

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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")**

**MOTION RECORD OF THE APPLICANT
(Returnable on April 1, 2026)**

March 23, 2026

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TAB 1

**ONTARIO
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TOYS "R" US (CANADA) LTEE (the "Applicant")**

NOTICE OF MOTION

Toys "R" Us (Canada) Ltd. / Toys "R" Us (Canada) Ltee (the "**Applicant**") will make a Motion to a Judge presiding over the Commercial List on April 1, 2026 at 12:00 p.m., or as soon after that time as the Motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- In writing under subrule 37.12.1(1);
- In writing as an opposed motion under subrule 37.12.1(4);
- In person;
- By telephone conference;
- By video conference, at the following location:

<https://ca01web.zoom.us/j/64683302309?pwd=hk4renYSbUXbUn41tPpZqSX8FIZNTl.1#success>
Meeting ID: 646 8330 2309
Passcode: 548152

THE MOTION IS FOR:

1. an Order (the “**SISP Order**”), substantially in the form attached as Tab 3 to the Motion Record, which, among other things:

- (a) approves the sale and investment solicitation process attached as Schedule “A” to the SISP Order (the “**SISP**”);
- (b) authorizes and directs Alvarez & Marsal Canada Inc., in its capacity as the monitor of the Applicant (the “**Monitor**”), and the Applicant to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and the SISP Order;
- (c) increases the permitted borrowings under the DIP Facility (as defined below) to the maximum principal amount of \$15,000,000;
- (d) extends the Stay Period (defined below) to July 13, 2026; and
- (e) such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:¹

Background

2. On February 3, 2026 the Applicant was granted protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”) pursuant to an Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), which was subsequently

¹ Capitalized terms not otherwise defined have the meanings given to them in the Affidavit of Neil Taylor, Chief Restructuring Officer of the Applicant sworn March 23, 2026 (the “**Third Taylor Affidavit**”).

amended and restated on February 13, 2026 (the “**ARIO**”). The ARIO, among other things:

- (a) extended the stay of proceedings up to and including May 1, 2026 (the “**Stay Period**”);
- (b) authorized the Applicant to borrow up to the maximum principal amount of \$13,000,000 under a credit facility (the “**DIP Facility**”) pursuant to a DIP Facility Loan Agreement dated as of February 2, 2026 (“**DIP Loan Agreement**”);
- (c) authorized the Applicant to pay certain pre-filing obligations of the Applicant, in an aggregate amount not to exceed \$800,000; and
- (d) authorized the Applicant to conduct a liquidation sale of the Applicant’s inventory and furniture, fixtures and equipment at select closing store locations in accordance with the sale guidelines attached as Schedule “A” to the ARIO.

3. The Applicant commenced these CCAA Proceedings to, among other things, protect the going-concern value of the Applicant’s business while developing and implementing a SISP for the Applicant’s business and Property.

Approval of SISP

4. To complement the Applicant’s ongoing operational restructuring efforts, the Applicant developed the SISP to canvass interest in, and opportunities for, a sale of, investment in, or recapitalization of, all or part of the Business or Property of the Applicant.

5. The SISP was developed taking into account the financial circumstances of the Applicant and the amount of financing available under the DIP Loan Agreement.

6. The SISP contemplates a structured two-phase bidding process consisting of:
 - (a) Phase 1, pursuant to which interested parties may submit non-binding letters of interest setting out the principal terms of a proposed transaction; and
 - (b) Phase 2, pursuant to which qualified bidders are invited to submit binding and fully financed offers supported by definitive transaction documentation.

7. Following the selection of one or more successful bids, the SISP contemplates that the Applicant will seek one or more approval and vesting orders authorizing the implementation of the successful transaction(s) and vesting title to the purchased assets in the successful bidder(s), and/or vesting unwanted liabilities out of the Applicant.

8. The Applicant is of the view that a Court-supervised SISP under the CCAA will be the most cost-efficient and effective means of maximizing creditor recovery.

9. The Monitor has advised that it is supportive of the SISP.

Increase in Interim Borrowings

10. The maximum permitted Interim Borrowings granted in the ARIO were based on the needs of the Applicant during the course of the Stay Period.

11. The Applicant seeks to increase the maximum permitted amount of Interim Borrowings under the DIP Loan Agreement from \$13,000,000 to \$15,000,000. Such increase corresponds to the forecasted interim financing needs of the Applicant over the proposed extension to the Stay Period, in accordance with the cash flow projections prepared by the Monitor.

12. The increase in the Interim Borrowings is appropriate and necessary to permit the Applicant to continue operating its Business in the ordinary course and to administer the SISP, all of which is in the best interest of stakeholders.

