THE CHILDREN'S PLACE, INC.

To Our Shareholders:

The full transition of governance of The Children's Place, Inc. ("TCP" or the "Company") was made on March 8, 2024. We took governance in the faith that we can protect and compound, at a reasonable rate of return, the per-share intrinsic value of TCP benefitting all fellow shareholders with whom I am aligned. This letter is intended for *long-term* shareholders who have a serious interest in their holdings, as distinguished from speculators. Had our positions been reversed, this Honest-to-God letter would have been what I wanted.

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Reflections on 2025

Turnarounds are humbling reminders of a basic reality that business success is never permanent. Reflecting on 2025, transforming a company's culture and the way it operates is a long journey—rarely smooth and never linear. Our results fell short of what we expect of ourselves. Even so, our teams did the hard, necessary work to strengthen the foundation for better financial performance. While 2025 was a challenging year for most retailers—TCP is no exception—we are not pleased with the results, and we own it.

Consolidated net sales declined approx. 13% for the year, resulting in a net loss of approx. $88 million, compared to a net loss of approx. $58 million in the prior year. More than half of the decline was driven by our e-commerce business, where we lost more customers to our brands than we gained. Approx. one-quarter of the decline came from wholesale, as they rebalanced inventory levels. Despite lower wholesale revenue, consumer sales increased approx. 1%, and our profit rate improved by nearly 400 basis points year over year. The remaining decline was in our stores, primarily due to non-comp store closures and weaker traffic and conversion in the first half. Encouragingly, second-half comp sales improved, finishing essentially flat versus the prior year.

Year-to-date operating cash flow was approx. $8 million, with free cash flow (net of capital spending) of approx. $9 million. Despite the negative free cash flow, we have worked diligently to optimize working capital by better aligning our inventory supply with anticipated product demand, resulting in year-end inventory down approx. 20% on a consolidated basis and improved projected inventory supply levels. We closed the year with 30 weeks' worth of projected supply, a modest improvement from the prior year. Optimizing our purchases in merchandise and in non-merchandise procurement drove an overall benefit in net working capital, resulting in an approx. $124 million improvement in free cash flow.

We recently completed the refinancing of our ABL credit facility by downsizing it from $433 million to $350 million with Wells Fargo as the sole lender party, and obtained a new $100 million term loan from SLR, secured primarily by the Company's intellectual property and real estate, both maturing in December, 2030. With this transaction, we have achieved greater certainty and flexibility to support our business strategies.

In my prior two annual letters, I wrote to shareholders—those who care about compounding per-share intrinsic value over years, not explaining the last 90 days, our thoughts, strategy, and mindset. As a controlling shareholder, we can make change happen decisively. That advantage is real, but it carries a duty: to be unusually disciplined, unusually fair, and unusually transparent.

Turnaround is a tough job. Tightening up an organization that has become lax is not an easy task. We strive to do our job well, i.e., to achieve revenue growth, keep SG&A in check relative to revenue, improve unit economics and gross margins, rebuild the fleet, reduce leverage, and foster a culture grounded in deserved trust, ownership mentality, and a deep sense of responsibility.

Historical Facts

Below is a summary of selective historical financial data of The Children's Place, Inc.:

Fiscal Year**	***Total Revenue****	***Cash From Operations****	***SG&A Expenses****	***Free Cash Flows****	***Profit After Tax****	***Gross Profit Margin****	***Return on Invested Capital******
2016	1,785.3	199.3	454.1	164.6	102.3	37.6%	19.0%
2017	1,870.3	214.4	476.5	155.7	84.7	38.0%	15.7%
2018	1,938.1	139.9	498.3	68.8	101.0	35.3%	26.3%
2019	1,870.7	177.9	478.1	120.4	73.3	35.0%	19.0%
2020	1,522.6	(35.7)	428.2	(66.3)	(140.4)	21.9%	(42.3%)
2021	1,915.4	133.3	459.2	104.0	187.2	41.5%	41.3%
2022	1,708.5	(8.2)	461.0	(53.8)	(1.1)	30.1%	1.7%
2023	1,602.5	92.8	447.3	65.2	(154.5)	27.8%	(27.8%)
2024	1,386.3	(117.6)	405.6	(133.4)	(57.8)	33.1%	(5.5%)
2025	1,208.8	8.1	383.7	(9.3)	(88.3)	29.9%	(15.0%)

*: Source: Public filings. All numbers are United States Dollars in Millions, rounded to the first decimal place.
**: Fiscal Year 2025 means the accounting year ended on January 31, 2026 (FY2024 ended on February 1, 2025).
***: Source: Bloomberg. Invested Capital is reduced by short- and long-term operating lease liabilities under ASC 842.

