, since the announcement of our fleet optimization initiative in 2013. We now plan to close an additional 64 stores 2013, including five during the fourth quarter of 2023, bringing our total closures for Fiscal 2023 to 86 stores, which will leave us with approximately 530 stores entering fiscal First Quarter 2024. With over 75% of our store fleet coming up for lease action in the next 24 months, we continue to maintain meaningful financial flexibility in our lease portfolio. The average unexpired lease term for our stores is approximately 12 1.7 years in the United States, Puerto Rico, and Canada.

In November 2021, our Board of Directors authorized a \$250.0 million share repurchase program (the "Share Repurchase Program"). Currently, 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 the Waiver Agreement described above, we are temporarily restricted from repurchasing any shares, our practice as a result of our insider trading policy. As of October 28, 2023 May 4, 2024, there was \$157.3 million \$156.9 million remaining availability under the Share Repurchase Program.

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

Thirteen Weeks Ended		Thirty-nine Weeks Ended	
October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Thirteen Weeks Ended			
Thirteen Weeks Ended			
Thirteen Weeks Ended			
May 4, 2024			
May 4, 2024			
May 4, 2024			
<b>Average Translation Rates <sup>(1)</sup></b>			
<b>Average Translation Rates <sup>(1)</sup></b>			
<b>Average</b> <b>Translation Rates <sup>(1)</sup></b>	<b>Average</b> <b>Translation Rates <sup>(1)</sup></b>		
Canadian dollar	Canadian dollar	0.7374	0.7525
Canadian dollar			0.7418
Canadian dollar			0.7731
Hong Kong dollar			
Hong Kong dollar			
Hong Kong dollar	Hong Kong dollar	0.1278	0.1274
			0.1276
			0.1276

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

## **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

We describe our significant accounting policies in "Note 1. Basis of Preparation and Summary of Significant Accounting Policies" of the [notes to consolidated financial statements](#) [Consolidated Financial Statements](#) included in our most recent Annual Report on Form 10-K for the fiscal year ended [January 28, 2023](#) [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 [January 28, 2023](#) [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**

[There are no pending](#) [Refer to "Note 1. Basis of Presentation" of the accompanying consolidated financial statements for discussion regarding the impact of recently issued](#) accounting standards [updates that are currently expected to have a material impact on the Company's](#) [our](#) consolidated financial statements.

## **RESULTS OF OPERATIONS**

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

The following table sets forth, for the periods indicated, selected data from our Statements of Operations expressed as a percentage of Net sales. We primarily evaluate the results of our operations as a percentage of Net sales rather than in terms of absolute dollar increases or decreases by analyzing the year over year change in our business expressed as a percentage of Net sales (i.e., "basis points"). For example, SG&A [increased](#) [90](#) [decreased](#) [560](#) basis points to [21.8%](#) [40.7%](#) of Net sales during the [Third First](#) Quarter [2023](#) [2024](#) from [20.9%](#) [35.1%](#) during the [Third First](#) Quarter [2022](#) [2023](#). Accordingly, to the extent that our sales have increased at a faster rate than our costs (i.e., "leveraging"), the more efficiently we have utilized the investments we have made in our business. Conversely, if our sales decrease or if our costs grow at a faster pace than our sales (i.e., "deleveraging"), we have less efficiently utilized the investments we have made in our business.

		Thirteen Weeks Ended		Thirty-nine Weeks Ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
		Net sales	Net sales	100.0 %	100.0 %
Net sales	Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Net sales	Net sales				
Net sales	Net sales				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Cost of sales (exclusive of depreciation and amortization)	Cost of sales (exclusive of depreciation and amortization)				
Gross profit	Gross profit	66.3	65.2	69.8	65.3
Gross profit	Gross profit	33.7	34.8	30.2	34.7
Gross profit	Gross profit				
Gross profit	Gross profit				
Selling, general, and administrative expenses	Selling, general, and administrative expenses				
Selling, general, and administrative expenses	Selling, general, and administrative expenses				
Selling, general, and administrative expenses	Selling, general, and administrative expenses				
Depreciation and amortization	Depreciation and amortization	21.8	20.9	28.7	26.4
Depreciation and amortization	Depreciation and amortization	2.4	2.4	3.1	3.1
Depreciation and amortization	Depreciation and amortization				

Depreciation and amortization					
Asset impairment charges					
Asset impairment charges					
Asset impairment charges	Asset impairment charges	0.1	—	0.3	0.1
Operating income (loss)		9.4	11.4	(1.9)	5.1
Operating loss					
Operating loss					
Operating loss					
Interest expense, net	Interest expense, net	(1.7)	(0.8)	(1.9)	(0.7)
Income (loss) before provision (benefit) for income taxes		7.7	10.6	(3.8)	4.4
Interest expense, net					
Interest expense, net					
Loss before provision (benefit) for income taxes					
Loss before provision (benefit) for income taxes					
Loss before provision (benefit) for income taxes					
Provision (benefit) for income taxes	Provision (benefit) for income taxes	(0.3)	2.2	(1.6)	0.5
Net income (loss)		8.0 %	8.4 %	(2.2) %	3.9 %
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Net loss					
Net loss					
Net loss					
Number of Company stores, end of period	Number of Company stores, end of period	591	658	591	658
Number of Company stores, end of period					
Number of Company stores, end of period					

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

Net sales:	Net sales:	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
				(in thousands)	
				(in thousands)	
		(in thousands)		(in thousands)	
The Children's Place U.S.	The Children's Place U.S.	\$ 441,865	\$ 457,508	\$ 1,048,568	\$ 1,126,692
The Children's Place U.S.					
The Children's Place International	The Children's Place International	38,369	51,612	98,906	125,663
The Children's Place International					

Total net sales	
Total net sales	
Total net sales	\$ 480,234

### Third First Quarter 2024 Compared to First Quarter 2023 Compared to Third Quarter 2022

Net sales decreased \$28.9 million \$53.7 million or 5.7% 16.7%, to \$480.2 million \$267.9 million during the Third First Quarter 2023 2024 from \$509.1 million \$321.6 million during the Third First Quarter 2022, 2023, primarily due to reductions in retail sales due to lower store count, traffic declines to stores, declines in e-commerce demand due to reductions in marketing results from liquidity challenges early in the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, quarter and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase decreases in wholesale revenue. Comparable retail sales decreased 7.3% 11.7% for the quarter.

The Children's Place U.S. net sales decreased \$15.6 million \$47.3 million or 3.4% 16.1%, to \$441.9 million \$246.2 million in the Third First Quarter 2023, 2024, compared to \$457.5 million \$293.5 million in the Third First Quarter 2022, 2023. This decrease was primarily due to reductions in retail sales due to lower store count, traffic declines to stores, declines in e-commerce demand due to reductions in marketing results from liquidity challenges early in the impact of the continued slowdown in consumer demand resulting from the unprecedented inflation impacting our customer, quarter and from other domestic and geo-political concerns weighing on consumer confidence, an increase in promotional activity across the sector, and the impact of permanent store closures, partially offset by an increase decreases in wholesale revenue.

The Children's Place International net sales decreased \$13.2 million \$6.5 million or 25.7% 23.0%, to \$38.4 million \$21.7 million in the Third First Quarter 2023, 2024, compared to \$51.6 million \$28.2 million in the Third First Quarter 2022, 2023. This decrease was primarily due to the impact of the continued slowdown reductions in consumer demand resulting from the unprecedented inflation impacting our customer, retail sales due to lower store count and from geo-political concerns weighing on consumer confidence, and an increase in promotional activity across the sector, traffic declines to stores.

Total e-commerce sales, which include postage and handling, were 57.0% 53.4% of net retail sales and 50.0% 49.2% of net sales during the Third First Quarter 2023, 2024, compared to 50.2% 46.4% and 46.0% 42.4%, respectively, during the Third First Quarter 2022, 2023.

Gross profit decreased \$14.8 million \$3.8 million to \$162.1 \$92.7 million in the Third First Quarter 2023, 2024, compared to \$176.9 \$96.5 million in the Third First Quarter 2022, 2023. Gross margin deleveraged 110 increased 460 basis points to 33.7% 34.6% of net sales in the Third First Quarter 2023, 2024. The 110 460 basis point decrease reflects increase was primarily due to reductions in product input costs, including cotton and supply chain costs, which negatively impacted margins in the largely unplanned but addressable impact prior year coupled with improvements in the leverage of higher distribution and fulfillment expenses stemming from incremental e-commerce freight costs due to our new shipping and processing costs, threshold for free shipping. These improvements were partially offset by decreases in supply chain margin pressure due to aggressive promotions, as we sought to maximize revenue during the quarter and cotton costs. The due to increases in distribution costs were driven by higher e-commerce volumes than anticipated, which resulted in higher compensation expense to fulfill orders as we incurred significant overtime premiums to process orders, increased wage rates to retain talent and added incentives to attract new associates. In addition, we also increased the utilization of our third-party fulfillment partner which operates at higher rates. We also experienced an outsized increase in the number of packages shipped due to decreases in average order size, given the significant macro pressures our customers continue to face, and a highly promotional retail environment, which resulted in increased freight costs and deleveraging of freight expense. In addition to the distribution costs, our margin rate was negatively impacted by the growth of our wholesale business, which operates at a lower gross margin but also operates at a lower SG&A and is accretive to our operating margin. cost resulting from split shipments.

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

Selling, general, and administrative expenses decreased \$1.8 million \$3.8 million to \$104.8 \$109.1 million during the Third First Quarter 2023 2024 from \$106.6 \$112.9 million during the Third First Quarter 2022, 2023. SG&A deleveraged 90 560 basis points to 21.8% 40.7% of net sales in the Third First Quarter 2023, 2024. The Third First Quarter 2024 results included incremental operating expenses of \$20.4 million, including costs associated with the change of control of the Company of \$13.7 million and financing related charges of \$6.7 million, partially offset by the reversal of a legal settlement accrual of \$2.3 million. The First Quarter 2023 results included incremental operating expenses of \$3.8 million, including restructuring costs contract termination costs of \$0.8 million, credit agreement amendment costs of \$0.8 million, \$2.4 million and fleet optimization costs of \$0.4 million. The Third Quarter 2022 results included incremental operating expenses, including restructuring costs of \$1.0 million, fleet optimization costs of \$0.2 million, and professional and consulting fees of \$0.1 million \$1.1 million. Excluding the impact of these incremental charges, SG&A deleveraged 70 leveraged 80 basis points to 21.4% 33.1% of net sales, primarily as a result of the deleverage of fixed expenses resulting from the decline in net sales and higher planned marketing spend, partially offset by permanent significant reductions in store expenses payroll and home office payroll, and adjustments to variable profitability-based equity compensation, amounting to a benefit of \$4.8 million reductions in the Third Quarter 2023, compared to an expense of \$4.9 million in the Third Quarter 2022. marketing costs.

Depreciation and amortization was \$11.7 \$11.6 million during the Third First Quarter 2023, 2024, compared to \$12.5 \$11.8 million during the Third First Quarter 2022, 2023. The decrease was primarily driven by reduced depreciation of capitalized software and the permanent closure of 67 81 stores during the past twelve months, partially offset by the accelerated depreciation related to the voluntary early termination closure of the corporate office lease, our distribution center in Canada.

Asset impairment charges were \$0.6 million \$1.8 million during the Third First Quarter 2023, inclusive of ROU assets. These charges were related to underperforming stores identified in our ongoing store portfolio evaluation primarily as a result of decreased net sales and cash flow projections. No There were no asset impairment charge was recorded charges in the Third First Quarter 2022, 2024.

Operating income loss decreased \$12.8 million \$2.1 million to \$45.0 million \$(28.0) million during the Third First Quarter 2024, compared to \$(30.1) million during the First Quarter 2023. Operating loss was impacted by several charges due to the recent change of control as a result of the investment in the Company by Mithaq Capital SPC, a Cayman segregated portfolio company ("Mithaq"), and several new financing initiatives. These charges, which include \$10.8 million of non-cash equity compensation charges and \$3.8 million in other fees associated with the change of control, and \$6.7 million of financing related charges, have been classified as non-GAAP adjustments, leading to an adjusted

operating loss of (\$5.1) million in the First Quarter 2024, compared to an adjusted operating loss of (\$24.5) million in the First Quarter 2023, compared to \$57.8 million during the Third Quarter 2022. Operating income deleveraged 200 and leveraged 570 basis points to 9.4% of net sales in the Third Quarter 2023. The Third Quarter 2023 results included incremental operating expenses of \$2.9 million, as described above, and included all asset impairment charges recorded, compared to \$1.3 million in the Third Quarter 2022. Excluding the impact of these incremental charges, operating income deleveraged 160 basis points to 10.0% (1.9)% of net sales.

Net interest expense was \$7.9 \$7.7 million during the Third First Quarter 2023, 2024, compared to \$3.8 \$5.9 million during the Third First Quarter 2022, 2023. The increase in interest expense was driven by higher borrowings and higher average interest rates associated with the our revolving credit facility and term loan due to the impact of refinancings and continued market-based rate increases.

Provision (benefit) for income taxes was a benefit provision of \$(1.5) \$2.1 million during the Third First Quarter 2023, 2024, compared to a provision benefit of \$11.2 \$(7.1) million during the Third First Quarter 2022, 2023. Our effective tax rate was a benefit provision of (3.9) (5.8)% and a provision benefit of 20.7% 19.8% in the Third First Quarter 2023 2024 and Third First Quarter 2022, 2023, respectively. The change in our effective tax rate and income tax benefit provision (benefit) for the Third First Quarter 2023 2024 compared to the Third First Quarter 2022, 2023 was primarily driven by the utilization establishment of the discrete a valuation allowance against our net deferred tax provision methodology discussed in "Note 12. Income Taxes" to the accompanying consolidated financial statements, and the impact of certain non-deductible executive compensation assets.