13. The Monitor supports the request of the Applicant for an increase in the Interim Borrowings to the maximum permitted amount of \$15,000,000.

Extension of Stay Period

14. The Applicant is seeking to extend the Stay Period up to and including July 13, 2026.

15. The extension of the Stay Period is necessary and appropriate to permit the Applicant, with the assistance of the CRO and under the oversight of the Monitor, to, among other things, implement and carry out the SISP.

16. The Applicant has acted, and continues to act, in good faith and with due diligence in these CCAA Proceedings.

17. The cash flow projections prepared by the Monitor demonstrate that the Applicant will have access to sufficient liquidity to fund operations during the requested Stay Period, subject to the proposed increase to the Interim Borrowings under the DIP Facility.

18. The Monitor has expressed its support for the extension of the Stay Period to July 13, 2026.

Other Grounds

19. The provisions of the CCAA, including sections 11 and 36, and the inherent and equitable jurisdiction of this Honourable Court.

20. Rules 1.04, 2.01, 2.03, 3.02, 37 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.

21. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

22. The Affidavit of Neil Taylor, sworn March 23, 2026, and the exhibits thereto;

23. The Second Report of the Monitor, and the appendices thereto, to be filed; and

24. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 23, 2026

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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")

Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION
(Returnable April 1, 2026)

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Counsel for the Applicant, Toys "R" Us (Canada) Ltd. / Toys
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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
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**AFFIDAVIT OF NEIL TAYLOR
(Sworn March 23, 2026)**

I, Neil Taylor, of the City of Cambridge, in the United Kingdom, **MAKE OATH AND SAY:**

1. I currently serve as the Chief Restructuring Officer ("**CRO**") of the Applicant. I was engaged as CRO of the Applicant pursuant to the terms of an engagement letter dated November 3, 2025 (the "**Engagement Letter**"). In my capacity as CRO of the Applicant, I have become familiar with the business and affairs of the Applicant, and have relied upon the books and records of the Applicant and my personal experiences with the Applicant. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have specifically referred to such sources and believe them to be true. In preparing this Affidavit, I have consulted with legal, financial and other advisors to the Applicant and other members of the senior management team of the Applicant. The Applicant does not waive or intend to waive any applicable privilege by any statement herein.

2. This affidavit is made in support of a motion by the Applicant for an Order (the "**SISP Order**") that, among other things:

- a) approves the sale and investment solicitation process attached as **Schedule “A”** to the SISP Order (the “**SISP**”);
 - b) authorizes and directs the Monitor and the Applicant to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and the SISP Order;
 - c) increases the permitted borrowings under the DIP Facility (as defined below) to the maximum principal amount of \$15,000,000;
 - d) extends the Stay Period (defined below) to July 13, 2026; and
 - e) such further and other relief as this Honourable Court deems just.
3. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

A. BACKGROUND OF THE CCAA PROCEEDINGS

4. The Applicant is a large toy, clothing and baby products retailer in Canada, selling a broad selection of children’s products from leading national, international and proprietary brands under both the “Toys “R” Us” and “Babies “R” Us” store banners (the “**Business**”).

5. The Applicant has experienced a series of challenges over the past few years following the COVID-19 pandemic, which have negatively impacted profitability and strained liquidity.

6. The confluence of these factors caused the Applicant to face a severe liquidity crisis, and the Applicant was unable to meet its obligations as they became due. Accordingly, on February 3, 2026, the Applicant was granted protection under the *Companies’ Creditors Arrangement Act*,

R.S.C., 1985, c. C-36 (the “**CCAA**”) pursuant to an Initial Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

7. In support of the application for the Initial Order, I swore an affidavit dated February 2, 2026 (the “**First Taylor Affidavit**”), which described, among other things, the events leading to the Applicant’s insolvency and its urgent need for relief under the CCAA. A copy of the First Taylor Affidavit (without exhibits) is attached hereto as **Exhibit “A”**.

8. The Initial Order, among other things:

- a) appointed Alvarez & Marsal Canada Inc. as monitor in these CCAA Proceedings (in such capacity, the “**Monitor**”);
- b) granted a stay of proceedings against the Applicant and the Monitor for an initial 10-day period (the “**Initial Stay Period**”);
- c) authorized the Applicant to borrow under a credit facility (the “**DIP 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 CCAA Proceedings during the Initial Stay Period, subject to certain conditions and pursuant to the DIP Facility Loan Agreement dated as of February 2, 2026 (the “**DIP Loan Agreement**”); and
- d) granted priority charges over all present and future assets, property and undertakings (the “**Property**”) of the Applicant.