- TCP loss after tax for FY2025 was approx. $88.3 million compared to FY2024's loss of approx. $57.8 million, primarily due to lower sales and lower margins because of a higher penetration of markdown sales, an increase in inventory reserves, and higher tariffs.
- TCP total revenue declined by approx. 12.8% in FY2025 compared to FY2024, primarily due to a decrease in e-commerce sales and wholesale revenue.
- TCP SG&A expenses decreased by approx. $21.9 million in FY2025 compared to FY2024, primarily due to a reduction in one-time costs incurred during FY2024 due to the Company's change of control and restructuring activities.
- TCP refinanced its debt during FY2025, reducing its ABL credit facility from $433 million to $350 million. Additionally, TCP entered into a new $100 million term loan with SLR. Interest expense decreased to approx. $33.1 million in FY2025 compared to approx. $35.7 million in FY2024, primarily due to lower average borrowings and interest rates on our ABL credit facility.
- TCP gross margins declined to approx. 29.9% compared to FY2024's approx. 33.1%.
- TCP e-commerce as a percentage of retail sales was approx. 51% compared to FY2024's approx. 55%.
- TCP store count increased to 498 stores at the end of FY2025, compared to 495 stores at the end of FY2024, reflecting the first net increase in store count in over 10 years.
- TCP maintained a total liquidity of approx. $89.9 million as of the end of FY2025.

The business we inherited must be stabilized before it can consistently generate free cash flow. We always strive to earn your trust through constant reliability and high-quality work standards. As a controlling shareholder, we share the downside as well as the upside. That alignment matters. But alignment does not eliminate mistakes; it only increases responsibility. We ask for patience, but we do not ask for blind faith. We are still on the journey—and we have much further to go.

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Progress on Transformation

In a turnaround situation, time is not a friend; it's a shrinking asset and doesn't heal on its own. Turnaround really demands acting with urgency and speed, without losing discipline and morale. That balance is easier said than done. Our teams worked tirelessly and made good progress. This past year was largely about shifting TCP from "sales at any cost" to "profitable sales" by optimizing the cost structure and halting nonessential spending.

We have had to navigate a challenging tariff environment while we consolidated our supply chain and fulfillment networks. We invested in technology supporting long-term growth, collaborated with external apparel brands, and explored new marketplaces. Our operational strategy also involved opportunistically opening new stores, improving incentive structures, and continuously engaging our wholesale partners to achieve profitable growth.

<u>Our Cost Structure</u>: When revenue growth takes time, the rational approach is to optimize costs, which tend to be more within our control. During 2025, we identified annual gross savings from transformation expected to drive approx. $40 million, then we revised it to $50 million in annual savings by FY2027, with approx. $15 to $20 million of one-time and anticipated ongoing costs. We are now revising our expected outlook to achieve approx. $60 million in gross savings by FY2027, with one-time and ongoing costs in the range of approx. $10 to $15 million.

These savings include consolidating our supply chain and warehousing operations, offshoring roles, improving distribution center efficiency, optimizing payroll, reducing third-party and non-merchandise procurement, and renegotiating contracts with vendors, service providers, and landlords. While our cost reduction actions were obscured by topline declines, the interventions we made in 2025 are expected to translate into over $30 million in EBITDA improvement in 2026.

<u>Merchandising and Design</u>: Fashion drives traffic and margins; basics drive volume and convenience. A healthy brand needs both. We are rebalancing the mix and seeking to improve the cadence of newness without creating inventory risk. Our design and merchandising teams delivered several collaborative collections, including valuable partnerships that drove strong customer engagement across seasons.

We also expanded our product categories to balance the range, including baby, accessories, and footwear, to drive higher sales than last year and set the stage for future growth. We reduced average unit costs through disciplined fabric strategies, increased use of shared materials across seasonal collections, fabric adoption, improved reuse rates, created scale efficiencies, and reduced development complexity.