Net income loss, decreased which reflected several unusual charges associated with the recent change of control due to the investment in the Company by Mithaq, and our new financing initiatives, increased \$4.4 million \$9.0 million to \$38.5 million, \$(37.8) million, or \$3.05 \$(2.99) per diluted share during the Third First Quarter 2023, 2024, compared to \$42.9 million, \$(28.8) million, or \$3.26 \$(2.33) per diluted share during the Third First Quarter 2022, 2023, due to the factors discussed above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

Our working capital needs typically follow a seasonal pattern, peaking during the third fiscal quarter based on seasonal inventory purchases. Currently, our 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 interest-equivalent expenses on our term loan, loans, and the financing of capital projects.

On November 16, 2021 Our working capital deficit decreased \$49.1 million to \$63.6 million at May 4, 2024, we completed the refinancing of compared to \$112.7 million at April 29, 2023, primarily reflecting a decrease in borrowings on our previous \$360.0 million asset-based revolving credit facility and our previous \$80.0 million term loan with a new lending group led by an affiliate of Wells Fargo Bank, National Association ("Wells Fargo") by entering into a fourth amendment to our credit agreement, dated as of May 9, 2019, with the lenders party thereto (as amended from time to time, the "Credit Agreement"). The refinanced debt consisted of a \$350.0 million \$433.0 million asset-based revolving credit facility (the "ABL Credit Facility") and a \$50.0 million term loan (the "Term Loan"). Subsequently, on June 5, 2023, we entered into a fifth amendment to our Credit Agreement, pursuant to which, among other things, our ABL Credit Facility was increased to \$445.0 million. See "ABL Credit Facility and Term Loan" below for further information.

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

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

At October 28, 2023 May 4, 2024, we had \$358.7 million \$226.1 million of outstanding borrowings under our \$445.0 million \$433.0 million ABL Credit Facility and we no borrowings under our Shariah-compliant \$40.0 million senior unsecured credit facility with Mithaq (the "Mithaq Credit Facility"). We had total liquidity of \$42.1 million \$60.7 million, including \$28.6 million \$47.7 million of availability under our ABL Credit Facility (after factoring in our excess availability threshold, as defined below), \$40.0 million of availability under our Mithaq Credit Facility, and \$13.5 million \$13.0 million of cash on hand. In addition, at October 28, 2023 At May 4, 2024, we had \$7.4 million \$12.2 million of outstanding letters of credit, with an additional \$42.6 million \$12.8 million available for issuing letters of credit under our ABL Credit Facility.

We expect to be able to meet our working capital, and capital expenditure, and debt service requirements for at least the foreseeable future next twelve months from the date that our consolidated financial statements for the First 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.

### ABL Credit Facility and 2021 Term Loan

We and certain of our subsidiaries maintain the \$445.0 million \$433.0 million ABL Credit Facility and, the 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 lenders (collectively, the "Lenders") 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. Both the The ABL Credit Facility will mature and, before it was fully repaid, the 2021 Term Loan mature would have matured, in November 2026.

The As of the effective date of the Seventh Amendment, the ABL Credit Facility includes a \$25.0 million Canadian sublimit and a \$50.0 million \$25.0 million sublimit for standby and documentary letters of credit.

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

- (i) the prime rate per annum, plus a margin of 1.250% or 1.500% 2.000%; or
- (ii) the Secured Overnight Financing Rate ("SOFR") per annum, plus 0.100%, plus a margin of 2.000% or 2.250% 3.000%.

We are Prior to the effective date of the Seventh Amendment, we were charged a fee of 0.200% on the unused portion of the commitments. As of the effective date of the Seventh Amendment, 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 range from 1.000% to are at 1.125% for commercial letters of credit and range from 1.500% to 1.750% for standby letters of credit. Letter of credit fees are determined based on the amount of our average excess availability under the facility. The amount available for loans and letters of credit under the ABL Credit Facility is determined by a borrowing base consisting of

certain credit card receivables, certain trade receivables, certain inventory, and the fair market value of certain real estate, subject to certain **reserves**, **reserves** and an **availability block**.

#### Once we achieve a consolidated EBITDA

From and after February 4, 2025 and on the first day of at least \$200.0 million across four consecutive each fiscal quarters, and quarter thereafter, based on the amount of our average daily excess availability under the facility, borrowings outstanding under the ABL Credit Facility **would will** bear interest, at our option, at:

- (i) the prime rate per annum, plus a margin of **0.625% 1.750%** or **0.875% 2.000%**; or
- (ii) the SOFR per annum, plus **0.100%**, plus a margin of **1.375% 2.750%** or **1.625% 3.000%**.

Letter of credit fees **would will** range from **0.688% 1.000%** to **0.813% 1.125%** for commercial letters of credit and **would will** range from **0.875% 1.500%** to **1.125% 1.750%** for standby letters of credit. Letter of credit fees **are will** be determined based on the amount of **our** average daily excess availability under the facility.

For the **Third First Quarter 2023** and **Year-To-Date First Quarter 2023**, we recognized **\$7.2 million** **\$5.7 million** and **\$18.0 million** **\$4.7 million**, respectively, in interest expense related to the ABL Credit Facility. **For**

Prior to the **Third Quarter 2022** and **Year-To-Date 2022**, we recognized **\$3.0 million** and **\$6.9 million**, respectively, in interest expense related to effective date of the **Seventh Amendment**, when the **2021 Term Loan** was fully repaid, credit extended under the ABL Credit Facility. 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 the effective date of the **Seventh Amendment**, 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, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness, and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. We are not subject to any early termination fees.

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

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

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

	October 28, 2023		January 28, 2023		October 29, 2022	
	(in millions)					
Total borrowing base availability, net of the excess availability threshold, as applicable	\$	394.7	\$	363.8	\$	463.9
Credit facility maximum, net of the excess availability threshold, as applicable		400.5		315.0		350.0
Maximum borrowing availability <sup>(1)</sup>		394.7		315.0		350.0
Outstanding borrowings		358.7		287.0		265.0
Letters of credit outstanding—standby		7.4		7.4		7.4
Utilization of credit facility at end of period		366.1		294.4		272.4
Availability <sup>(2)</sup>	\$	28.6	\$	20.6	\$	77.6
Interest rate at end of period		8.0%		5.9%		4.8%
		Year-To-Date 2023		Fiscal 2022		Year-To-Date 2022
Average end of day loan balance during the period	\$	327.6	\$	274.9	\$	273.1
Highest end of day loan balance during the period	\$	379.4	\$	297.7	\$	297.6
Average interest rate		7.0%		3.7%		3.0%

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

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

The Term Loan bears interest, payable monthly, at (a) the SOFR per annum plus 2.750% for any portion that is a SOFR loan, or (b) the base rate per annum plus 2.000% for any portion that is a base rate loan. The Term Loan is pre-payable at any time without penalty, and does not require amortization. For the **Third Quarter 2023** and **Year-To-Date**

2023, we recognized \$0.4 million, and \$2.4 million, respectively, in interest expense related to the Term Loan. For the Third Quarter 2022 and Year-To-Date 2022, we recognized \$0.6 million, and \$1.5 million, respectively, in interest expense related to the Term Loan.

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

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

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

During the First Quarter 2024, Mithaq became the controlling shareholder of the Company and this change of control triggered an event of default under the Credit Agreement, thus subjecting us to cash dominion by the Credit Agreement Lenders. Subsequently, the Credit Agreement Lenders agreed to forbear from enforcing certain other rights and remedies during a limited forbearance period. On April 16, 2024, we and certain of our subsidiaries entered into the Seventh Amendment to the Credit Agreement with the Credit Agreement Lenders that, among other things, provided a permanent waiver of the change of control event of default. As of October 28, 2023 the effective date of the Seventh Amendment, the ABL Credit Facility was reduced from \$445.0 million to \$433.0 million, and until we achieve certain excess availability thresholds, the Seventh Amendment preserves the temporary enhanced reporting requirements under the Waiver Agreement and continues to impose cash dominion.

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

	May 4, 2024	February 3, 2024	April 29, 2023
	(in millions)		
Total borrowing base availability <sup>(1)</sup>	\$ 286.0	\$ 258.4	\$ 408.9
Credit facility availability <sup>(2)</sup>	433.0	400.5	315.0
Maximum borrowing availability <sup>(3)</sup>	286.0	258.4	315.0
Outstanding borrowings	226.1	226.7	300.8
Letters of credit outstanding—standby	12.2	7.4	7.4
Utilization of credit facility at end of period	238.3	234.1	308.2
Availability <sup>(4)</sup>	\$ 47.7	\$ 24.3	\$ 6.8
Interest rate at end of period	9.9%	8.1%	6.5%
	Year-To-Date 2024	Fiscal 2023	Year-To-Date 2023
	(in millions)		
Average end of day loan balance during the period	\$ 228.2	\$ 315.5	\$ 297.1
Highest end of day loan balance during the period	\$ 251.6	\$ 379.4	\$ 305.9
Average interest rate	9.6%	7.5%	5.9%

- <sup>(1)</sup> In the First Quarter 2024, given that the Company was under cash dominion, the total borrowing base availability was only net of the availability block under the Credit Agreement as of the effective date of the Seventh Amendment, and the excess availability threshold was not applicable. For the second quarter of Fiscal 2024, if applicable, the total borrowing base availability will need to be net of the excess availability threshold for 60 consecutive days after June 30, 2024 in order to exit cash dominion. In Fiscal 2023, the total borrowing base availability was net of the excess availability threshold under the Credit Agreement prior to the effective date of the Seventh Amendment.
- <sup>(2)</sup> In the First Quarter 2024, given that the Company was under cash dominion, the excess availability threshold under the Credit Agreement as of the effective date of the Seventh Amendment was not applicable to the determination of the credit facility availability. For the second quarter of Fiscal 2024, if applicable, the credit facility availability will need to be net of the excess availability threshold for 60 consecutive days after June 30, 2024 in order to exit cash dominion. In Fiscal 2023, the credit facility availability was net of the excess availability threshold under the Credit Agreement prior to the effective date of the Seventh Amendment.
- <sup>(3)</sup> The lower of the credit facility availability and the total borrowing base availability.
- <sup>(4)</sup> The sub-limit availability for letters of credit was \$12.8 million at May 4, 2024, and \$42.6 million at February 3, 2024 and April 29, 2023.

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. For the First Quarter 2024 and First Quarter 2023, we recognized \$1.1 million and \$0.9 million, respectively, in interest expense related to the 2021 Term Loan.

As of the effective date of the Seventh Amendment, the 2021 Term Loan was fully repaid.

As of May 4, 2024, unamortized deferred financing costs amounted to \$2.4 million, of which \$2.2 million \$2.9 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 a Shariah-compliant 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 First Quarter 2024, we recognized \$0.4 million 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 May 4, 2024 unamortized deferred financing costs amounted to \$2.0 million related to the Mithaq Term Loans.

Maturities of the Company's principal debt payments as of May 4, 2024 are as follows:

	May 4, 2024
	(in thousands)
Remainder of 2024	\$ —
2025	—
2026	—
2027	168,600
Thereafter	—
Total debt	<u>\$ 168,600</u>

#### Mithaq Commitment Letter

On May 2, 2024, we entered into a commitment letter with Mithaq for a Shariah-compliant \$40.0 million Mithaq Credit Facility. Under the Mithaq Credit Facility, we may request for advances at any time prior to July 1, 2025.

If any debt is incurred under the Mithaq Credit Facility, it shall require monthly payments equivalent to interest charged at the SOFR plus 5.000% per annum. 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, 2025. As of May 4, 2024, no debt had been incurred under the Mithaq Credit Facility.

#### Cash Flows and Capital Expenditures

Cash used in operating activities was \$42.6 million \$110.8 million during Year-To-Date 2023, the First Quarter 2024, compared to \$17.0 million cash provided by operating activities of \$5.1 million during Year-To-Date 2022, the First Quarter 2023. Cash used in operating activities during Year-To-Date 2023 the First Quarter 2024 was primarily the result of a higher inventory balance, lower inventory accounts payable balance and losses incurred during the period, partially offset by other planned changes in working capital. Cash used in operating activities during Year-To-Date 2022 was primarily the result of the timing of inventory receipts as a result of global supply chain disruptions, partially offset by earnings generated during the period, the receipt of a net income tax refund of \$15.7 million, as well as other planned changes in working capital. period.

Cash used in investing activities was \$24.5 million \$4.7 million during Year-To-Date 2023, the First Quarter 2024, compared to \$31.6 million \$11.0 million during Year-To-Date 2022, primarily the First Quarter 2023, driven by the timing of lower capital expenditures.

Cash provided by financing activities was \$64.0 million \$114.9 million during Year-To-Date 2023, the First Quarter 2024, compared to \$14.0 million \$7.8 million during Year-To-Date 2022, the First Quarter 2023. The increase primarily resulted from net borrowings under our ABL Credit Facility, proceeds from the Mithaq Term Loans, partially offset by lower repurchases the repayment of our common stock during Year-To-Date 2023 compared to Year-To-Date 2022, the 2021 Term Loan.

