



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CL-26-00000042-0000

DATE: February 13, 2026

NO. ON LIST: 1

TITLE OF PROCEEDING: IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TOYS "R" US (CANADA) LTD. / TOYS "R" US (CANADA) LTEE (the "Applicant")

BEFORE: JUSTICE J. DIETRICH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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Linda Galessiere	Counsel for Morguard; JL/Ivanhoe; Cushman and SmartCentres (landlords)	lgalessiere@clegal.ca
Graham Phoenix	Counsel for 262Co (DIP Lender and Senior Secured) and 1001Co (secured)	gphoenix@LN.law

ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

[1] Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Applicant**”) was granted protection under the Companies’ Creditors Arrangement Act, RSC 1985 c. C-36 (the “**CCAA**”) pursuant to an Initial Order (the “**Initial Order**”) of this Court dated February 3, 2026. The Applicant returns to Court today for the required comeback hearing.

[2] Defined terms used but not otherwise defined herein have the meaning provided to the factum of the Applicant filed for use at this hearing.

[3] The Applicant now seeks an Amended and Restated Initial Order (“**ARIO**”) which, among other things:

- a. extends the stay of proceedings until May 1, 2026 (the “**Stay Period**”);
- b. increases the permitted borrowings under the DIP Facility to the maximum principal amount of \$13,000,000 and provides for a corresponding increase the maximum amount of the DIP Lender’s Charge;
- c. increases the maximum amount secured by the Administration Charge from \$600,000 to \$1,000,000;
- d. increases the maximum amount secured by the Directors’ Charge from \$3,200,000 to \$4,000,000;
- e. authorizes the Applicant to pay certain pre-filing obligations in an aggregate amount not to exceed \$800,000; and
- f. authorizes the Applicant to conduct a liquidation sale of the Applicant’s inventory and furniture, fixtures and equipment (“**FF&E**”) at select closing store locations in accordance with the Sale Guidelines.

[4] In support of the relief requested, the Applicant has filed an affidavit of Neil Taylor sworn February 10, 2026 and Alvarez & Marsal Canada Inc. court-appointed Monitor has filed its First Report to Court dated February 11, 2026 (the “**First Report**”).

[5] No opposition to the relief requested today was raised.

[6] Certain amendments to the draft ARIO have been agreed to take into account various comments, including comments of landlords and certain concerns raised by Allied World Specialty Insurance Company (“**Allied**”), received since service.

[7] In this regard, Allied raises concerns about the substantial amount of related party transactions that have occurred. The proposed ARIO has been revised to provide that the Monitor will investigate certain related party

transactions and report back to the Court. This may become a larger issue in the future, but for today, with this revised language included in the ARIO, Allied does not oppose the relief sought.

[8] Separately, Ms. Galessiere, on behalf of certain landlords raises a concern that under the proposed Sale Guidelines, the removal of FF&E and signage is not required. The parties remain in discussions on that point, and the parties agree that the approval of the relief today, including the Sale Guidelines, is without prejudice to Ms. Galessiere's ability to come back to Court to seek further regarding the remove of FF&E and signage.

Background

[9] Background related to the filing is set out in my endorsement of February 3, 2026, in this matter is not repeated here.

[10] The Initial Order, among other things, (i) appointed Monitor; (ii) granted a stay of proceedings against the Applicant and the Monitor for an initial 10-day period, up to and including February 13, 2026 (the “**Initial Stay Period**”); (iii) authorized the Applicant to borrow under a credit facility from 2625229 Ontario Inc. (the “**DIP Lender**”) in order to finance the Applicant's working capital requirements and other general corporate purposes, capital expenditures, and costs of these proceedings during the Initial Stay Period up to a an initial maximum amount of \$4.5 million; and (iv) granted the Administration Charge and the Directors Charge against the Property of the Applicant.

[11] Following the Initial Order, the Applicant implemented further workforce reductions by terminating an additional 52 employees, comprised of 39 head office staff and 13 store-level staff. The Monitor understands that these former employees will be paid their outstanding wages and all accrued vacation pay. As of February 11, 2026, the Applicant's headcount totals approximately 510, comprised of 439 store-level employees and 71 corporate and head office employees.

[12] With respect to leased locations, the Applicant advises that to the extent that consensual amendments of the leases with the third-party Landlords cannot be achieved, the Applicant, with the oversight of and in consultation with the Monitor, intends to issue 30-day disclaimer notices to such Landlords and pursue all avenues and offers for the sale, transfer or assignment of its Leases (as defined in the ARIO) with the Landlords to third parties, in whole or in part, and return to Court for approval of any such sale, transfer or assignment. If notices of disclaimer are sent or intended to be sent, the Applicant advises that it intends to and self-liquidate the inventory and FF&E located at those locations and seeks approval of Sale Guidelines for such self-liquidation. The Sale Guidelines set out a protocol for such matters as the advertising of liquidation sales, the form of signage that can be used by the Applicant, the process for sale of any FF&E, access rights of the Applicant and the landlord, and the manner in which any disputes are to be addressed. The Monitor understands that the Sale Guidelines are in substance consistent with guidelines established in connection with self-liquidation processes in other recent CCAA proceedings involving retailers.

[13] Prior to the Filing Date, the Applicant vacated eight stores across Canada and stopped paying rent as of the exit date (the “**Vacated Stores**”), with two Vacated Stores having been vacated in the last 60 days, and the remaining six Vacated Stores having been vacated on various dates, including as far back as 2024. The Applicant does not have the cash flow to make rent payments in connection with the Vacated Stores and the Applicant is no longer using any of the premises of the Vacated Stores. The Applicant is not aware whether landlords have re-entered the premises of the Vacated Stores thereby terminating the applicable leases.