The selling periods in which we have traditionally performed well proved challenging this year. In some seasons, our assortment skewed too heavily toward basics, leaving customers without a compelling reason to buy. In other cases, our newer, higher-priced offerings failed to resonate—particularly in e-commerce, where our customers remain highly value-conscious. Efforts to attract higher-income customers were not sufficient to offset these dynamics. As we learn from these results, we are focused on elevating our fashion offering, bringing sharper attention to trends, color, and value—while delivering compelling products through the right channel at the right time.

Revenue Channel Ownership: During 2025, we sharpened our focus on accountability across channels. Rather than allowing outcomes to diffuse across shared responsibilities, we encouraged leaders to develop a stronger sense of ownership over the channels they influence, to own the levers, to own the results, and to collaborate with the cross-functional partners needed to follow through and deliver. This is not about operating in silos; it is about ensuring that every channel has someone who wakes up thinking rigorously and is relentlessly focused on making it better all day. As we evolve, this ownership mentality will be critical to driving accountability and profitability.

Revenue Channel Highlights: Given that our e-commerce channel was the most challenged this year and contributed to more than half of our sales decline, with sales down by approx. 13%, we are addressing it by investing in cloud-based customer marketing and loyalty infrastructure, replacing a complex web of tools, at a lower cost to better communicate with our customers. These investments are intended to strengthen customer acquisition by expanding reach and sharpening our targeting of the value proposition based on customer intent and buying behavior. We will keep investing in technology to better understand our customers and align our offerings with their needs.

In last year's annual letter, I described our brick-and-mortar channel as somewhat of an orphan. This shifted when we hired Tiffany Whitford to lead our stores team. We pivoted our focus from task execution to customer-centric selling and created a structure of accountability by communicating clear targets and KPIs for each store manager. Her initiatives include, but are not limited to, setting better incentives for store associates, visiting stores more frequently, reimagining in-store merchandising by aligning inventory with customer preferences and climate conditions, encouraging and training associates, and instituting improved store-level reporting.

All these initiatives contributed to relatively better performance in stores than in other channels in 2025 and achieved comp improvement in the second half of the year compared to the first half. After declining by more than 5% in the first half, comp sales stabilized to roughly flat in the second half. Average dollar sales increased by more than 6%, compared to a 1% decline in the first half, while average unit retail rose by over 4% after being flat earlier in the year. Conversion remained steady, indicating it was driven by higher-quality transactions and stronger selling effectiveness.

The realignment of field leadership was meant to build bench strength and foster a change mindset. All these initiatives, along with new incentive plans and a 360-degree approach to product, consumer, and marketing, are factors we expect will contribute to our Company's success.

We remain digital-first—but not digital-only. Stores, due to high fixed costs, not only have high operating leverage but also serve as a cost-effective customer-acquisition vehicle, whereas e-commerce has lower fixed costs but higher variable costs. In other words, incremental revenue from current stores adds more to bottom line than similar incremental revenue from e-commerce.

Our job is to earn acceptable returns in both, without becoming blind to either. Where we open stores, we will be opportunistic, disciplined, and focused on quality locations and durable lease terms. Our objective is not simply to open more stores, but to build profitable ones that strengthen the brand and generate returns above their cost of capital by achieving a short breakeven period.

During 2025, in addition to 12 relocations, we added 17 new stores, including one Gymboree store, making 2025 the first year of net growth in store count in the last decade. We made great strides in repairing many broken relationships with landlords by signing long-term leases, demonstrating our commitment. We renewed about 200 leases in 2025, of which about 64% had terms of three to five years, whereas new stores' terms range from five to ten years. By committing to the term, we also realized a 2.5% net reduction in lease expenses for the renegotiated leases.

Our Wholesale business drove meaningful improvements in pricing and profitability, supported by disciplined merchandising strategies, margin guardrails, and cost alignment initiatives. We also enhanced collaboration with our partners by implementing a market buy process, improving upfront alignment, and planning visibility. While these efforts strengthened the business, we navigated complexities, including pricing variability, inventory imbalances, and operational constraints that affected shipped sales and profitability, as well as the impact of tariff headwinds. We continue to partner with our largest account, Amazon, to ensure their customers have access to our products at competitive prices. We have worked hard jointly to achieve mutual profitability.

Most importantly, we continued to drive efficiencies across the value chain, reducing supply chain labor through case pack optimization and improving marketing effectiveness through more targeted promotional and advertising strategies. Overall, 2025 marked a significant step forward in building a more disciplined, profitable, and strategically aligned Wholesale business while identifying clear opportunities to further enhance execution and scale.