We anticipate total capital expenditures to be in the range of \$25 million to \$30 million in Fiscal 2023, primarily to support our distribution center expansion, digital initiatives, and enhancement of our fulfillment capabilities, compared to \$45.6 million in Fiscal 2022. Our ability to continue to meet our capital requirements in Fiscal 2023 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 **existing** 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 **foreseeable future**.  
next twelve months from the date that our consolidated financial statements for the First 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

Our 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 a calculated spread based on our average daily excess availability under the facility 0.100%, plus 3.000%. As of October 28, 2023 May 4, 2024, we had \$358.7 million \$226.1 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 bears bore interest, payable monthly, at (a) the SOFR per annum plus 2.75% 2.750% for any portion that is was a SOFR loan, or (b) the base rate per annum plus 2.00% 2.000% for any portion that is was a base rate loan. As of October 28, 2023, the outstanding balance effective date of the Seventh Amendment, our 2021 Term Loan was \$50.0 million 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 May 4, 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 October 28, 2023 May 4, 2024, net assets in Canada and Hong Kong amounted to \$26.6 million \$6.8 million. A 10% increase or decrease in the Canadian and Hong Kong foreign currency exchange rates would increase or decrease the corresponding net investment by \$2.7 million \$0.7 million. All changes in the net investments in our foreign subsidiaries are recorded in other comprehensive income (loss), loss.

As of October 28, 2023 May 4, 2024, we had \$6.1 \$3.4 million of our cash and cash equivalents held in foreign subsidiaries, of which \$2.0 \$1.3 million was in India, \$1.8 \$1.3 million was in China, \$1.6 \$0.4 million was in Canada, \$0.3 million was in Hong Kong, \$0.6 million was in Canada, and \$0.1 million was held in other foreign countries.

#### Foreign Operations

We have exchange rate exposure primarily with respect to certain revenues and expenses denominated in Canadian dollars. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses. Assuming a 10% change in foreign currency exchange rates, the Third First Quarter 2023 2024 net sales would have decreased or increased by approximately \$8.9 \$2.0 million, and total costs and expenses would have decreased or increased by approximately \$11.1 \$3.3 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, Vietnam, Kenya, India, Indonesia and China. Consequently, any significant or sudden change in the political, foreign trade, financial, banking, or currency policies and practices, or the occurrence of significant labor unrest in these countries, could have a material adverse impact on our business, financial position, results of operations, and cash flows.

### ITEM 4. CONTROLS AND PROCEDURES.

#### Evaluation of Disclosure Controls and Procedures

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

Management, including our President and Interim Chief Executive Officer, and President, and our Chief Operating Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of October 28, 2023 May 4, 2024.

Based on that evaluation, our President and Interim Chief Executive Officer, and President, and our Chief Operating Officer and Chief Financial Officer concluded that because of a material weakness in the Company's internal control over financial reporting as described below, our disclosure controls and procedures were not effective at the reasonable assurance level, as of October 28, 2023 May 4, 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.

#### Material Weakness in Internal Control

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

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

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

#### Remediation Plan

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

#### Changes in Internal Control over Financial Reporting

Except for the items referred to above, there were 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 October 28, 2023 May 4, 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 January 28, 2023 February 3, 2024.

### ITEM 1A. RISK FACTORS.

There Except for the new risk factor included below, there were no material changes to the risk factors disclosed in Item 1A of Part I in our Annual Report on Form 10-K for the year ended January 28, 2023 February 3, 2024.

**We have exercised our option for the "controlled company" exemption under NASDAQ rules.**

The Company has exercised its right to the "controlled company" exemption under NASDAQ rules, which enables us to forego certain NASDAQ requirements which include: (i) maintaining a majority of independent directors; and (ii) electing a Human Capital and Compensation Committee and a Corporate Responsibility, Sustainability and Governance Committee composed solely of independent directors. Accordingly, during any time while we remain a controlled company relying on the exemption and, if applicable, during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the NASDAQ corporate governance requirements. Our status as a controlled company could cause our common stock to look less attractive to certain investors or otherwise reduce the trading price of our common stock.

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

In November 2021, our Board of Directors authorized a \$250.0 million share repurchase program (the "Share Repurchase Program"). Under this program, we may repurchase shares on the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors, including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time and may thereafter reinstitute purchases, all without prior announcement. Pursuant to the Waiver Credit Agreement as amended by the Seventh Amendment as described above, we are temporarily restricted from repurchasing 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 October 28, 2023 May 4, 2024, there was \$157.3 million \$156.9 million remaining availability under the Share Repurchase Program.

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

The following table provides a month-by-month summary of our share repurchase activity during the Third First Quarter 2023: 2024:

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

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
2/4/24-3/2/24 (1)	4,824	\$ 9.98	—	\$ 157,223
3/3/24-4/6/24 (2)	4,952	8.46	4,952	157,181
4/7/24-5/4/24 (3)	38,330	7.21	38,330	156,905
<b>Total</b>	<b>48,106</b>	<b>\$ 7.62</b>	<b>43,282</b>	<b>\$ 156,905</b>

(1) Includes 1,533 4,824 shares acquired as treasury stock as directed by participants in the deferred compensation plan and 2,064 plan.

(2) Includes 4,952 shares withheld to cover taxes in conjunction with the vesting of stock awards.

(3) Includes 38,330 shares withheld to cover taxes in conjunction with the vesting of stock awards.

#### ITEM 5. OTHER INFORMATION.

During the First 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:

<a href="#">3.1 3.1(+)</a>	<a href="#">Seventh Amended and Restated Bylaws Clawback Policy of The Children's Place, Inc. filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on November 14, 2023 is incorporated by reference herein.</a>
<a href="#">10.4(+ 3.2(+)</a>	<a href="#">Waiver and Amendment Agreement to the Credit Agreement, dated as Insider Trading Policy of October 24, 2023, among the Company, the Borrowers identified on Schedule I thereto, the Guarantors identified on Schedule II thereto, the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender and Term Agent, The Children's Place, Inc.</a>
<a href="#">10.1(+)</a>	<a href="#">Separation and Release Agreement dated May 20, 2024, between Jane T. Elfers and The Children's Place, Inc.</a>
<a href="#">10.2(+)</a>	<a href="#">Letter Agreement dated May 29, 2024 between Muhammad Umair and The Children's Place, Inc.</a>
<a href="#">31.1(+)</a>	<a href="#">Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</a>
<a href="#">31.2(+)</a>	<a href="#">Certificate of Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</a>
<a href="#">32(+)</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

(\*) Filed herewith.

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

## SIGNATURES

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

THE CHILDREN'S PLACE, INC.

Date: December 4, 2023 June 12, 2024

By: /S/ Jane T. Elfers Muhammad Umair

Jane T. Elfers Muhammad Umair

President and Interim Chief Executive Officer and President

(Principal Executive Officer)

Date: December 4, 2023 June 12, 2024

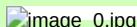
By: /S/ Sheamus Toal

Sheamus Toal

Chief Operating Officer and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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EXHIBIT 10.4   
EXECUTION VERSION

THE CHILDREN'S PLACE, INC.  
CLAWBACK POLICY

### Introduction

The Children's Place, Inc. (the "Company") has determined that it is in the best interests of the Company to adopt a policy (the "Policy") providing for the Company's recoupment of bonus and/or equity awards that are awarded to members of Company management, including the Company's executive officers (each, a "Participant") under certain circumstances.

### Clawback / Forfeiture for Breach or Misconduct

The Company's annual Bonus Plan, including awards thereunder, and equity awards under the 2011 Equity Incentive Plan (each an "Award") shall provide that the Human Capital and Compensation Committee (the "Committee") may in its sole discretion cancel such Award if the Participant, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, violates a non-competition, non-solicitation, non-disparagement, non-disclosure covenant or agreement or otherwise has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion.

In addition, if Participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, as determined by the Committee in its sole discretion, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting, exercise or settlement of such Award, the sale or other transfer of such Award, or the sale of shares of common stock acquired in respect of such Award, and must promptly repay such amounts to the Company.

To the extent required by applicable law (including without limitation Section 302 of the Sarbanes Oxley Act and Section 954 of the Dodd Frank 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 (as in effect and/or amended from time to time), Awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into all outstanding Award agreements).

Decisions of the Committee with respect to this Policy shall be final, conclusive and binding on all Participants, unless determined to be an abuse of discretion.

October 24, 2023

The Children's Place, Inc.

**The other Loan Parties (as defined in the Credit Agreement referred to below) ADDENDUM TO CLAWBACK POLICY**

**c/o The Children's Place, Inc.**

500 Plaza Drive

Secaucus, New Jersey 07094

Attention: Sheamus Toal, Chief Financial Officer

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

Ladies and Gentlemen: as of August 10, 2023

Reference is hereby made The Company has adopted this clawback policy addendum (the "Addendum") as a supplement to that certain Amended and Restated Credit Agreement, dated as of May 9, 2019 (as any other clawback policies in effect on now or in the date hereof future at the Company. To the extent this Addendum applies to compensation payable to a person covered by this Addendum, it shall be the only clawback policy applicable to such compensation and as may no other clawback policy shall apply; provided that, if such other policy provides that a greater amount of such compensation shall be further amended, restated, supplemented subject to clawback, such other policy shall apply to the amount in excess of the amount subject to clawback under this Addendum. This Addendum shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D, the related listing rules of the national securities exchange or otherwise modified and in effect from time to time, the "national securities association ("Credit Agreement"), by, among others, (i) The Children's Place, Inc., a Delaware corporation, for itself and as agent (in such capacity, the "Lead Borrower Exchange") for on which the other Borrowers from time Company has listed securities, Section 302 of the Sarbanes Oxley Act, Section 954 of the Dodd Frank Act, and, to time party thereto (collectively, the extent this Addendum is any manner deemed inconsistent with such rules, this Addendum shall be treated as retroactively amended to be compliant with such rules.

1. **Definitions.** 17 C.F.R. §240.10D-1(d) defines the Lead Borrower, the "Borrower" terms "Executive Officer," (ii) the other Borrowers, (iii) the Guarantors from time to time party thereto, (iv) the Lenders from time to time party thereto, "Financial Reporting Measure," "Incentive-Based Compensation," and (v) Wells Fargo Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent" Received."), Collateral Agent and Swing Line Lender. Unless otherwise defined As used herein, capitalized these terms shall have the meanings set forth same meaning as in that regulation.

2. **Application of this Addendum.** This Addendum shall only apply in the Credit Agreement.

The Administrative Agent's representatives recently reported event that the Lead Borrower had overstated Eligible Inventory issuer is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the Borrowing Base Certificates delivered for current period or left uncorrected in the months of June, July and August 2023 (any and all inaccuracies and/or errors contained in such Borrowing Base Certificates, collectively, the "Specified Reporting Inaccuracies"). The Lead Borrower represents that the Specified Reporting Inaccuracies were inadvertent. As a result of, or incidental to, the Specified Reporting Inaccuracies, one or more Events of Default have occurred and are continuing, including, without limitation, pursuant to Sections 8.01(a), 8.01(b)(i) (as a result of a breach of Sections 6.03(a) and 7.17 of the Credit Agreement), 8.01(b)(ii)(y) (as a result of a breach of Section 6.02(c) of the Credit Agreement), 8.01(b)(iii) (as a result of a breach of Section 6.02(b) of the Credit Agreement) and 8.01(e) of the Credit Agreement (all of such Events of Default, collectively, the "Specified Events of Default"). current period.

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

Accordingly, the parties hereto agree as follows:

- 1.3. **Waiver of Specified Events of Default Recovery Period.** The **Administrative Agent** **Incentive-Based Compensation** subject to clawback is the **Incentive-Based Compensation Received** during the three completed fiscal years immediately preceding the date that the issuer is required to prepare an accounting restatement as described in section 2 to this Addendum, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to 17 C.F.R. §240.10D-1(b)(1)(ii).
  - a. Notwithstanding the foregoing, this Addendum shall only apply if the Incentive-Based Compensation is Received (1) while the issuer has a class of securities listed on an Exchange and (2) on or after October 1, 2023.
  - b. See 17 C.F.R. §240.10D-1(b)(1)(i) for certain circumstances under which this Addendum will apply to Incentive-Based Compensation received during a transition period arising due to a change in the **Required Lenders** hereby waive Company's fiscal year.
4. **Erroneously Awarded Compensation.** The amount of Incentive-Based Compensation subject to this Addendum ("Erroneously Awarded Compensation") is the Specified Events amount of Default. The foregoing waiver Incentive-Based Compensation Received

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(i) relates only that exceeds the amount of Incentive Based-Compensation that otherwise would have been received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid.

- a. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Specified Reporting Inaccuracies; (ii) is a one-time waiver; (iii) Exchange.
5. The Company shall not be deemed to constitute a waiver of recover reasonably promptly any other Default or Event of Default now existing or hereafter arising; (iv) does not constitute an modification or waiver of any other obligations of the Loan Parties under the Credit Agreement or any other Loan Document, or an amendment to any terms or conditions of the Credit Agreement or any other Loan Document, each of which remains in full force and effect; (v) is granted in express reliance upon the Loan Parties' representations, warranties, and agreements set forth herein; and (vi) does not establish (and is not to be deemed to establish) a course of dealing or conduct by the Agents or the Lenders.

## 2. Representations and Warranties.

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

(b) The Loan Parties hereby ratify, confirm, and reaffirm that all representations and warranties of the Loan Parties contained in Article V of the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof after giving effect to the transactions contemplated hereby, Erroneously Awarded Compensation except (x) in the case of any representation and warranty qualified by materiality, they are true and correct in all respects, (y) to the extent that the conditions of paragraphs (a), (b), or

(c) below apply. The Committee shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance, by the SEC, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

- a. Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing this Addendum would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such representations Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and warranties specifically refer provide that documentation to the Exchange.

b. Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an earlier date, opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange.

c. Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which case they benefits are true and correct in all material respects (or in all respects, as applicable) as of such earlier date, and (z) for purposes of this Section 2(b), the representations and warranties contained in subsections (a) and (b) of Section 5.05 broadly available to employees of the Credit Agreement registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

6. Committee decisions. Decisions of the Committee with respect to this Addendum shall be deemed final, conclusive and binding on all Executive Officers subject to refer this Addendum, unless determined to the most recent statements furnished pursuant to clauses (a) and (b), respectively, be an abuse of Section 6.01 of the Credit Agreement.