9. In support of the relief sought at the comeback hearing held on February 13, 2026 (the “**Comeback Hearing**”), I swore an affidavit dated February 10, 2026 (the “**Second Taylor Affidavit**”), a copy of which (without exhibits) is attached hereto as **Exhibit “B”**.

10. At the Comeback Hearing, this Court granted the Amended and Restated Initial Order (the “**ARIO**”), which, among other things:

- a) extended the stay of proceedings up to and including May 1, 2026 (the “**Stay Period**”);
- b) authorized the Applicant to borrow up to the maximum principal amount of \$13,000,000 under the DIP Facility pursuant to the DIP Loan Agreement;
- c) increased the maximum amount secured by the Administration Charge to \$1,000,000, and the maximum amount secured by the Directors’ Charge to \$4,000,000;
- d) authorized the Applicant to pay certain pre-filing obligations of the Applicant, in an aggregate amount not to exceed \$800,000; and
- e) authorized 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 (as defined in the ARIO).

11. A copy of the ARIO is attached hereto as **Exhibit “C”**.

B. DEVELOPMENTS SINCE THE COMEBACK HEARING

12. Since the Comeback Hearing, the Applicant, in consultation with the Monitor, has commenced a liquidation sale of the Applicant’s inventory and FF&E at select closing store locations.

13. In accordance with paragraph 14 of the ARIO and the Sale Guidelines (as defined in the ARIO), on March 2, 2026, the Applicant issued notices to the following landlords that it intends to close the respective stores and conduct a closing Sale (as defined in the Sale Guidelines):

- a) **Crombie Property Holdings Limited:** with respect to Woodgate Plaza, Unit A005, 58 Kenmount Road, St. John’s, Newfoundland & Labrador (the “**St. John’s Store**”);
and
- b) **713959 Ontario Limited:** with respect to St. Laurent Centre, Units Y001 and 0177A, 1200 St. Laurent Blvd., Ottawa, Ontario (the “**St. Laurent Store**”).

14. The Applicant identified certain real estate leases that it wished to disclaim and delivered Notices to Disclaim or Resiliate pursuant to s. 32(1) of the CCAA as follows:

Landlord	Lease	Store Location	Date of Notice	Effective Date
9538-2677 Quebec Inc.	ST License Agreement dated September 30, 2025	Niagara Pen Centre, 221 Glendale Avenue, St. Catharines, Ontario	February 13, 2026	March 15, 2026
Crombie Property Holdings Limited	Lease agreement dated February 1, 1999, which was subsequently amended by a Lease Extension and Amending Agreement dated July 31, 2024	St. John’s Store	March 9, 2026	April 8, 2026
Vaudreuil Shopping Centres Limited	Lease agreement dated December 20, 2011, which was subsequently amended by an Agreement dated February 21, 2018, a Second Amendment dated July 27, 2020, and a Third Amendment	3048, De La Gare Blvd., Vaudreuil-Dorion, Quebec (the “ Vaudreuil Store ”)	March 17, 2026	April 16, 2026

Landlord	Lease	Store Location	Date of Notice	Effective Date
	dated August 27, 2024			
713949 Ontario Limited	Lease dated August 30, 1990, as amended by a Letter Agreement dated February 29, 2000, a Lease Amending Agreement dated October 18, 2006, a Lease Renewal and Amending Agreement dated March 16, 2010, a Lease Extension and Amending Agreement dated February 12, 2015, a Letter Amendment Agreement dated November 24, 2020, a Letter Amending Agreement dated January 29, 2021, and a Lease Extension and Amending Agreement dated October 31, 2022	St. Laurent Store	March 17, 2026	April 16, 2026

15. I note that prior to the issuance of the lease disclaimer in respect of the Vaudreuil Store, this location was a non-operating store which the Company had previously exited.

16. Prior to the commencement of the CCAA proceedings, three trademark applications (the “**Trademark Applications**”) have been commenced with the Canadian Intellectual Property Office by Acer Incorporated, Club Rendezvous Inc. and BIOMICROGELI. The Trademark Applications seek registration of marks that the Applicant maintains are confusing with, and

otherwise infringe or depreciate the goodwill of, the Applicant's registered trademarks (the "**Applicant's Trademarks**").

17. In order to protect its proprietary rights and goodwill, the Applicant has taken steps to oppose the Trademark Applications before the Trademarks Opposition Board (the "**Board**"), on the basis that the Trademark Applications violate the Applicant's Trademarks and are not registrable under the *Trademarks Act*.

18. Following the commencement of these CCAA proceedings, the Applicant has requested from the Board the extension of applicable time periods in respect of the Trademark Applications, which the Applicant has maintained are stayed pursuant to the ARIO.