Our International business is also undergoing a portfolio transformation, as we shift to a focused, scalable, and higher-quality operating model. We have partnered with 9 franchise and wholesale partners in 12 countries to create 223 points of distribution (including stores, shop-in-shops, and e-commerce sites). We are concentrating investment behind a select group of strategic partners capable of driving meaningful global store expansion and wholesale distribution. Our focus is to further diversify geographically, expand through licensing and wholesale channels, and improve margin durability—positioning International as a more predictable and profitable contributor.

<u>Marketing</u>: We invest in loyalty as it is more cost-effective than buying traffic endlessly. Customers should choose us because they trust us to consistently deliver quality at right value—not because we've conditioned them to wait for clearance. We strengthened the foundation of our customer growth engine by modernizing our marketing and data infrastructure. We successfully migrated our CRM ecosystem to Salesforce Marketing Cloud and Data Cloud, creating a unified view of customers and enabling more precise segmentation across email and mobile messaging.

We also implemented Salesforce Loyalty Cloud to power our next-generation loyalty program. The platform supports tiered and behavior-based rewards designed to strengthen customer retention and lifetime value. From a technological standpoint, this initiative replaces fragmented legacy systems with a scalable, integrated platform that eliminates data silos and enables faster, insight-driven engagement. These capabilities allow us to activate customer insights in real time and improve relevance, engagement, and marketing efficiency.

Sourcing: We may not control macro headwinds; however, we can control how we respond: sourcing strategies, logistics, product mix, and disciplined cost management. Our sourcing team delivered a strong performance while navigating a complex global trade environment and rising tariff pressures.

Through disciplined cost management and vendor partnerships, our team successfully protected margins by reducing average FOB costs, largely offsetting tariff-driven cost increases and generating duty mitigation savings. Fabric negotiations contributed to savings, while improved material efficiency increased fabric utilization and maintained a disciplined development-to-adoption ratio.

We implemented meaningful structural efficiencies, reduced sourcing budget, and streamlined operations while maintaining strong execution. We advanced responsible sourcing, with the majority of factories achieving high compliance standards, and strengthened supplier capability. We also secured better payment terms with strategic vendor partners to improve liquidity and financial flexibility.

We further strengthened supply chain resilience by diversifying production across multiple markets, onboarding new vendor partners, and improving operational visibility across the supply chain. Investments in supplier capability, vendor quality, mill certification programs, and internal team development—supported by targeted training, process improvements, and leadership development initiatives—continue to build more agile, efficient, and scalable sourcing operations positioned to support the Company's long-term growth.

Distribution Center, Warehousing, and Logistics: As part of our inventory optimization strategy, we consolidated our fulfillment network by accelerating the migration of volume to our own fulfillment center. This not only saved fixed costs but also reduced variable fulfillment costs per order. Despite consolidation and internal volume increases, the click-to-deliver speed decreased from 7.8 days in 2024 to 6.7 days in 2025, achieved without any additional automation investment.

Our inbound logistics team delivered significant cost savings by optimizing container utilization rate, route planning, and data-driven decision-making. By further tightening our detention and demurrage governance through centralized, data-driven management, we significantly reduced these costs. Our supply chain teams are key facilitators in transforming our operating model and continue to work diligently to strike the best balance among quality, cost, and service.

Digital Transformation: Building on the strong adoption and high customer ratings of our U.S. mobile app, we launched a dedicated mobile app for the Canadian market. Early performance indicates strong customer engagement, with conversion rates exceeding other digital channels, reinforcing mobile as a key driver of our omnichannel strategy.

In response to the rapid advancement of artificial intelligence technologies, we established an AI Center of Excellence to define our enterprise AI strategy and roadmap and focus on transitioning from experimentation to scaled adoption across functions, including IT, Planning, Design, Marketing, and Service, to drive operational efficiencies and enhance the customer experience.

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Other Information

We ended 2025 with approx. $89.9 million in total available liquidity, including $40 million in undrawn commitments from Mithaq. We successfully negotiated an extension of our credit facility at a reduced facility commitment with a new term loan, which improved our liquidity position. As part of these negotiations, Mithaq made a deliberate and unequivocal decision to meaningfully stand behind the Company.