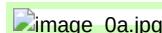
3. Covenants. The Loan Parties hereby agree that, without limiting any of the Loan Parties' obligations in the Credit Agreement, and notwithstanding anything in the Credit Agreement to the contrary:

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

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(b) 7. Weekly Cash Flow Forecasts No Indemnification. On Notwithstanding anything to the Friday contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation.

8. Agreement to Addendum by Executive Officers. The Committee shall take reasonable steps to inform Executive Officers of this Addendum and obtain their agreement to this Addendum, which steps may constitute the inclusion of this Addendum as an attachment to any award that is accepted by the Executive Officer.



#### INSIDER TRADING POLICY

Approved November 2023

#### Background

The Children's Place and its directors, officers and all associates worldwide must act in a manner that does not misuse material financial or other information that has not been publicly disclosed. Failure to do so breaches our integrity and violates federal insider trading laws that impose strict civil,

and in some cases, criminal penalties upon individuals and companies.

Maintaining the confidence of shareholders, regulators and the public markets is important. The principle underlying our policy is fairness in dealings with other persons, which requires that our associates do not take personal advantage of undisclosed material information to the detriment of others who do not have the information.

In light of the severity of the possible sanctions, both to you individually and to the Company, we have established this Insider Trading Policy to assist all of us in complying with our obligations. Any violation of this Company policy could subject you to disciplinary action, up to and including termination. This policy is not intended to replace your responsibility to understand and comply with the legal prohibition on insider trading. If you have specific questions regarding this policy or the applicable law, please contact the Legal Department.

#### Policy

No Insider may trade in securities of The Children's Place unless he or she is sure that they do not possess Material Non-Public Information. If any such person has a doubt as to whether or not they possess such information they may contact the Legal Department.

A trading calendar is determined by the Legal Department each **fiscal week** (or if **Friday** year and is distributed to all associates. All associates must abide by this calendar and may only trade as indicated on the calendar. Trading in securities within the open windows of our trading calendar is not a **Business Day**, "safe harbor;" an associate trading on the **next succeeding Business Day**, commencing basis of Material Non-Public Information during an open trading window will be in violation of insider trading laws. Rather, the trading calendar identifies the safest period for trading in the Company's securities by denoting periods during which it is least likely that an associate will have exposure to Material Non-Public Information. Notwithstanding the issuance of the trading calendar and open trading periods, certain associates whose duties give them access to Material Non-Public Information must always check with the Legal Department prior to trading in securities of The Children's Place. The Legal Department will notify the associates subject to this requirement.

No Insider may communicate (also known as "tip") Material Non-Public Information to any other person (including family members). Such communications may include overt tips from others or through, among other things, conversations at social, business or other gatherings, on **October 27, 2023** (with respect) internet blogs or on social media (for example, Facebook or LinkedIn). If an Insider does so and there is a trade on the basis of the information, then

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both parties may be in violation of federal insider trading laws. Note that the Securities and Exchange Commission and NASDAQ use sophisticated electronic surveillance techniques to uncover insider trading.

No Insider may make a recommendation or express an opinion with regard to trading in The Children's Place securities on the basis of Material Non-Public Information. The Company's financial results may only be discussed with potential investors by the Chief Executive Officer, the Chief Financial Officer and Investor Relations.

No Insider may trade in securities of a company other than The Children's Place (for example, a The Children's Place vendor) if they are in possession of any Material Non-Public Information about that company which they obtained in the course of their employment with The Children's Place, such as information about a major contract or merger being negotiated.

No director, officer or associate may trade in derivatives of The Children's Place stock (other than by exercising an option granted by the Company to the **fiscal week beginning** holder to purchase stock). That is, puts, calls, and other financial derivatives may not be purchased or sold. No financial transactions may be entered into which could "lock in" the price of The Children's Place stock, such as a hedging transaction. In addition, "short sales" of The Children's Place stock (a sale of securities which are not then owned), including a "sale against the box" (a sale with delayed delivery) are prohibited. Directors, officers and associates are also prohibited from holding The Children's Place securities in a margin account that permits someone other than the Insider or requires the Insider to sell The Children's Place securities should the value of the account decline.

No director, officer or associate may use their stock in The Children's Place as collateral against a loan.

## Definitions

For the purposes of this Insider Trading Policy, the following terms shall have the meanings set forth below.

*Insiders.* Insiders are:

- (i) members of the Company's Board of Directors, our corporate officers and our associates;
- (ii) our consultants, bankers, accountants, lawyers and other persons associated with the Company and its subsidiaries, including agents and vendors who may have access to Material Non-Public Information; and
- (iii) household members, immediate family members, and, as the case may be, employees of those listed in (i) and (ii) above.

*Material Non-Public Information.* Information is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of securities. While it is not possible to define all categories of material information, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:

Financial results, including but not limited to earnings and comparable sales, or comp sales  
Projections of future earnings or losses

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Change in dividend policy  
Changes in stock buy-back program  
News of a pending or proposed merger  
News of a pending acquisition or divestiture  
Impending bankruptcy or financial liquidity  
Gain or loss of a major supplier  
New product announcements  
Major marketing changes  
Product recalls  
Significant litigation or threatened litigation  
Changes in equity including either the sale or repurchase of Company stock  
Changes in the senior leadership team  
New equity or debt offerings  
New franchisees or wholesale customers  
New channels of distribution

Either positive or negative information may be material. Note that if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and other third parties might view your transaction.

Such information is non-public if it has not been disclosed to the general public and is not otherwise available to the general public. In general, information that has been disclosed through a newswire service (for example, in a press release), the Company's quarterly earnings call, the Company's website or in public disclosure documents filed with the SEC that are available on October 22, 2023 the SEC's website is considered to be available to the general public. Information that is available only to all or a portion of the Company's employees is not considered to be available to the general public.

In all cases, the responsibility for determining whether an individual is in possession of Material Non-Public Information rests with that individual, and continuing any action on the part of the Company or any Company employee pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

**Securities.** Securities include common stock, options to purchase or sell common stock, warrants, convertible notes or debentures, and any derivative or financial product which is linked to the value of The Children's Place common stock.

**Trading.** Trading includes buying or selling securities of The Children's Place. It does not include exercising an employee option to purchase stock, but does include the sale of stock received upon the exercise of such option.

#### Suspension of Trading

From time to time we may notify directors, officers and selected associates that they are prohibited from trading securities of The Children's Place. This action could be taken due to developments which have not yet been made public or due to circumstances which would render such trading inappropriate. In such case, each

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of those affected may not trade in The Children's Place securities while the suspension is in effect, and may not disclose to others that we have suspended trading for certain individuals.

#### Post-Termination Transactions

This policy continues to apply to transactions in The Children's Place Securities even after termination of service to The Children's Place. If an individual is in possession of Material Non-Public Information when his or her service terminates, that individual may not trade in Securities of The Children's Place until that information has become public or is no longer material.

#### Potential Criminal and Civil Liability and/or Disciplinary Action

Each individual subject to this policy is responsible for making sure that he or she complies with this policy, and that any family member, household member, entity or other Insider whose transactions are subject to this policy also complies with this policy. You are responsible for the Cash End transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in The Children's Place Securities, and you should treat all transactions for the purpose of this policy and applicable securities laws as if the transactions were for your account.

Note that while the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel. Accordingly, those who fail to comply with this policy risk not only potential federal and state criminal and civil liability but also Company disciplinary action.

The matters set forth in this policy are guidelines only, and appropriate judgment should be exercised in connection with all securities trading. This policy will be distributed to Company associates via email on a quarterly basis. Please contact the Legal Department if you have any questions about this Insider Trading Policy. You may contact the Legal Department as follows: Jared Shure, General Counsel, telephone number 201-453-6000 Ext: 37049, [jshure@childrensplace.com](mailto:jshure@childrensplace.com).

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EXECUTION COPY #98405690v13 SEPARATION AND RELEASE AGREEMENT This SEPARATION AND RELEASE AGREEMENT made and entered into and effective as of May 20, 2024 Effective [REDACTED], by and between Jane T. Elfers (the EXECUTIVE, Inc. (hereinafter referred to as the COMPANY). The EXECUTIVE and the COMPANY are sometimes referred to Party Parties. WHEREAS, the EXECUTIVE is employed by the COMPANY as the President and Chief Executive Officer Board. WHEREAS, the COMPANY and the EXECUTIVE entered into an Amended and Restated Employment Agreement, dated as of March 28, 2011, as amended as of March 23, 2012 (the Employment Agreement WHEREAS, the Parties mutually agree that the EXECUTIVE's service with the COMPANY and its predecessors, successors, assigns, affiliates and subsidiaries (collectively, the COMPANY Entities in all capacities, including as a director on the Board and as President and Chief Executive Officer of the COMPANY, shall terminate effective as of the Effective Date; and WHEREAS, the Parties mutually wish to reflect their respective rights and obligations relating to the separation of the EXECUTIVE's service from the COMPANY Entities, effective as of the Effective Date. NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged hereby, and in consideration of the mutual covenants and undertakings set forth herein, the Parties agree as follows:

1. Separation Payment. In consideration for the EXECUTIVE Agreement (including the First Release [REDACTED] in Paragraph 5(a) [REDACTED] and the Second Release (as defined in Paragraph 6 below) [REDACTED] Loan Parties COMPANY [REDACTED] deliver provide (or cause to be provided), for the benefit of the EXECUTIVE, a one-time cash payment in the aggregate of \$3,750,000.00 ( Separation Payment, paid on payroll date following the date that the Second Release becomes effective and irrevocable in accordance with its terms. Except in the case of the COBRA Subsidy (as defined in Paragraph 3 below), payment of the

Separation Payment. **Administrative Agent** **EXECUTIVE** shall constitute a full and valid discharge of the COMPANY paration Payment and other consideration described herein represents a settlement of any and all claims the **EXECUTIVE** or any of the **EXECUTIVE** Releasing Parties have or ever had against the COMPANY or any of the COMPANY Released Parties (as defined in Paragraph 5(a)) from the beginning of time to the Effective Date of this Agreement, except for the Indemnification Rights (as defined in Paragraph 4). **Term Agent**, **Executive Protections** (as defined in **form, substance and detail reasonably satisfactory** Paragraph 5(d)). (a) The Separation Payment will be paid **Administrative Agent** **EXECUTIVE** through the s payroll, less applicable tax withholding.

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2 #98405690v13 (b) The EXECUTIVE acknowledges and agrees that: (i) the Separation Payment, COBRA Subsidy, and other consideration that she is receiving pursuant to this Agreement constitute just and sufficient consideration for the waivers, releases, and promises set forth herein; (ii) the consideration set forth in this Agreement constitutes full accord and satisfaction for all amounts due and owing to the EXECUTIVE, including, but not limited to, all salary, draw, incentive compensation, commissions, bonuses, wages, overtime, expense reimbursements, or other payments or forms of remuneration of any kind or nature, except for the Accrued Obligations (as defined in Paragraph 4), the Indemnification Rights (as defined in Paragraph 4), and the Term Agent, a rolling thirteen (13) week forecast of cash receipts Executive Protections (as defined in Paragraph 5(d)); and cash expenditures of (iii) the Loan Parties on a consolidated basis current through EXECUTIVE has consulted with an attorney before executing this Agreement. 2. Equity Based Compensation Forfeiture. The EXECUTIVE and the Saturday of such fiscal week, as acknowledged in writing by the Administrative Agent (each such forecast, a "Weekly Cash Flow Forecast"), and a reconciliation of actual material cash receipts and material cash expenditures against the projected cash receipts and expenditures provided pursuant to the previous Weekly Cash Flow Forecast (each such reconciliation, a "Reconciliation"). Notwithstanding anything in this Section 3(b) or Section 3(f) to the contrary, the parties hereto COMPANY further acknowledge and agree that, subject to payment under Section 1, the initial Weekly Cash Flow Forecasts EXECUTIVE hereby forfeits any rights to, and the COMPANY has no obligations to the EXECUTIVE in respect of, restricted stock units in respect of 8,558 shares of that were otherwise scheduled to vest on May 17, 2024. 3. COBRA Subsidy. If the EXECUTIVE timely and properly elects to continue her COMPANY-sponsored health insurance benefit under the Consolidated Omnibus Budget COBRA COMPANY agrees to directly pay or reimburse the EXECUTIVE on a monthly basis for the full premium cost of such coverage, until the earlier of (i) twenty-four (24) months following the Effective Date and (ii) the date that EXECUTIVE becomes eligible for comparable coverage from a subsequent employer (the COBRA Subsidy provided, however, Paragraph 3 shall be internal, management prepared forecasts, and that the Loan Parties shall not be required to cause the Independent Consultant (as defined below) to assist and in the preparation event the EXECUTIVE becomes otherwise eligible for employer- sponsored health insurance coverage, and (b) if direct payment or review reimbursement would result in penalties or other adverse tax consequences under applicable health plan nondiscrimination or other requirements, the COMPANY shall instead provide a taxable payment for each applicable month in the amount of Weekly Cash Flow Forecasts required the subsidy for such month (payable on the COMPANY scheduled payroll date of each applicable month and less applicable tax withholding). 4. Accrued Obligations. Regardless of whether or not the EXECUTIVE executes this Agreement, and in addition to amounts to be delivered hereunder until paid under this Agreement, the Weekly Cash Flow Forecast COMPANY shall pay to the EXECUTIVE (i) her earned but unpaid base salary through the Effective Date, to be paid on the first regularly scheduled payroll date following the Effective Date, (ii) amounts with respect to any outstanding health or welfare benefit claims under the fiscal week beginning on November 19, 2023 (to be delivered on November 24, 2023).