19. The Board has advised the Applicant that it should file submissions addressing the requested stay, with specific reference to section 11.1 of the CCAA. The Applicant is in the process of preparing submissions to the Board in accordance with that direction.

C. THE SISP

20. As discussed in the First Taylor Affidavit, the primary objectives of these CCAA Proceedings are to engage with the Applicant's principal stakeholders and to advance a structured process to address its current financial circumstances and maximize the value of its Business.

21. To meet these objectives, and to complement the Applicant's ongoing operational restructuring efforts, the Applicant developed the SISP, in consultation with the Monitor and the DIP Lender (its senior secured lender).

22. I believe that the SISP is the best available option to maximize value for the Applicant's stakeholders. The SISP is intended to broadly expose the Applicant's Business and Property to the market and to provide a structured and orderly process for interested parties to perform due diligence and submit offers for potential transactions. The Applicant will continue to operate in the normal course during the SISP in order to preserve and maximize the going concern value of the Business.

23. I understand that the Monitor supports the approval of the SISP. I also understand that the DIP Lender is supportive of the SISP.

Overview of the SISP

24. The SISP will be conducted by the Monitor over approximately fourteen weeks and is intended to culminate in the closing of one or more transactions by no later than July 13, 2026, which date constitutes the outside date for completion of a Successful Bid under the SISP (the "**Outside Date**").

25. The SISP provides for two phases. Phase 1 contemplates the solicitation of non-binding letters of interest ("**LOIs**"). Following the Phase 1 bid deadline, the Monitor, in consultation with the Applicant, will assess the LOIs received and determine which bids constitute a "**Phase 1 Qualified Bid**", and which bidders will be permitted to proceed to the second phase of the SISP as "**Phase 2 Qualified Bidders**".

26. The SISP contemplates the following key milestones and deadlines:

Milestone	Deadline
Commencement of marketing and due diligence (the “ Commencement Date ”)	As soon as reasonably practicable, but no later than April 2, 2026
Deadline to submit a non-binding LOI (Phase 1 Bid Deadline)	5:00 p.m. (Eastern Time) on May 1, 2026
Deadline to submit a Binding Offer (Phase 2 Bid Deadline)	5:00 p.m. (Eastern Time) on May 29, 2026
Selection of Successful Bid(s) (including any auction, if required)	No later than 5:00 p.m. (Eastern Time) on June 5, 2026
Motion for Court approval of Successful Bid(s)	As soon as reasonably practicable following selection, but no later than June 26, 2026
Closing of Successful Bid(s)	No later than July 13, 2026

27. I believe that the foregoing milestones provide sufficient time to market the Business broadly and to solicit competitive bids, while appropriately balancing the Applicant’s liquidity constraints and available interim financing, subject to the proposed increase in the Interim Borrowings (as defined in the ARIIO) under the DIP Facility.

28. The SISP provides that the Monitor, in consultation with the Applicant, may extend the above deadlines by up to two weeks without Court approval, provided that, the milestone with respect to the closing of the Successful Bid(s) can only be extended or amended, without court approval, with the prior written consent of the DIP Lender, acting reasonably. The ability to extend deadlines provides the Monitor and Applicant with the necessary flexibility to maximize the Applicant’s success in the SISP.

29. Each of the key milestones of the SISP are described in greater detail below.

Solicitation of Interest and Notice of the SISP

30. The SISP provides that, prior to the Commencement Date, the Monitor, in consultation with the Applicant, shall take steps to initiate the marketing process, including:

- a) preparing a list of known potential bidders;
- b) publishing notice of the SISP on the Monitor's website and in such publications as may be considered appropriate by the Monitor;
- c) preparing a process summary (the "**Teaser Letter**") and a form of non-disclosure agreement (the "**NDA**"); and
- d) preparing and maintaining a virtual data room (the "**VDR**") containing due diligence materials relating to the Applicant, its Business, and its assets.

31. I understand that the Monitor has commenced preparations of the foregoing materials and the VDR. I also understand that the Monitor has been contacted by a small group of parties who have expressed interest in participating in the SISP, and the Applicant has executed an NDA with certain of these parties to begin discussions and the sharing of preliminary information.

32. To provide sufficient time for all potential bidders to participate in the SISP and perform diligence, I understand that the Monitor intends to send the Teaser Letter and NDA to each known potential bidder and to any other party who requests a copy following the service of the proposed SISP Order and related Motion Record on the service list.

Phase 1 – Non-Binding Letters of Interest

33. In order to participate in Phase 1, interested parties are required to execute an NDA and, if requested by the Monitor, provide evidence satisfactory to the Monitor of their financial capacity to complete a transaction. Thereafter, the Monitor will grant the interested party access to the VDR to perform its due diligence.