Mithaq not only extended the subordination of its loan to the banks but also gave the Company the ability to defer the accrued and the future mark-up—decisions that carry real economic weight. These were not symbolic gestures; they were tangible commitments that place our capital at risk alongside the Company's future. Remember, Mithaq's loans are unsecured and thus bear high risk, which positions Mithaq's risk on its TCP debt closer to equity risk. Credibility is earned by walking the talk. Our interests are firmly aligned with the long-term health and success of the Company.

Ultimately, the business cannot compound intrinsic value if it is hostage and burdened by leverage. Our priorities remain: maintain adequate liquidity, reduce net debt and interest burden over time, and invest only where we expect to earn a high internal rate of return.

I will always seek to follow a tell-it-like-it-is policy, and we reckon, this is the best form of proper communication and is important, particularly when things do not go well, which is inevitable from time to time. We, like all candid boards and management, are not infallible.

I don't care whether anyone shorts TCP, or about Mr. Market's[1] price quotes; neither affects us. While I prefer that the stock price stay stable, neither soaring too high nor dropping too low, intrinsic value is what matters the most, and if we are successful in turning TCP around and increasing its value at a reasonable rate, both will take care of themselves!

Our Annual Report on Form 10-K and other public filings filed with the U.S. Securities and Exchange Commission ("SEC") set forth additional important information regarding our business, including our audited financial statements. Shareholders can access these documents on our website https://corporate.childrensplace.com and the SEC's website https://www.sec.gov/edgar/.

April 10, 2026

Turki S. AlRajhi
Executive Chairman

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1 *Mr. Market: In 1949, Professor Benjamin Graham coined the term "Mr. Market" in his famous book, The Intelligent Investor. He elaborated on this concept in detail in Chapter 8, "The Investor and Market Fluctuations". The "Mr. Market" metaphor represents the irrational or contradictory traits of the stock market and the risks of following groupthink. The seductive fellow named "Mr. Market" will knock on your door every day and offer you a price to either buy or sell your interest in a business, and investors have the liberty to either take the offer or ignore it. "Mr. Market" does not express any positive or negative feelings about your actions. The point is that price and value may disconnect widely, and intelligent investors should make rational decisions and never fall under the influence of "Mr. Market" while buying or selling any business.*

General Note and Forward-Looking Statements

The statements set forth in this letter consist in large part of observations, opinions and assessments of the author regarding the past, present, and future operational and financial performance of the Company that are inherently subjective and/or forward-looking in nature. Investors should form their own observations, opinions and assessments regarding such statements and consider such statements in the context of the below and the Company's public filings. This letter contains 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 executive chairman of the Company's current observations, opinions, assessments and future expectations with respect to the operational and financial performance of the Company and the Company's strategic initiatives and results of operations, including total revenue, cash from operations, SG&A expenses, free cash flows, profits after tax, gross profit margin, return on invested capital, components of the foregoing, and reasons for the foregoing. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate" "target," "believes," "continues," "trends," "potential," "strategies," "goal" 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, and/or actual plans and actions taken by the Company, to differ materially from those described in this letter. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its annual report on Form 10-K for the fiscal year ended January 31, 2026. 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 changes in trade policy and tariff regimes, including newly imposed U.S. tariffs and any responsive non-U.S. tariffs, may impact the Company's international manufacturing and operations or customers' discretionary spending habits, the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by changes in economic conditions (including inflation), the risk that changes in the Company's plans and strategies with respect to pricing, capital allocation, capital structure, investor communications and/or operations may have a negative effect on the Company's business, the risk that the Company's strategic initiatives to increase sales and margin, improve operational efficiencies, enhance operating controls, decentralize operational authority and reshape the Company's culture are delayed or do not result in anticipated improvements, the risk of delays, interruptions, disruptions and higher costs in the Company's global supply chain, including resulting from disease outbreaks, foreign sources of supply in less developed countries, more politically unstable countries, or countries where vendors fail to comply with industry standards or ethical business practices, including the use of forced, indentured or child labor, the risk that the cost of raw materials or energy prices will increase beyond current expectations or that the Company is unable to offset cost increases through value engineering or price increases, various types of litigation, including class action litigation brought under securities, consumer protection, employment, and privacy and information security laws and regulations, risks related to the existence of a controlling stockholder, and the uncertainty of weather patterns, as well as other risks discussed in the Company's filings with the SEC from time to time. 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 (or any other observations, opinions and assessments of the executive chairman of the Company set forth in this letter) that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or any other change in the observations, opinions and assessments of the executive chairman of the Company.