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

(d) Cash Management: Expenditures. From and after the date hereof and continuing until the Cash End Date, the Loan Parties shall not permit cash or cash equivalents in an aggregate amount in excess of \$40,000,000 (other than (i) operating cash, (ii) cash included in Excluded Accounts welfare benefit plans in accordance with the terms of such definition, plans, and (iii) cash necessary for the Loan Parties to satisfy operating expenses then due in the ordinary course of their business) to accumulate and be maintained in the deposit or investment accounts amounts s balance under such other plan qualified under Section 401(k) of the Loan Parties and their Subsidiaries (it being understood and agreed that all such excess amounts shall be remitted to the Administrative Agent for application to the Loans then outstanding); provided, however, that (A) the foregoing shall not restrict amounts maintained in (1) deposit accounts of Subsidiaries, which accounts and Subsidiaries are located in and organized in Asia, so long as such amounts are permitted to be maintained in such accounts and Subsidiaries pursuant to the terms of the Credit Agreement, and (2) Excluded Accounts Code in accordance with the terms of such definition, and (B) the Loan Parties' obligations under this clause (d) shall be suspended if and for so long as there are no Loans outstanding. As used herein, "Cash End Date" means the first date after February 3, 2024 on which Excess Availability exceeds and has exceeded twenty percent (20%) of the Revolving Loan Cap for thirty (30) consecutive days; provided, that as of such later date, no Event of Default has occurred and is continuing. plan Accrued Obligations . For the avoidance of doubt, the EXECUTIVE reserves all rights under, and the COMPANY acknowledges its continuing obligations under, all applicable indemnification and advancement provisions, including Section 10 of

the Employment Agreement, the Certificate of Incorporation and Bylaws of the COMPANY, collectively, the Indemnification Rights . Nothing in this Agreement shall be construed as a waiver of or amendment to the EXECUTIVE .

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3 #98405690v13 5. Release by the EXECUTIVE. (a) In exchange for the Separation Payment, the COBRA Subsidy, and the release provided by the COMPANY and the other COMPANY Releasing Parties pursuant to Paragraph 7, and the COMPANY's and the other COMPANY Entities other covenants pursuant to this Agreement, upon the Effective Date, the EXECUTIVE, for herself and on behalf of her spouse, domestic partner, children, present and former representatives, agents, advisors, attorneys, predecessors, successors, insurers, administrators, heirs, executors, assigns, trusts, trustees and beneficiaries, and all others acting or purporting to act on her behalf (collectively, the EXECUTIVE Releasing Parties) hereby unconditionally and irrevocably waives, releases and forever discharges the COMPANY, the other COMPANY Entities, and each of their respective predecessors, successors, assigns, parent companies, subsidiaries, and affiliates, and in their official capacities as such, each of their respective current and former agents, advisors, representatives, beneficiaries, executors, administrators, insurers, reinsurers, sureties, auditors, attorneys, officers, directors, employees, employee benefit programs (and trustees, administrators, fiduciaries, and insurers of such programs), and all others acting or purporting to act on their behalf, past and present (COMPANY Released Parties) 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, which the EXECUTIVE Releasing Parties have, or ever had, against the COMPANY Released Parties, from the beginning of time to the Effective Date, except as otherwise set forth in Paragraph 5(d) (which carves out the Executive Protections, as that term is defined in Paragraph 5(d)). Without limiting the generality of the foregoing, this waiver, release, and discharge includes, but is not limited to, any claim or right based upon or arising out of or relating in any way to the EXECUTIVE with the COMPANY Entities or any termination thereof, including, but not limited to, the EXECUTIVE Employment Agreement, any awards with respect to the COMPANY stock, any claim for wrongful discharge, harassment, race discrimination, gender discrimination, national origin discrimination, hostile and/or toxic work environment, retaliation, or any claim or right arising under any federal, state, or local fair employment practices or equal opportunity laws, including, but not limited to the following federal laws and, as applicable, the laws of the state and/or city in which the EXECUTIVE is or has been employed: the Worker Adjustment and Retraining Notification Act, 42 U.S.C. Section 1981, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Employee Retirement Income Security Act (including, but not FLSA amended, OSHA under the Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act, the New York State Human Rights Law, New York State Constitution, New York Labor Law, New York Civil Rights Law, New York City Human Rights Law, New York Executive Law, the New Jersey Civil Rights Act, the New Jersey Law Against Discrimination, the New Jersey Family Leave Act, the New Jersey Fair Credit Reporting Act, the New Jersey Paid Sick Leave and Safety and Health Act, the

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4. #98405690v13 New Jersey laws regarding Political Activities of Employees, Lie Detector Tests, Jury Duty, Employment Protection, and Discrimination, the New Jersey Minimum Wage Law, the Equal Pay Law for New Jersey, the New Jersey Conscientious Employee Protection Act or any other federal, state, or local constitutions, statutes, regulations, ordinances, or laws, including, but not limited to, any and all laws or regulations prohibiting employment discrimination, harassment or retaliation. From and after the Effective Date, any COMPANY Released Party may plead this Agreement as a complete defense and bar to any released claim brought in contravention hereon. The EXECUTIVE hereby waives the right to receive twenty-four (24) hours advance notice of the meeting of the Board to approve this Agreement. For the purposes of clarity, except as set forth in Paragraph 6, the EXECUTIVE does not agree to release any claims arising after the Effective Date. The release set forth in this Paragraph 5(a) is hereinafter referred to as the First Release. (b) The EXECUTIVE acknowledges that she may later discover facts different from, or in addition to, those she now knows or believes to be true with respect to her employment, the separation from her employment (including the reasons for such separation), and/or the claims released in this Agreement, and agrees that the First Release shall be and remain in effect in all respects as a complete and general release as to all matters released, notwithstanding any such different or additional facts. (c) The EXECUTIVE acknowledges and agrees, that, except as prohibited by law, she hereby waives any right that she may have to seek or to share in any relief, monetary or otherwise, relating to any claim released in the First Release, whether such claim was initiated by her or not. To the extent the EXECUTIVE receives any such relief, the COMPANY will be entitled to an offset for any payments made under this Agreement, except as prohibited by law. (d) Notwithstanding anything to the contrary set forth in this Paragraph 5 herein, the First Release and the Second Release (in the form attached hereto as Appendix A and as that term is defined in Paragraph 6) shall not include the following matters: (i) the Accrued Obligations or obligations created by or arising out of this Agreement; (ii) unemployment, state disability, and/or (iii) continuation of existing participation in COMPANY-sponsored group health benefit plans, as set forth in Paragraph 3, under COBRA and/or under applicable state law counterpart(s); (iv) any benefits entitlements that were vested as of the Effective Date pursuant to the terms of any COMPANY-sponsored benefit plan (which benefits entitlements, for the avoidance of doubt, do not include any bonus payments, deferred or otherwise, or any paid time off nor restricted stock units forfeited pursuant to Paragraph 2); (v) any claim not waivable by law; (vi) except as set forth in Paragraph 6, any claim or right that may arise after the Effective Date; (vii) the Indemnification Rights; and (viii) rights with respect to the release provided by Mithaq Capital SPC (together with Mithaq Holding Company and their respective affiliates (collectively, Mithaq)) under the Letter Agreement between the COMPANY and Mithaq Capital SPC dated February 29, 2024, as set forth in Exhibit 10.2 to the C-K dated March 1, 2024. In particular, for the avoidance of doubt, [ ] herein in this Agreement derogate be construed as a waiver of the right that cannot be waived as a matter of law or [ ] making a claim that does not include a request for monetary relief with any governmental agency or from participating in an administrative, legislative, or judicial proceeding concerning harassment or discrimination if she has been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an [ ]

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5 #98405690v13 administrative agency or legislature. Without limiting the generality of the foregoing, nothing in this Agreement or otherwise limits the provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the U.S. Department of Justice, the U.S. Securities and Exchange Commission SEC, Nasdaq, or any other self-regulatory organization or other federal, state, Government Agency regarding possible legal violations, without disclosure to any COMPANY Entity. The COMPANY Entities may not retaliate against the EXECUTIVE for any of these activities, and nothing in this Agreement requires the EXECUTIVE to waive any monetary award or other payment that the EXECUTIVE might become entitled to from the SEC or any other Government Agency. Further, nothing in this Agreement precludes the EXECUTIVE from filing a charge with a Government Agency. In addition, notwithstanding the Agreement, the EXECUTIVE understands that, pursuant to the Defend Trade Secrets Act of 2016, the EXECUTIVE will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, local or non-U.S. government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The EXECUTIVE also understands that if the EXECUTIVE files a lawsuit for retaliation by any COMPANY Entity for reporting a suspected violation of law, the EXECUTIVE may disclose the trade secret to the EXEC's attorney and use the trade secret information in the court proceeding, if the EXECUTIVE (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order. The EXECUTIVE understands that if a disclosure of trade secrets was not done in good faith pursuant to the above, then the EXECUTIVE may be subject to liability to the fullest extent provided by applicable law. Each of the protections and exceptions set forth in this Paragraph 5(d) shall constitute an Executive Protection Executive Protections - 6. Second Release by the EXECUTIVE. The EXECUTIVE agrees that her eligibility to receive the Separation Payment and COBRA Subsidy are subject to her execution, no later than twenty-one (21) days following the Effective Second Release the form attached hereto as Appendix A, and the non-revocation of the Second Release during the period specified therein. If the EXECUTIVE fails to execute and deliver the Second Release within twenty-one (21) days following the Effective Date, or if she revokes the Second Release as provided therein, she will forfeit her right to receive the Separation Payment 6 shall be immediately void, but all other terms of this Agreement (including, without limitation, the First Release and Paragraph 11) shall remain in effect. 7. Release by the COMPANY. In exchange for the First Release provided by the EXECUTIVE described in Paragraph 5(a), the Second Release to be provided by the EXECUTIVE's other covenants pursuant to this Agreement, effective from and after the Effective Date, the COMPANY, for itself and on behalf of the other COMPANY Entities and their respective present and former representatives, officers, agents, advisors, attorneys, predecessors, successors, insurers, administrators, heirs, executors, assigns, trusts, trustees and beneficiaries, and all others acting or purporting to act on its or their behalf COMPANY Releasing



5 #98405690v13 Parties, and forever discharges the EXECUTIVE and each of her current and former agents, advisors, representatives, successors, assigns, beneficiaries, executors, administrators, insurers, reinsurers, sureties, attorneys, and all EXECUTIVE Released Parties 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, which the COMPANY Releasing Parties have, or ever had, against the EXECUTIVE Released Parties, from the beginning of time to the Effective Date. From and after the Effective Date, any EXECUTIVE Released Party may plead this Agreement as a complete defense and bar to any released claim brought in contravention hereof. Notwithstanding anything to the contrary set forth in this Paragraph 7, this release shall not include the following matters: (i) obligations created by or arising out of this Agreement, (ii) any claim not waivable by law, (iii) any claims relating to criminal fraud or other criminal activities or (iv) any claim or right that may arise after the Effective Date. The COMPANY, for itself and on behalf of the other COMPANY Releasing Parties, acknowledges that it or **Loan Parties** other COMPANY Releasing Parties may later discover facts different from, or in addition to, those they now know or believe to be true with respect to the, the separation from her employment (including the reasons for such separation); and/or the claims released in this Agreement, and the COMPANY, for itself and on behalf of the other COMPANY Releasing Parties, agrees that the general release set forth in this Paragraph 7 shall be and remain in effect in all respects as a complete and general release as to all matters released, notwithstanding any such different or additional facts except as otherwise set forth in this Paragraph 7. 8. Section 409A of the Internal Revenue Code. (a) 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 (Code). Legal settlements exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of Section 409A of the Code, if an amount is paid in two or more installments, each installment shall be treated as a separate payment of compensation. In no event may the EXECUTIVE, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year (depending on the time that the EXECUTIVE executes this Agreement) shall be paid in the later taxable year. (b) Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the EXECUTIVE amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (ii) the reimbursement of an eligible expense will be made no later than

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7 #98405690v13 the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. 9. Resignation; Separation from Employment; No Future Employment. (a) The EXECUTIVE hereby unconditionally and irrevocably resigns, (i) effective as of the Effective Date, as a member of the Board, and (ii) effective as of the Effective Date, from all other offices, titles, positions and appointments at the COMPANY Entities, including as a director, manager, officer, employee, committee member or trustee. (b) The EXECUTIVE agrees that her employment and contractual relationship with the COMPANY and any of the COMPANY Released Parties shall be severed, effective as of the Effective Date, including any and all obligations set forth in the Employment Agreement, except with respect to the continuing obligations described in Paragraph 15 below. (c) The EXECUTIVE agrees that no COMPANY Entity has any obligation to re-employ her. The EXECUTIVE understands and agrees that she has no right to any reinstatement or re-employment by any COMPANY Entity at any time. 10. Communications. The Parties agree to comply with Appendix B relating to communications separation from service. 11. Mutual Non-Disparagement. The EXECUTIVE agrees not to make any disparaging statements, comments, or remarks, whether written or oral 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 or, in their capacity as such, their employees, agents, representatives, administrators, attorneys, advisors, except (a) on a confidential basis to their attorneys, advisors, or immediate family, provided that the EXECUTIVE does not direct, encourage, or request that these individuals violate her [REDACTED] this Paragraph 11, and [REDACTED] Credit [REDACTED] EXECUTIVE 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 [REDACTED] arising as (d) to respond publicly to [REDACTED] occurrence [REDACTED] Indemnification Rights or the Executive Protections Disparaging 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 Exchange Act shall not, and the COMPANY agrees to instruct its Senior Leadership (i.e., the individuals identified as Senior Leadership on the [REDACTED] COM public website as of May 17, 2024) not to, make any Disparaging Statements to employees or affiliates of the COMPANY Entities, or to any third party, regarding the EXECUTIVE, or her advisors or attorneys, except (a) on a confidential basis to their attorneys