34. Any party wishing to submit an LOI must do so by the Phase 1 Bid Deadline of May 1, 2026. An LOI will be considered a Phase 1 Qualified Bid only if it complies with minimum requirements set out in the SISP, including, among other things, that it:

- a) has been duly executed by all required parties on or before the Phase 1 Bid Deadline;
- b) provides written evidence, satisfactory to the Monitor, in consultation with the Applicant, of the participant's ability to consummate the transaction within the timeframe contemplated by the SISP;
- c) identifies the terms and conditions of the proposed transaction, including, among other things: (i) a description of the specific assets/shares that are expected to be subject to the transaction and any assets/shares expected to be excluded, including specifically, whether the proposed transaction includes the Intellectual Property and/or Other Assets (as defined in the SISP), and where the proposed transaction includes both, a proposed preliminary allocation as between them; (ii) a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the participant intends to assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction; (iii) whether the proposed

transaction is to be implemented by way of a “reverse vesting order”; and (iv) any other terms or conditions of the proposed transaction that the bidder believes are material to the transaction;

- d) identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Applicant, to determine that these conditions are reasonable; and
- e) identifies any additional due diligence required to be completed in order to submit a Binding Offer.

35. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Applicant, shall assess the LOIs. If the Monitor determines that there is at least one Phase 1 Qualified Bid, the SISP will proceed to Phase 2. Only the bidders that submit a Phase 1 Qualified Bid will be deemed a “**Phase 2 Qualified Bidder**” and permitted to participate in Phase 2 of the SISP, except that the DIP Lender shall be deemed to be a Phase 2 Qualified Bidder even if it does not submit an LOI or a Phase 1 Qualified Bid and shall be permitted to submit a Binding Offer by way of credit bid for an amount up to its secured claim amount then outstanding under the DIP Loan Agreement, at any time during the SISP, including after the Phase 2 Bid Deadline.

36. In the event that no Phase 1 Qualified Bid is received, or the Monitor has determined, in its reasonable business judgment, that it would not be appropriate to select any Phase 2 Qualified

Bidders, the Monitor will declare the SISP concluded or take such other steps as the Monitor considers appropriate in consultation with the Applicant and the DIP Lender.

Phase 2 – Binding Offers

37. Phase 2 of the SISP affords the Phase 2 Qualified Bidders the opportunity to perform further due diligence and submit a formal Binding Offer.

38. Any Phase 2 Qualified Bidder wishing to make a formal offer must submit a Binding Offer by May 29, 2026. An offer will only be considered to be a Binding Offer where it complies with certain criteria identified in the SISP, including, among other things:

- a) it identifies all contracts of the Applicant that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
- b) if the bid is structured as a “reverse vesting transaction”, it includes a duly authorized and executed binding transaction agreement, including all exhibits and schedules contemplated thereby, describing the terms and conditions of the proposed transaction, including any liabilities and obligations proposed to be assumed, the purchase price, the structure and financing of the proposed transaction, and any regulatory or other third-party approvals required;
- c) if the bid is structured in a form other than a “reverse vesting transaction”, it includes a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the assets proposed to be acquired, the obligations and liabilities to be assumed/excluded,

- the detailed structure of the transaction, the final purchase price or investment amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
- d) if the bid contemplates the purchase of the Intellectual Property, it includes a proposed allocation between the Intellectual Property and Other Assets;
 - e) it is not subject to any financing condition;
 - f) it is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
 - g) it contains or identifies the key terms and provisions to be included in any Approval Order;
 - h) it is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by the Applicant by countersigning the Binding Offer; and (ii) is irrevocable and capable of acceptance until the earlier of (A) four business days after the date of closing of the Successful Bid(s); and (B) the Outside Date; and (iii) the Phase 2 Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the Binding Offer and the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;

- i) it is accompanied by a cash deposit in the amount of not less than 10% of the cash purchase price payable on closing or total cash investment contemplated, as the case may be (the “**Deposit**”), along with an acknowledgement that if the Phase 2 Participant is selected as the Successful Bidder, the Deposit will be nonrefundable, subject to (i) approval of the Successful Bid by the Court and (ii) the terms described in Section 29 of the SISP; and
- j) it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before July 13, 2026, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than the Outside Date.

39. The SISP allows for full or partial credit bid by: (i) the DIP Lender, and (ii) 1001485743 Ontario Inc. (“**1001 Ontario**”), in connection with the secured obligations that remain outstanding as against the Intellectual Property, provided that such secured creditor is required to satisfy all priority obligations in cash (or by assumption with consent) and pay appropriate consideration for any assets that are not subject to its security.

