



Working With Our Vendors During the COVID-19 Pandemic

As a result of the COVID-19 pandemic, the lengthy government-mandated closure of our entire store fleet, the closure of schools nationwide and the universal adoption of remote learning modes, all had an outsized negative effect on our ability to sell children's clothing, footwear and accessories in 2020. In the face of these significant challenges, we took the actions necessary to maintain our financial and operational flexibility.

Consistent with our history of collaborative vendor relationships and our commitment to the well-being of garment workers at our third-party factories, we worked closely with our vendors throughout the pandemic, including by continuing to provide order flow, to help lessen the financial and human impact of the pandemic and to position ourselves, our vendors and their workers for a sustainable recovery from the pandemic's devastating global effects.

We have worked collaboratively with our vendors over the past several months to compensate them for in-production and finished orders that were cancelled at the onset of the pandemic. This process is complete and orders are shipped or in the process of being shipped, and full payment will be made on all of these orders. With respect to raw materials, we continue to work collaboratively with our vendors to repurpose all remaining raw materials for orders in future seasons.