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8 #98405690v13 and other advisors, provided that they do not direct, encourage, or request that these individuals violate the COMPANY, the COMPANY their obligations under this Paragraph 11, 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 11 to the extent reasonably necessary to correct or refute such Disparaging Statement, and (e) on a confidential basis to the. 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 s directors and officers from discussing privately and in confidence the EXECUTIVE or her work between or among one another. 12. Cooperation. The EXECUTIVE agrees upon reasonable notice from the COMPANY (while preserving all applicable privileges), to provide truthful and reasonable cooperation, including, but not limited to her appearance at counsel (in the presence of counsel to the EXECUTIVE of her own choosing selected in accordance with the Indemnification Rights), depositions and court or arbitration hearings, (a) in connection with the defense or prosecution of any and all charges, complaints, claims, liabilities, obligations, promises, agreements, demands, and causes of action of any nature whatsoever, which are asserted by any person or entity concerning or related to any matter that arises out of or conce (b) for 90 days following the Separation Date, concerning requests for information about the therein, in each case, for which the EXECUTIVE has material information that is not otherwise reasonably available to the COMPANY. The COMPANY agrees that any requests for cooperation made pursuant to this Paragraph 12 will be reasonable and done in a business-like fashion. The COMPANY further agrees that it will use its best efforts to coordinate with the EXECUTIVE and her counsel and to allow the EXECUTIVE to sa burdensome manner available, e.g., all interviews shall be conducted via telephone or video conference, this Paragraph 12, the COMPANY will reimburse EXECUTIVE for reasonable time and expenses (including travel expenses at the class of travel she was provided immediately prior to the Effective of appropriate documentation. Any cooperation requested by the COMPANY shall be subject to it shall not be required to cooperate against her own legal interests or the legal interests of any subsequent employer. Should the EXECUTIVE be served with a subpoena in any judicial, administrative, or other proceeding of any kind involving or relating, directly or indirectly, to the COMPANY Entities, the EXECUTIVE agrees to promptly, and in no event later than five (5) business days after receipt thereof, notify COMPANY of such subpoena and, to the extent legally permissible, and unless requested to maintain it as confidential by a government agency or department or self-regulatory organization, provide COMPANY with a copy thereof. 13. Return of Company Property. The EXECUTIVE agrees that, on or prior to seven (7) days following the Effective Date, she shall have satisfied all of her obligations pursuant to Section 9(b) of the Employment Agreement. The EXECUTIVE acknowledges and agrees that her

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9 #98405690v13 receipt of the payment described in Paragraph 1 is conditioned upon her delivery. 10 "Cash Dominion Event" Written notice to the COMPANY, on or prior to the seventh (7th) day following the Effective Date, representing and warranting that she has complied with her obligations set forth in the immediately preceding sentence. 14 Non-Admission of Liability. The EXECUTIVE and the COMPANY agree that they have entered into this Agreement in compromise of disputed claims and that entry into this Agreement is not an admission of any liability or wrongdoing on the part of the EXECUTIVE, the COMPANY, or any of the COMPANY Released Parties. The COMPANY and the COMPANY Released Parties deny any liability, committing any wrongdoing, or violating any legal duty with respect to the EXECUTIVE, the EXECUTIVE EXECUTIVE from employment. The EXECUTIVE denies any liability, committing any wrongdoing, or violating any legal duty with respect to the COMPANY Entities or the EXECUTIVE employment. 15 Survival of Employment Agreement Covenants. The EXECUTIVE and the COMPANY acknowledge and agree that, to the maximum extent permitted by applicable law, the following sections of the Employment Agreement shall survive the Effective Date: Section 7 (Noncompetition and Nonsolicitation), 8 (Work Product), 9(a) (Nondisclosure of Trade Secrets), 9(b) (Company Property), and 10 (Indemnification). In the event that the EXECUTIVE or the COMPANY is subject to any restriction that is similar to any of the foregoing covenants pursuant to this Agreement, such restriction shall be in addition to, and not in lieu of, the similar restriction pursuant to the Employment Agreement. 16 Remedies. The Parties both acknowledge and agree that the restrictions and agreements contained in Paragraphs 10, 11, 12, 13, and 15, in view of the nature of the business in which each is engaged, are reasonable, necessary, protect the legitimate interests of the other Party, and that any material violation thereof shall be deemed to be a material breach of this Agreement, and that the non-breaching Party shall be entitled to pursue any and all remedies available to it in a court or tribunal of competent jurisdiction including, but not limited to, application for temporary, preliminary, and permanent injunctive relief, without the requirement to post a bond, as well as damages, and an equitable accounting of all earnings, profits, and other benefits arising from such violation. 17 Fees and Costs. With the exception of the Separation Payment, COBRA Subsidy and Indemnification Rights, and as set forth in Paragraphs 4, 5(d), 12, 23, and 24, and Appendix A, each Party shall bear its own fees and any other costs incurred in respect of this Agreement and any matter arising hereunder or thereunder. 18 No Pending or Future Lawsuits. The EXECUTIVE represents that the EXECUTIVE has no lawsuits, claims, or actions pending in her name, or on behalf of any other person or entity, against any COMPANY Released Party. The EXECUTIVE also represents that she does not intend to bring any claims on her own behalf or on behalf of any other person or entity against any COMPANY Released Party, and that she has no



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10.99405690v13 entity against the EXECUTIVE Released Parties. The COMPANY, on behalf of itself and the other COMPANY Releasing Parties, also represents that neither it nor the COMPANY Releasing Parties intends to bring any claims on their own behalf or on behalf of any other person or entity against the EXECUTIVE Released Parties, and that they have not assigned the rights to file any claim released under Paragraph 7.19, No Outstanding Claims. By signing the Agreement, the EXECUTIVE acknowledges that the EXECUTIVE is not due to receive other compensation or benefits from any COMPANY Released Party other than as set forth in this Agreement. The EXECUTIVE affirms that the EXECUTIVE has no known workplace injuries or occupational diseases which would be the EXECUTIVE has been provided and/or has not been denied or retaliated against for requesting or taking any leave under any applicable leave laws, including but not limited to the Family and Medical Leave Act or any similar state or local law providing for such leave. 20. No Representation or Reliance. By executing this Agreement, the EXECUTIVE acknowledges that: (a) the EXECUTIVE is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Agreement; (b) the EXECUTIVE has made her own investigation of the facts and is relying solely upon the EXECUTIVE the EXECUTIVE c) the EXECUTIVE knowingly waives any claim that this Agreement was induced by any misrepresentation or nondisclosure and any right to rescind or avoid this Agreement based upon presently existing facts, known or unknown; (d) the EXECUTIVE is entering into this Agreement freely and voluntarily; and (e) the EXECUTIVE has carefully read and understood all of the provisions of this Agreement. By executing this Agreement, the COMPANY acknowledges that: (a) the COMPANY is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Agreement; (b) the COMPANY has made its own investigation of the facts and is relying solely upon the COMPANY knowingly waives any claim that this Agreement was induced by any misrepresentation or nondisclosure and any right to rescind or avoid this Agreement based upon presently existing facts, known or unknown; (d) the COMPANY is entering into this Agreement freely and voluntarily; and (e) the COMPANY has carefully read and understood all of the provisions of this Agreement. Both the EXECUTIVE and the COMPANY stipulate that the COMPANY and the EXECUTIVE are relying upon these representations and warranties in entering into this Agreement. These representations and warranties shall survive the execution of this Agreement. 21. Entire Agreement; Modification. This Agreement, together with the Second Release, constitutes the entire agreement between the Parties and overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about the subject matter hereof. No modification of this Agreement will be valid unless it is in writing identified as an amendment to the Agreement and is signed by the Parties hereto. 22. Acknowledgements.

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11 #98405690v13 (a) Each Party acknowledges that it or she has read and understands this Agreement and that it or she has had the opportunity to consult with its or her attorneys before signing this Agreement. The EXECUTIVE represents and warrants that the EXECUTIVE has presented her independent legal counsel of her own choosing with this Agreement, that the EXECUTIVE counsel has had the opportunity to review this Agreement, and that the EXECUTIVE is executing this Agreement of her own free will after having received advice from counsel regarding the execution of this Agreement. The EXECUTIVE acknowledges that her counsel has had adequate opportunity to make whatever investigation or inquiry they might deem necessary or desirable in connection with the subject matter of this Agreement prior to her executing it and prior to the delivery and acceptance of the Separation Payment specified in Paragraph 1. The EXECUTIVE further acknowledges that she is entering into this Agreement of her own free will, without reservation, and that she is acting under no force or duress or coercion of any kind or character in so doing. The EXECUTIVE also represents that she has reviewed this Agreement carefully, that she understands all the terms used herein, and that she understands the significance of such terms, both factual and legal. The COMPANY represents and warrants that the COMPANY has presented its independent legal counsel of its own choosing with this Agreement, that the is executing this Agreement of its own free will after having received advice from counsel regarding the execution of this Agreement. The COMPANY acknowledges that its counsel has had adequate opportunity to make whatever investigation or inquiry they might deem necessary or desirable in connection with the subject matter of this Agreement prior to the COMPANY executing it. The COMPANY further acknowledges that it is entering into this Agreement of its own free will, without reservation, and that it is acting under no force or duress or coercion of any kind or character in so doing. The COMPANY also represents that it has reviewed this Agreement carefully, that it understands all the terms used herein, and that it understands the significance of such terms, both factual and legal. (b) The EXECUTIVE acknowledges and agrees that she is subject to Place, Inc. Clawback Policy, including the Addendum to Clawback Policy, effective as of August 10, 2023 Clawback Policy attached hereto as Appendix C. The EXECUTIVE acknowledges and agrees to abide by the terms of the Clawback Policy, including, without limitation, by returning any Erroneously Awarded Compensation Clawback Policy to the COMPANY as may be required by applicable law or stock exchange regulations. Furthermore, the EXECUTIVE acknowledges and agrees that she will return any other compensation to the COMPANY as may be required by applicable law or stock exchange regulations. The COMPANY acknowledges and agrees that it will not exercise any discretion under the Clawback Policy to recover any compensation previously paid to the EXECUTIVE, except as and to the extent required under applicable law or stock exchange regulation. The COMPANY represents that, as of the date hereof, it is not aware of any activity or conduct engaged in by the EXECUTIVE, or of any Erroneously Awarded Compensation received by the EXECUTIVE, that would lead to the application of the Clawback Policy with respect to the EXECUTIVE. 23. Governing Law and Mandatory Dispute Resolution Forum. (a) This Agreement is governed by and shall be construed in accordance with the laws of the State of Delaware and United States federal law, to the extent applicable, including any



12 #98405690v13 applicable statutes of limitation, without regard to any otherwise applicable principles of conflicts of law or choice of law rules (whether of the State of Delaware or any other jurisdiction) that would result in the application of the substantive or procedural rules or law of any other jurisdiction. (b) Any controversy or claim arising out of or relating to this Agreement (including the Second Release), or the breach thereof, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute. Notwithstanding the foregoing, this Agreement shall not require the Parties to arbitrate pursuant to this Agreement any claims: (i) under a COMPANY benefit plan subject to ERISA, (ii) any claim as to which applicable law not preempted by the Federal Arbitration Act prohibits resolution by binding arbitration hereof, or (iii) any claim by the COMPANY or the EXECUTIVE issues of arbitrability of any dispute shall be decided by the arbitrator. This Paragraph 23 shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate employment disputes. The Parties agree that the fact of any dispute, the arbitration proceedings and any information exchanged by the Parties in connection with the arbitration shall be kept confidential and shall not be disclosed to third parties (other than to legal counsel and other advisors or witnesses as necessary in connection with the arbitration). The arbitration shall take place before a single neutral JAMS arbitrator in New York City, New York, and that a neutral arbitrator will be selected in a manner consistent with the JAMS Employment Arbitration Rules & Procedures. The Parties agree that the arbitrator shall issue a written decision on the merits. The Parties also agree that the arbitrator shall have the power to award any remedies, including All fees and costs of the arbitration (excluding, for clarity, fees for legal counsel and other advisors or witnesses, which shall be borne by the respective Parties) shall be borne by the COMPANY. 24. Remedies for Breach. (a) In the event that the EXECUTIVE or any EXECUTIVE Releasing Party brings an action against the COMPANY or any COMPANY Released Party based on any released claims, or in the event that the EXECUTIVE breaches this Agreement, the COMPANY and any COMPANY Released Party may, at its option and as applicable: (i) plead this Agreement in bar to any such action; and (ii) seek any and all remedies available at law or in equity, including (b) In the event that the COMPANY or any COMPANY Releasing Party brings an action against the EXECUTIVE or any EXECUTIVE Released Party based on any released claims, or in the event that the COMPANY breaches this Agreement, the EXECUTIVE and any EXECUTIVE Released Party may, at its or her option and as applicable: (i) plead this Agreement in bar to any such action; and (ii) seek any and all remedies available at law or in equity, including 25. Construction. No provision of this Agreement shall be interpreted or construed against any Party because that Party or its legal representative drafted that provision. The captions and headings of the Paragraphs of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless the context of this Agreement clearly requires otherwise: (a) references to the plural include the singular, the singular the plural, and the part the whole; (b) references to one gender



13 #98405690v13 paragraph references are to this Agreement as originally executed unless otherwise specified. Any reference herein to any statute, rule, regulation or agreement, including this Agreement, shall be deemed to include such statute, rule, regulation or agreement as it may be modified, varied, amended or supplemented from time to time. Any reference herein to any person shall be deemed to include the heirs, legal representatives, successors,

executors, administrators and permitted assigns of such person. 26. Severability. The terms of this Agreement are contractual and not a mere recital. If any provision or part of any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall, in such event, be construed as if such invalid and/or unenforceable provision had never been contained herein. 27. Counterparts and Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one and the same agreement or document. This Agreement may be executed by each signatory with the application of an electronic or hand signature, either of which will have the same binding legal effect. A signed copy of this Agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes. 28. Notices. All notices relating to this Agreement shall be in writing, sent by reputable courier service (such as FedEx or DHL) or by email, and shall be deemed effective upon receipt. All notices relating to this Agreement shall be made as follows: To EXECUTIVE (through her counsel): Michael S. Katzke Joshua M. Miller Katzke & Morgenbesser LLP 1345 Avenue of the Americas, 11th Floor New York, New York, 10105 katzke@kmexecomp.com miller@kmexecomp.com To the COMPANY (through its counsel): Jennifer S. Conway Davis Polk & Wardwell LLP 450 Lexington Avenue New York, New York 10017 Jennifer.conway@davispolk.com 29. Representations and Warranties. Each Party represents and warrants that:

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14 #98405690v13 (a) Each of the undersigned has the full legal right and capacity to enter into this Agreement and perform its obligations hereunder, including any third-party authorization necessary to release the claims it is releasing hereunder. This Agreement has been duly and validly executed and delivered by such Party and, assuming due authorization, execution and delivery by the other Party, constitutes a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies. (b) The execution and delivery by such Party of this Agreement, the performance by such Party of its obligations hereunder, and the consummation of the transactions contemplated hereby, will not (i) result in the violation by such Party of any statute, law, rule, regulation, or ordinance or any judgment, decree, order, writ, permit, or license of any governmental or regulatory authority applicable to such Party, or (ii) require such Party to obtain any consent, approval or action of, make any filing with or give any notice to any person which action has not already been undertaken by such Party, except any such filing required by applicable law, regulation, statute or fiduciary obligation.