Selection, Approval and Closing of the Successful Bid(s)

40. At the conclusion of Phase 2 of the SISP, the Monitor, in consultation with the Applicant, will review and evaluate each offer received.

41. If more than one Binding Offer is received, which the Monitor determines constitute Phase 2 Qualified Bids, the Monitor may, in its sole discretion:

- a) select one or more Phase 2 Qualified Bids as the Successful Bid(s);

- b) continue negotiations with Phase 2 Qualified Bidders with a view to finalizing an agreement with respect to one or more of the Phase 2 Qualified Bids and declaring such bid(s) the Successful Bid(s); or
 - c) conduct an auction (the “**Auction**”) in respect of some or all of the Property or Business, which Auction shall be governed by an auction procedures letter (“**Auction Procedures Letter**”) to be prepared by the Monitor and sent to all applicable Phase 2 Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.
42. If any Binding Offers are received, the Monitor will, in consultation with the Applicant:
- a) review and evaluate each Binding Offer based on various factors in addition to those set out in the SISP, as the Monitor deems appropriate in its reasonable business judgment including, without limitation,
 - (i) the purchase price and the net value provided by such bid including the proposed form, composition, and allocation of such consideration;
 - (ii) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction;
 - (iii) the proposed transaction documents;
 - (iv) the effects of the bid on the stakeholders of the Applicant;

- (v) factors affecting the speed, certainty, and value of the transaction (including any regulatory or licensing approvals or third-party contractual arrangements required to close the transactions);
 - (vi) the assets and/or liabilities included or excluded from the bid;
 - (vii) any related restructuring costs, and the likelihood and timing of consummating such transaction; and
 - (viii) the likelihood of the Court to approve such Successful Bid;
- b) in the event that the consideration payable under the Binding Offers received is insufficient to fully repay the indebtedness of the DIP Lender, the Monitor will, in consultation with the Applicant, consult with the DIP Lender regarding the shortfall aspects of a Binding Offer as same may relate to the assumption of the unpaid portion of the DIP Lender's indebtedness pursuant to the DIP Loan Agreement, including that, in circumstances where the DIP Lender has submitted a Binding Offer that is higher than other offers received, the DIP Lender may elect to have its offer stand as a "back-up bid" to facilitate the acceptance of another offer;
- c) if the Binding Offers in respect of the Intellectual Property do not (i) contemplate the full repayment of the secured obligations owing pursuant to the Share Purchase Agreement dated as of August 19, 2021 and IP Security Purchase Agreement dated August 19, 2021, as assigned to 1001 Ontario, (ii) contemplate a partial assumption of such secured obligations, in combination with consideration sufficient to pay the unassumed portion of the secured obligations in cash, or (iii) contemplate an

assumption in full of such secured obligations, consult with 1001 Ontario regarding the proposed assumption of secured obligations and the shortfall aspects of a Binding Offer, including that, in circumstances where 1001 Ontario has submitted a Binding Offer that is higher than other offers received, 1001 Ontario may elect to have its offer stand as a “back-up bid” to facilitate the acceptance of another offer; and

- d) select the best bid(s) (the “**Successful Bid(s)**”) within six (6) business days of the Phase 2 Bid Deadline and, following such selection, will notify the Binding Bidder making such Successful Bid(s) that it has been selected as a successful bidder (the “**Successful Bidder(s)**”).

43. After the selection of the Successful Bid(s), the Applicant will make a motion to the Court for one or more Orders approving such Successful Bid(s), vesting title to the purchased assets in the name of the successful bidder(s), and/or vesting unwanted liabilities out of one or more of the Applicant (the “**Approval Order(s)**”).

44. On the closing of the transaction(s) contemplated in the Successful Bid(s), all Binding Offers other than the Successful Bid(s) will be deemed rejected.

Insider Bids

45. Given the potential that Putman Investments or its affiliates participates in the SISP as a bidder, the SISP also contains certain insider bid provisions to protect the integrity of SISP. The SISP provides, among other things, that:

- a) any and all communications between any Insider¹ and any other participant shall be subject to the Monitor's direct supervision;
- b) the Monitor shall not share any information with respect to the SISP (including, without limitation, any LOIs, Binding Offers, and/or other bids submitted therein), until such Insider irrevocably confirms in writing to the Monitor that it will not submit a bid in the SISP (other than the consultation rights provided to the DIP Lender and 1001 Ontario set forth above following the submissions of all Binding Offers); and
- c) the Monitor may implement information and/or consultation restrictions with the Applicant and/or the DIP Lender that the Monitor determines are appropriate to protect the integrity of the SISP.