Issues

[14] The issues to be decided are whether the Court should

- a. increase the permitted borrowings under the DIP Facility to the maximum principal amount of \$13,000,000 and provide for a corresponding increase to the maximum amount of the DIP Lender's Charge;
- b. increase the maximum amount secured by the Administration Charge from \$600,000 to \$1,000,000;
- c. increase the maximum amount secured by the Directors' Charge from \$3,200,000 to \$4,000,000;
- d. authorize the Applicant to pay certain pre-filing obligations in an aggregate amount not to exceed \$800,000;
- e. authorize the Applicant to conduct a liquidation sale at select closing store locations in accordance with the Sale Guidelines; and
- f. extend the Stay Period as requested until May 1, 2026.

Analysis

[15] The Applicants are seeking approval to borrow up to the full amount available under the DIP Facility, being \$13 million and a corresponding increase to the DIP Lender's Charge. I am satisfied that the analysis set out in my endorsement of February 3, 2026, regarding approval of the DIP Facility and s. 11.2 of the CCAA remains relevant. Further, it is appropriate that the full amount of the DIP Facility now be approved as the increased borrowings are sized appropriately to the Applicant's financial needs during the extended Stay Period, and will enable the Applicant to preserve the going-concern nature of its business while advancing its restructuring efforts through the development of a sale and investment solicitation process.

[16] The Initial Order approved the Administration Charge in the amount of \$600,000. The Applicants now seek to increase the Administration Charge to \$1 million with the concurrence of the Monitor. Similarly, the Initial Order approved the Directors' Charge in the amount of \$3.2 million, which the Applicants seeks to increase to \$4 million with the concurrence of the Monitor.

[17] The increased amount of the Administration Charge reflects the increased anticipated level of activity of the various professionals during the extended Stay Period, and the increased amount of the Directors' Charge reflects the incremental amount of potential director and officer liabilities that may be incurred during the extended Stay Period. The Court has discretion to grant and increase these charges in an amount that the Court considers appropriate pursuant to sections 11.51 and 11.52 of the CCAA. In the circumstances I am satisfied that the increased amounts are appropriate and are approved.

[18] The Applicant seeks authorization, with the consent of the Monitor, to make payments of pre-filing amounts to pay certain pre-filing obligations of the Applicant, up to a total of \$800,000, where the Applicant believes such payments are necessary to keep its business operating without interruption, provided that: (i) no payment may be made without the Monitor's prior written consent; and (ii) no payments may be made to any related parties of the Applicant for pre-filing obligations.

[19] The court in *In Re Hudson's Bay Company*, 2025 ONSC 1530 at para 114 outlined the factors that courts have considered in determining whether to grant such authorization, including (a) whether the goods and services are integral to the business of the applicant; (b) the applicant's dependency on the uninterrupted supply of the goods or services; (c) the fact that no payments will be made without the consent of the Monitor (which is a requirement under the proposed Initial Order); and (d) the effect on the debtors' operations and ability to restructure if it could not make such payments.

[20] In considering these factors, and the requirement for Monitor consent, I am satisfied that the request to make certain pre-filing payments is appropriate in these circumstances.

[21] Finally, the Applicant, as supported by the Monitor, asks that the Stay Period be extended up to and including May 1, 2026.

[22] Pursuant to section 11.02 of the CCAA, the Court may grant an extension of a stay of proceedings where: (i) circumstances exist that make the order appropriate; and (ii) the debtor company satisfies the Court that it has acted, and is acting, in good faith and with due diligence.

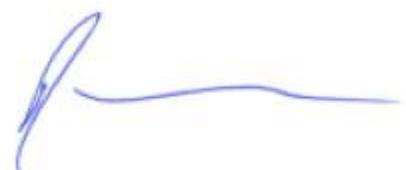
[23] The proposed extension of the Stay Period will, among other things, provide the Applicant with the stability and breathing room to, among other things, develop and implement a sale and investment solicitation process in a structured and orderly manner and continue operating the business of the Applicant in the normal course. As well the cash flow forecast appended to the Monitor's First Report, indicates that subject to approval of the increased borrowing amount under the DIP Facility, the Applicant is expected to have sufficient liquidity to operate in the ordinary course until May 1, 2026. The evidence is that the Applicant has acted in good faith and with due diligence in these CCAA proceedings.

[24] Accordingly, the requested extension of the Stay of Proceedings is appropriate and is approved.

Disposition

[25] Order to go in the form signed by me this day.

[26] Separately, Concord Kingsway Project GP Ltd. ("**Concord**") is the plaintiff against the Applicant in a Supreme Court of British Columbia proceeding bearing court file no. S-218765 (the "**BC Action**"). The trial in the BC Action was underway at the time of the Applicant's CCAA filing. Evidence had closed and closing submissions were scheduled for February 9-11, 2026. The closing submissions did not proceed because of the stay contained in the Initial Order. Concord filed an *aide memoire* requesting the scheduling a motion to lift the stay contained in the ARIO for the limited purpose of completing the trial, since it was near completion. Since that *aide memoire* was filed, the Applicant and Concord have been in discussions and the Applicant advises that it has come to an agreement with Concord regarding the amount of a claim to be filed by Concord in a claims process, if one is eventually established. This agreement does not bind the Monitor or other creditors. Accordingly, at present, the request to schedule the lift stay motion is not proceeding



Date: Feb 13, 2026.

Jane O. Dietrich