(remainder of page intentionally left blank)



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15. #98405690v13 IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date referenced below with the intent to be bound by its terms and conditions. EXECUTIVE BY:  
Jane T. Elfers, in her individual capacity DATE: May 20, 2024 COMPANY By: , Inc. Turki Saleh A. AlRaihi, Chairman of the Board DATE: May 20, 2024



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16 #98405690v13 Appendix A Second Release COMPANY EXECUTIVE 20, 2024 Separation Agreement with the COMPANY Entities. Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Separation Agreement. The Separation Agreement requires that, in order for the EXECUTIVE to receive the Separation Payment and COBRA Subsidy and for the release provided by the COMPANY pursuant to Paragraph 7 of the Separation Agreement to remain in effect, the EXECUTIVE must execute and deliver to the COMPANY within twenty-one (21) days following the Effective Date and not revoke this Second Release. 1. Second Release (a) In exchange for the Separation Payment, the COBRA Subsidy and the release provided by the COMPANY and the other COMPANY Releasing Parties pursuant to Paragraph 7 of the other covenants Second Release Effective Date Parties, hereby unconditionally and irrevocably waives, releases and forever discharges the COMPANY and the COMPANY Released Parties, from any and all debts, demands, actions, causes of action, complaints, suits, account, 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, which the EXECUTIVE Releasing Parties have, or ever had, against the COMPANY Released Parties, from the beginning of time to the Second Release Effective Date, except as otherwise set forth in Paragraph 5(d) of the Separation Agreement (which carves out the Executive Protections, as that term is defined in Paragraph 5(d) of the Separation Agreement). Without limiting the generality of the foregoing, this waiver, release, and discharge includes, but is not limited to, any claim or right based upon or arising out of or relating in any way to the EXECUTIVE COMPANY Entities for wrongful discharge, harassment, race discrimination, gender discrimination, national origin discrimination, hostile and/or toxic work environment, retaliation, or any claim or right arising under any federal, state, or local fair employment practices or equal opportunity laws, including, but not limited to the following federal laws and, as applicable, the laws of the state and/or city in which the EXECUTIVE is or has been employed the Worker Adjustment and Retraining Notification Act, 42 U.S.C. Section 1981, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Employee Retirement Income Security Act (including, but not limited to, claims for breach of fiduciary duty), the PLSA, as amended, the OSHA, claims for individual relief under the Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act, the New York State Human Rights Law, New York Constitution, New York Labor Law, New York Civil Rights Law, New York City Human Rights Law, New York Executive

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17 #98405690v13 Law, the New Jersey Civil Rights Act, the New Jersey Law Against Discrimination, the New Jersey Family Leave Act, the New Jersey Fair Reporting Act, the New Jersey Paid Sick Leave Act, the New Jersey Paid Sick Day Act, the New Jersey Paid Sick Day Law, the Equal Pay Law for New Jersey, the New Jersey Conscientious Employee Protection Act or any other federal, state, or local constitutions, statutes, regulations, ordinances, or laws, including, but not limited to, any and all laws or regulations prohibiting employment discrimination, harassment or retaliation. From and after the Effective Date, any COMPANY Released Party may plead this Agreement as a complete defense and bar to any released claim brought in contravention hereof. For the purposes of clarity, the EXECUTIVE does not agree to release any claims arising after the Second Release Effective Date. The release set forth in this Paragraph 1(a) Second Release (b) The EXECUTIVE acknowledges that she may later discover facts different from, or in addition to, those she now knows or believes to be true with respect to her employment, the separation from her employment (including the reasons for such separation), and/or the claims released in this Agreement, and agrees that the Second Release shall be and remain in effect in all respects as a complete and general release as to all matters released, notwithstanding any such different or additional facts. (c) The EXECUTIVE acknowledges and agrees, that, except as prohibited by law, she hereby waives any right that she may have to seek or to share in any relief, monetary or otherwise, relating to any claim released in the First Release or the Second Release, whether such claim was initiated by her or not. To the extent the EXECUTIVE receives any such relief, the COMPANY will be entitled to an offset for any payments made under this Agreement, except as prohibited by law. (d) Notwithstanding anything to the contrary set forth in this Paragraph 1, this Second Release shall not include the matters set forth in Paragraph 5(d) of the Separation Agreement, 2. ADEA Release, Review Period and Revocation Period. (a) The EXECUTIVE understands and hereby expressly acknowledges that, by entering into this Second Release, she is knowingly and voluntarily waiving and releasing any and all rights she may have arising under the Age Discrimination in Employment Act, as amended by the Older ADEA Release Effective Date, and that the consideration given for the foregoing waiver is in addition to anything of value to which she was already entitled. (b) By signing this Second Release, the EXECUTIVE hereby acknowledges and confirms that she has fully read and considered the contents of this Second Release. She agrees that she has been advised in writing to consult with, and receive independent legal advice from, an attorney of his choosing before signing this Second Release. The EXECUTIVE acknowledges that she has been informed that she is releasing and waiving any and all rights or claims that she may have arising under the ADEA. The EXECUTIVE acknowledges that for the purposes of compliance





18 #98405690v13 with the ADEA and New York General Obligations Law Section 5-336, she has a period of twenty- one (21) calendar days in Review Period (c) Once the EXECUTIVE has signed this Second Release, she will then be permitted to revoke this Second Release at any time during the period of seven (7) calendar days following the Revocation Period in the Notice provision in Paragraph 29 of the Separation Agreement, a written notice of revocation, which can be delivered electronically. If the EXECUTIVE wishes to revoke this Second Release, the notice of revocation must be received by the COMPANY no later than the seventh calendar day following her execution of this Second Release. The EXECUTIVE understands and agrees that this Second Release shall not become effective or enforceable until this seven-day revocation period has expired provided that she has not revoked it during the Revocation Period. 3.1 Incorporation by Reference. The EXECUTIVE and the COMPANY hereby acknowledge and agree that Paragraphs 14, 21 and 23 through 29 of the Separation Agreement are incorporated herein by reference. EXECUTIVE HAS READ THIS SECOND RELEASE. EXECUTIVE FULLY UNDERSTANDS THE TERMS OF THIS SECOND RELEASE AND THAT EXECUTIVE MAY BE WAIVING SIGNIFICANT LEGAL RIGHTS BY EXECUTING IT, AND EXECUTIVE HAS KNOWINGLY AND VOLUNTARILY EXECUTED THIS SECOND RELEASE ON THE DATE WRITTEN BELOW, WILLINGNESS TO BE BOUND BY ITS TERMS. Date: JANE T. ELFERS May 20, 2024

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19 #98405690V13 Appendix B Communications (a) The Parties agree that upon the Effective Date, the COMPANY will release the following public statement : Secaucus, N.J. May 21, 2024 The Children's Place, Inc (Nasdaq:PLCE), an omni-channel children's specialty portfolio of brands with an industry-leading digital-first model, today announced the departure of Jane Elfers, President and CEO, effective May 20, 2024. Jane Elfers said, I want to thank the entire team at The Children's Place for their hard work and dedication, and I wish them the best of luck. The Company thanks Jane for her dedication to the Company and wishes her well in her next chapter. (b) The COMPANY agrees that it will put into effect the following bounce-back response for any Ms. Jared Shure, General Counsel, at jshure@childrensplace.com.



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THE CHILDREN'S PLACE, INC. CLAWBACK POLICY introduction Company Policy recoupmnt of bonus and/or equity awards that are awarded to members of Company management. Participant circumstances. Clawback / Forfeiture for Breach or Misconduct The, including awards thereunder, and equity awards under the 2011 Equity Incentive Plan (each an Award Capital and Compensation Committee (the Committee) such Award if the Participant, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, violates a non-competition, non-solicitation, non-disparagement, non-disclosure covenant or agreement or otherwise has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion. In addition, if Participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, as determined by the Committee in its sole discretion, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting, exercise or settlement of such Award, the sale or other transfer of such Award, or the sale of shares of common stock acquired in respect of such Award, and must promptly repay such amounts to the Company. To the extent required by applicable law (including without limitation Section 302 of the Sarbanes Oxley Act and Section 954 of the Dodd Frank 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 (as in effect and/or amended from time to time), Awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into all outstanding Award agreements). Decisions of the Committee with respect to this Policy shall be final, conclusive and binding on all Participants, unless determined to be an abuse of discretion.



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ADDENDUM TO CLAWBACK POLICY as of August 10, 2023 The Company has adopted this clawback policy addendum Addendum supplement to any other clawback policies in effect now or in the future at the Company. To the extent this Addendum applies to compensation payable to a person covered by this Addendum, it shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply, provided that, if such other policy provides that a greater amount of such compensation shall be subject to clawback, such other policy shall apply to the amount in excess of the amount subject to clawback under this Addendum. This Addendum shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D, the related listing rules of the national securities exchange or Exchange Section 302 of the Sarbanes Oxley Act, Section 954 of the Dodd Frank Act, and, to the extent this Addendum is in any manner deemed inconsistent with such rules, this Addendum shall be treated as retroactively amended to be compliant with such rules. 1. Definitions: 17 C.F.R. §240.10D- regulation. 2. Application of this Addendum: This Addendum shall only apply in the event that the issuer is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. 3. Recovery Period: The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding the date that the issuer is required to prepare an accounting restatement as described in section 2 to this Addendum, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to 17 C.F.R. §240.10D-1(b)(1)(i), a. Notwithstanding the foregoing, this Addendum shall only apply if the Incentive-Based Compensation is Received (1) while the issuer has a class of securities listed on an Exchange and (2) on or after October 1, 2023, b. See 17 C.F.R. §240.10D-1(b)(1)(i) for certain circumstances under which this Addendum will apply to Incentive-Based Compensation received year. 4. Erroneously Awarded Compensation: The amount of Incentive-Based Compensation subject to this Addendum Erroneously Awarded Compensation is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been

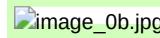


Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. a. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange. 5. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Committee shall

determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with any applicable legal guidance, by the SEC, judicial opinion, or otherwise. Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement. a. Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing this Addendum would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange. b. Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange. c. Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder. 6. Committee decisions. Decisions of the Committee with respect to this Addendum shall be final, conclusive and binding on all Executive Officers subject to this Addendum, unless determined to be an abuse of discretion. 7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the

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500 PLAZA DRIVE  
SECAUCUS, NJ 07094  
PHONE 201.453.6400

May 29, 2024  
Muhammad Umair  
The Children's Place  
2005 Plaza Drive  
Secaucus, NJ 07094

Dear Muhammad,

This offer letter sets forth the terms of your employment with The Children's Place, Inc. (the "Company") in the position of President and Interim Chief Executive Officer, reporting to the Company's Board of Directors (the "Board"), which commenced on May 20, 2024. It is the Company's current intention that you will serve in this position until the Board identifies and appoints a permanent Chief Executive Officer and that you will continue to serve as President thereafter.

Details of the terms of your employment are as follows:

- ANNUAL BASE SALARY: \$650,000.00
- ANNUAL BONUS: You are eligible to participate in the Company's annual management incentive plan, as in effect from time to time. Your target bonus will be established by the Board in its discretion at a later date. The Board reserves the right to modify the plan at any time, with or without notice.
- (e) Monthly Financial Reporting; Measurement Period EQUITY AWARDS: In connection with your employment with the Company, you will be eligible to participate in The Children's Place, Inc. Fourth Amended and Restated 2011 Equity Incentive Plan, or any successor plan thereto, subject to approval of the Compensation Committee of the Board.
- 401(k) PLAN: You will be eligible, beginning in June 2024, to participate in The Children's Place 401(k) Savings Plan, as in effect from time to time.
- PAID TIME OFF: You will be eligible for Paid Time Off (PTO) each fiscal year (February through January), subject to the Company's accrual policy, as in effect from time to time.
- OTHER BENEFITS: You will be eligible beginning in June 2024 for other benefits (long term disability, health and life insurance) available to the Company's most senior associates; provided, however, that you and the Company hereby agree that, unless otherwise approved by the Board in

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(i) Commencing writing, you will not be eligible for severance or other separation benefits in connection with termination of your employment for any reason.