Increase in Interim Borrowings

46. Pursuant to the Initial Order, the Applicant was granted interim funding under a credit facility from the DIP Lender (the "**DIP Facility**") during the Initial Stay Period, subject to the conditions set forth in the DIP Loan Agreement between the Applicant and the DIP Lender. The DIP Facility is secured by a Court-ordered charge (the "**DIP Lender's Charge**") on all of the Property of the Applicant.

47. Pursuant to the ARIO, the Applicant was granted an increase to the permitted borrowings under the DIP Facility and a corresponding increase in the maximum amount of the DIP Lender's Charge to \$13,000,000.

¹ "Insider" means any direct or indirect shareholder, affiliate director, officer or senior management of the Applicant, including the DIP Lender and 1001 Ontario.

48. The initial permitted borrowings and the subsequent increase to the permitted borrowings under the DIP Facility, together with the quantum of the DIP Lender's Charge granted in the Initial Order and the ARIO, respectively, were based on the needs of the Applicant up to this date.

49. The Applicant seeks to increase the maximum permitted amount of Interim Borrowings under the Commitment Letter from \$13,000,000 to \$15,000,000. I understand this increase corresponds to the forecasted interim financing needs of the Applicant over the proposed extension to the Stay Period, in accordance with the cash flow projections prepared by the Monitor.

50. In my view, the requested increase in Interim Borrowings is appropriate and necessary to enable the Applicant to continue operating the Business in the ordinary course and to implement and carry out the SISP, all of which preserves value for the Applicant and its stakeholders.

51. I understand that Monitor supports the request of the Applicant for an increase in Interim Borrowings to the maximum permitted amount of \$15,000,000.

Extension of Stay Period

52. The Applicant is seeking to extend the stay of proceedings granted in the ARIO (the "**Stay Period**") up to and including July 13, 2026.

53. The extension of the Stay Period is necessary and appropriate to permit the Applicant, with the assistance of the CRO and under the oversight of the Monitor, to, among other things, implement and carry out the SISP.

54. I believe that the Applicant has acted, and continues to act, in good faith and with due diligence in these CCAA Proceedings. In consultation with the Monitor, the Applicant has

engaged, and will continue engaging, in discussions with its stakeholders as these CCAA Proceedings progress.

55. Subject to the Court’s approval of the requested increase in the permitted borrowings under the DIP Facility, the Applicant’s cash flow projections demonstrate that the Applicant will have access to sufficient liquidity to fund operations during the requested Stay Period. A copy of the Applicant’s extended cash flow projections will be attached to the Second Report of the Monitor.

56. The Monitor has expressed its support for the extension of the Stay Period to July 13, 2026.

Conclusion

57. I believe that it is in the interests of the Applicant and its stakeholders that this Court grant the relief requested in accordance with the terms of the proposed SISP Order.

SWORN BEFORE ME over videoconference this 23rd day of March, 2026 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Cambridge, in the United Kingdom, while the commissioner is located in the City of Toronto, in the Province of Ontario.



DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

Commissioner for Taking Affidavits
(or as may be)
Matilda Lici

Signed by:
N. Taylor
1EE9638BE5E04F3...

NEIL TAYLOR

This is Exhibit "A" of
The Affidavit of Neil Taylor
Sworn before me this 23rd day of March 2026

DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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")**

**AFFIDAVIT OF NEIL TAYLOR
(Sworn February 2, 2026)**

I, Neil Taylor, of the City of Cambridge, in the United Kingdom, MAKE OATH AND SAY:

1. This affidavit is made in support of an application by the Applicant (the "**Application**") for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. I currently serve as the Chief Restructuring Officer ("**CRO**") of the Applicant. I was appointed as CRO of the Applicant pursuant to the terms of an engagement letter dated November 3, 2025 (the "**Engagement Letter**"). In my capacity as CRO of the Applicant, I have become familiar with the business and affairs of the Applicant, and have relied upon the books and records of the Applicant and my personal experiences with the Applicant. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have specifically referred to such sources and believe them to be true. In preparing this Affidavit, I have consulted with legal, financial and other advisors to the Applicant and other members of the senior management team of the Applicant. The Applicant does not waive or intend to waive any applicable privilege by any statement herein.

3. I have worked with 2625229 Ontario Inc. ("**262**"), the Applicant's primary secured creditor and sole shareholder, and the proposed DIP Lender (as defined below), on a number of advisory roles since 2019, including acting as a transaction advisor and general financial advisor, primarily

relating to UK-based and European transaction opportunities identified by 262 and its related parties.