- WITHHOLDING: The Company is authorized to withhold from any payment to be made hereunder to you such amounts for income tax, social security, unemployment compensation, excise taxes and other taxes and penalties as in the **Fiscal Month ending August 26, 2023** Company's judgment are required to comply with applicable laws and continuing (including regulations).
- 409A COMPLIANCE: Notwithstanding anything in respect this offer letter to the contrary, if you are a "specified employee" (determined in accordance with Section 409A of the **Fiscal Month ending September 30, 2023** Internal Revenue Code of 1986, as amended (the "Code") until the Reporting End Date, the Loan Parties shall deliver to the Administrative Agent, and the Term Agent, in form and detail reasonably satisfactory to the Administrative Agent and the Term Agent, as soon as available, but in any event within thirty (30) days after the end of each Fiscal Month of each Fiscal Year (except with respect to the last Fiscal Month of each Fiscal Quarter, with respect to which the applicable period for delivery shall be forty-five (45) days rather than thirty (30) days) Treasury Regulation Section 1.409A-1(i)), (x) a Consolidated balance sheet of the Lead Borrower and its Subsidiaries as at the end of such Fiscal Month, and the related Consolidated statements of income or operations, and for the portion of the Fiscal Year then ended, setting forth in each case, but only with respect to the Consolidated statements, in comparative form the figures for the corresponding Fiscal Month, of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, all in reasonable detail, such Consolidated statements to be certified by a Responsible Officer of the Lead Borrower as fairly presenting the financial condition and results of operations of the Lead Borrower and its Subsidiaries as of the end termination of your employment with the Company, and, if any payment, benefit or entitlement provided for in this offer letter or otherwise both (i) constitutes a "deferral of compensation" within the meaning of Section 409A of the Code and (ii) cannot be paid or provided in a manner otherwise provided herein or otherwise without subjecting you to additional tax, interest, and/or penalties under Section 409A of the Code, then any such payment, benefit or entitlement that is payable during the first six months following the date of your termination of employment shall be paid or provided to you (or your estate, if applicable) in a lump sum cash payment (together with interest on such amount during the period of such **Fiscal Month** restriction at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the date of termination) on the earlier of (x) your death or (y) the first business day of the seventh calendar month immediately following the month in which your termination of employment occurs.
- CONFIDENTIALITY, ETC.: Contemporaneously with your execution of this offer letter, you will execute and deliver the Company's Confidentiality, Work Product, and Non-Solicitation Agreement.
- EXCLUSIVITY: During the period of your service as an executive of the Company, you shall devote substantially all of your business time and attention to the business and affairs of the Company and its affiliates and shall use your best efforts, skills and abilities in the diligent and faithful performance of your duties and responsibilities hereunder. Notwithstanding the foregoing, you may (i) engage in personal investment activities for yourself and your family and (ii) engage in charitable and civic activities, provided such outside activities do not interfere or conflict with your performance of your duties and responsibilities to the Company and its affiliates.
- BOARD SERVICE: You are currently serving as a member of the Board and, for as long as you remain an executive of the **period then ended** Company or any of affiliates, will not receive any additional compensation in accordance connection with GAAP, subject only such service. You agree that, unless otherwise agreed by the Company in writing, upon the termination of your employment with the Company for any reason, you will be deemed to **normal year-end** have resigned (i) from the Board or board of directors of any subsidiary of the Company or any other board to which you have been appointed or nominated by or on behalf of the Company, and **quarter-end closing** (ii) from any position with the Company or any subsidiary of the Company, including, but not limited to, as an officer of the Company and **audit adjustments** and any of its subsidiaries.
- PRIOR EMPLOYMENT: During your employment with the **absence** Company, you shall not bring any of **footnotes** (it being understood and agreed your prior employers' confidential information or trade secrets to any Company office or other location, or download any such confidential information or trade secrets onto any Company system or device. You further acknowledge that the Lead Borrower does not make certain adjustments Company expects and directs its associates to **the month-end financial statements**, as it does fully comply with **respect** any contractual and other legal obligations to **the quarter-end and year-end financial statements**, as disclosed to the Administrative Agent prior to the date hereof), and (y) a duly completed Compliance Certificate signed by a Responsible Officer of the Lead Borrower, which shall include, without limitation, (A) a certification as to the amount, if their former employers, including any of rent under any Leases, and any **non-solicitation** obligations and **liabilities** with respect to Taxes, that have not been timely paid, and (B) a certification as to **prohibitions** on the receipt **unauthorized use or disclosure of notice**, if any, as to any obligations or liabilities with respect to utilities and/or insurance premiums that have not been timely paid. In the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Lead Borrower shall also provide a statement of reconciliation conforming such financial statements to GAAP.

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

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

(f) Independent Consultant confidential

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

Termination information and trade secrets. You represent that you do not have any restrictions, such as a non-compete with your prior employer, that would prohibit you from employment with the Company.

- **INDEMNIFICATION/D&O:** As an officer and director of the Company, you will be indemnified on the same terms and conditions, and will be covered by the Company's directors' and officers' insurance coverage, as other senior executives and directors of the Company.
- **NON-COMPETE:** You agree that for a period of twelve (12) months following the date that you are no longer in the employ of the Company or any of its subsidiaries for any reason (the "Separation Date"), you will not, without the express prior written consent of the Company, anywhere, either directly or such later date indirectly, whether alone or as an owner, shareholder, partner, member, joint venturer, officer, director, consultant, independent contractor, agent, employee or otherwise of any company or other business enterprise, assist in, engage in, be connected with or otherwise provide services or advice to, any business that is competitive with that of the Lead Borrower Company. A "business that is competitive with that of the Company" is (i) one that designs, manufactures, contracts to manufacture or sells children's apparel, footwear or accessories, or intends so to do, and (ii) without limiting the generality of clause (i) above, any of the following companies, entities, or organizations, or any business enterprise that, directly or indirectly, owns, operates or is affiliated with any of the following companies or brands operated by any of the following companies: Carter's, Inc., The Gap, Inc., J. Crew Group, Inc., Target Corporation, Kohl's Corporation, Walmart Inc., Primark, Amazon.com, Inc., Hennes & Mauritz AB (H&M), or Zara SA, or, in any case, any of their respective subsidiaries, affiliates or related businesses (a "Competitive Business"). Notwithstanding the foregoing, nothing herein shall determine be deemed to prohibit your ownership of less than 1% of the outstanding shares of any publicly traded corporation that conducts a Competitive Business.

You acknowledge and agree that the restrictions on the activities in its discretion.

(ii) The Loan Parties shall allow the Administrative Agent which you may engage that are set forth above, and the Lenders access location and period of time for which such restrictions apply, are reasonable and necessary to upon reasonable notice during normal protect the Company's legitimate business hours, interests. You acknowledge and agree that the Independent Consultant Company's business is global and, accordingly, the foregoing restrictions cannot be limited to any particular geographic area. You acknowledge and agree that the foregoing restrictions will not prevent you from earning a livelihood.

(iii) The Loan Parties authorize In consideration for the Administrative Agent, upon reasonable prior notice Company's agreements in this offer letter, you also acknowledge and agree that, in the event that you are no longer in the employ of the Company or any of its subsidiaries for any reason (whether termination of employment is voluntary or involuntary and whether termination of employment is affected by you or by the Company), the foregoing non-competition agreement will remain in full force and effect, and that the Company would not have entered into this offer letter unless such was the case.

By signing this letter agreement, you acknowledge and agree that you are a "senior executive" within the meaning of the final Non-Compete Clause Rule published by the Federal Trade Commission on May 7, 2024, codified as 16 C.F.R. Part 910.

- **STOCK OWNERSHIP GUIDELINES:** As a senior executive of the Company, you will be subject to the Lead Borrower (to the extent practicable), to communicate directly with its independent certified public accountants, appraisers, financial advisors and consultants (including the Independent Consultant), which have been engaged stock ownership guidelines adopted from time to time by the Loan Parties, and authorize and shall instruct (if requested by Compensation Committee of the Administrative Agent) those accountants, appraisers, financial advisors and consultants to communicate Company's

Board of Directors. Please refer to the Administrative Agent (with copies of all communications to Stock Ownership Guidelines for Senior Executives document).

• **GOVERNING LAW:** This offer letter shall be governed by and construed in accordance with the Lead Borrower financial information relating to each Loan Party with respect to the business, results of operations, prospects and financial condition of such Loan Party. The Loan Parties hereby authorize and direct the Independent Consultant to provide the Administrative Agent, promptly following a request by the Administrative Agent, with copies of all requested reports and information prepared or reviewed by the Independent Consultant, and the Loan Parties covenant and agree that the Administrative Agent and the Lenders may rely on any information provided by Independent Consultant as if provided directly by the Loan Parties.

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

(v) As used herein:

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

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

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

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

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

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The Loan Parties acknowledge

Unless specifically stated in this offer letter, all terms and agree that conditions of your employment are subject to the failure to comply with (i) the covenant set forth in the foregoing Section 3(a) shall constitute an Event of Default pursuant to Section 8.01(b)(ii)(y) employment policies and practices of the Credit Agreement, (ii) Company and its affiliates, as in effect from time to time, including (without limitation) the Company's Code of Conduct, Clawback Policy and Insider Trading Policy.

This offer of employment is not to be construed as an employment contract, expressed or implied, and it is specifically understood that your employment is at-will (this means that either you or the Company may terminate your employment at any covenant set forth in the foregoing Sections 3(b), 3(c), 3(d), 3(e) time with or 3(f) shall constitute an Event of Default pursuant to Section 8.01(b)(i) of the Credit Agreement, without cause) and (iii) the covenant set forth in the foregoing Section 3(g) shall constitute an Event of Default pursuant to Section 8.01(a) of the Credit Agreement.

**4. No Offset; Release of Claims.**

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

(b) The Loan Parties hereby acknowledge and agree that none of them has any offsets, defenses, claims, or counterclaims against any Agent, any other Credit Party, or their respective parents, affiliates, predecessors, successors, or assigns, or their

respective officers, directors, employees, attorneys, or representatives, with respect to the Obligations, or otherwise, and that if the Loan Parties now have, or ever did have, any offsets, defenses, claims, or counterclaims against any Agent, any other Credit Party, or their respective parents, affiliates, predecessors, successors, or assigns, or their respective officers, directors, employees, attorneys, or representatives, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of execution of this Agreement, with respect to the Obligations, or otherwise, all of them are hereby expressly **WAIVED**, and the Loan Parties hereby **RELEASE** each Agent, each other Credit Party, and each of the Lenders, and their respective officers, directors, employees, attorneys, representatives, affiliates, predecessors, successors, and assigns from any liability therefor.

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

Please confirm the Loan Parties' representations indicate your acceptance of and warranties contained herein, and the Loan Parties' agreement with the terms and conditions set forth herein, in each case foregoing by executing this offer letter and returning a copy of this Agreement where indicated below and returning the same to the Administrative Agent. Subject to this Agreement being signed by the Loan Parties, the Administrative Agent and the Required Lenders, and the Administrative Agent's receipt Company.

Sincerely,

/s/ Turki Saleh A. AlRajhi

Turki Saleh A. AlRajhi

Chairman of the fees described in Section 3(g) hereof, this Agreement shall take effect as of the date above first written. Board

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If you have any questions, please do not hesitate to contact us. Agreed and Accepted:

Very truly yours,

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

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

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

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

/s/ Muhammad Umair May 30, 2024

Muhammad Umair Date

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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

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

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

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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JPMORGAN CHASE BANK, N.A., as a U.S.

Revolving Lender and as a Term Lender

By: /s/ Jon Eckhouse

Name: Jon Eckhouse

Title: Authorized Officer

JPMORGAN CHASE BANK, N.A., TORONTO

BRANCH, as a Canadian Revolving Lender

By: /s/ Auggie Marchetti

Name: Auggie Marchetti

Title: Authorized Officer

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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TRUIST BANK, as a U.S. Revolving Lender, as a

Term Lender, and as a Canadian Revolving Lender

By: /s/ Undrae L. Mitchell

Name: Undrae L. Mitchell

Title: Vice President

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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Acknowledged and Agreed:

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

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

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

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

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

By: /s/ Sheamus Toal

Name: Sheamus Toal  
Title: President & Treasurer

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

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

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

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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THECHILDRENPLACE.COM, INC., as a Guarantor

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

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

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

TCP IH II, LLC, as a Guarantor

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

TCP REAL ESTATE HOLDINGS, LLC, as a Guarantor

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

TCP INTERNATIONAL PRODUCT HOLDINGS, LLC, as a Guarantor

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

TCP INVESTMENT CANADA II CORP., as a Guarantor

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

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TCP INVESTMENT CANADA I CORP., as a Guarantor

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

Signature Page to Waiver and Amendment Agreement – Specified Reporting Inaccuracies

EXHIBIT 31.1

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

I, Jane T. Elfers, 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 4, 2023 June 12, 2024

By: /S/ JANE T. ELFERS MUHAMMAD UMAIR

JANE T. ELFERS MUHAMMAD UMAIR

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

EXHIBIT 31.2

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

I, Sheamus Toal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: December 4, 2023 June 12, 2024

By: /S/ SHEAMUS TOAL

SHEAMUS TOAL  
*Chief Operating Officer and Chief Financial Officer*  
(Principal Financial Officer and Principal Accounting Officer)

**EXHIBIT 32**

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

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

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 28, 2023 May 4, 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 4th 12th day of December, 2023, June, 2024.

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

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

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 28, 2023 May 4, 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 **4th** **12th** day of **December, 2023**, **June, 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 **October 28, 2023** **May 4, 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.

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