4. As described in greater detail below, the Applicant is seeking, among other relief, the following as part of the proposed Initial Order:

- (a) the appointment of Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicant (in such capacity, the “**Monitor**”);
- (b) a stay of proceedings against the Applicant, the Monitor, and the Applicant’s employees, directors, advisors, officers and representatives, including the CRO, acting in such capacities for an initial 10-day period (the “**Initial Stay Period**”);
- (c) authorization to borrow from 262 as debtor in possession lender (the “**DIP Lender**”), pursuant to a DIP Facility Loan Agreement dated as of February 2, 2026 (the “**DIP Agreement**”) to fund the Applicant’s working capital requirements and the costs of these proceedings during the Initial Stay Period (the “**Interim Borrowings**”), provided (i) such Interim Borrowings are made in accordance with an agreed upon cash flow forecast (the “**Cash Flow Forecast**”) and (ii) each Interim Borrowing is subject to prior approval pursuant to a draw request in form and substance satisfactory to the DIP Lender, accompanied by such supporting documentation as the DIP Lender may request, and subject to the requirements set out in the Initial Order;
- (d) the granting of the following priority charges (collectively, the “**Charges**”) over the Property (as defined in the Initial Order), listed in the following order of priority:
 - (i) the Administration Charge (defined below) in the maximum amount of \$600,000;
 - (ii) the DIP Lender’s Charge (defined below), with Interim Borrowings under the DIP Agreement of \$4,500,000; and
 - (iii) the Directors’ Charge (defined below) in the maximum amount of \$3,200,000.

5. If the proposed Initial Order is granted, the Applicant intends to bring a motion within 10 days of the granting of the Initial Order (the “**Comeback Hearing**”) seeking an Amended and Restated Initial Order, which shall include, among other things, extending the stay of proceedings and seeking this Court’s approval of:

- (a) an increase of the Administration Charge to \$1,000,000;
- (b) an increase of the Directors’ Charge to an amount to be calculated in consultation with the Monitor prior to the Comeback Hearing;
- (c) authorization to borrow up to \$20,000,000 under the DIP Agreement; and
- (d) authorization (but not the requirement) for the Applicant to pay certain pre-filing amounts, with the consent of the Monitor and the DIP Lender, consistent with the Cash Flow Forecast or as otherwise agreed to with the DIP Lender, to key participants in the Applicant’s distribution network, and to other critical suppliers, if required.

6. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

A. Introduction

7. The Applicant is a large toy, clothing and baby products retailer in Canada, selling a broad selection of children’s products from leading national, international and proprietary brands under both the “Toys “R” Us” and “Babies “R” Us” store banners. As of the date of this affidavit, the Applicant has 22 store locations located in Canada.

8. In September 2017, the Applicant filed for and obtained CCAA protection (the “**2017 CCAA Proceedings**”). This filing was necessitated by, among other things, a contraction in supplier trade terms and a subsequent erosion of its liquidity position. These circumstances were exacerbated by the highly-leveraged capital structure of Toys “R” Us Inc. (“**Toys Inc.**”), the ultimate parent company of the Applicant at the time. Shortly before the 2017 CCAA Proceedings, Toys Inc. and certain of its US subsidiaries filed voluntary petitions for relief pursuant to title 11, chapter 11 of the *United States Code* in the United States Bankruptcy Court in the Eastern District

of Virginia (the “**Chapter 11 Proceedings**”). Prior to the commencement of the Chapter 11 Proceedings, the Applicant was heavily reliant on its US-based parent company, for among other things, management oversight and critical shared services, as well as participating in a shared senior secured asset-based revolving credit facility used to fund ongoing operations. The commencement of the Chapter 11 Proceedings resulted in a material change in how the Applicant’s business was managed and financed on a day-to-day basis. In addition to the operational impact of the Chapter 11 Proceedings, the Applicant’s suppliers also reduced their exposure by requiring deposits or other compressed, or cash-only, payment terms, severely impacting the Applicant’s working capital position at that time.

9. In 2018, the Applicant entity was purchased out of the Chapter 11 Proceedings for approximately \$300 million by Fairfax Financial Holdings Ltd. (“**Fairfax**”), a Toronto-based investment firm.

10. Following significant challenges in the operating business, Fairfax sold the business to Putman Investments (“**Putman**”) on August 19, 2021. While Putman was able to stabilize the business for several years, significant persisting headwinds in the retail industry, including macroeconomic pressures and increased labour and operational costs, have, ultimately, resulted in continued business losses for the Applicant and necessitated the within CCAA proceedings (the “**CCAA Proceedings**”).

11. More recently, the Applicant has experienced a series of challenges over the past few years, which have negatively impacted profitability and strained liquidity, including (i) the long-lasting effects of the COVID-19 pandemic, which issues continued after the Applicant emerged from the 2017 CCAA Proceedings; and (ii) the preservation of all retail stores, including underperforming locations, during the 2017 CCAA Proceedings and subsequent extensions of the lease terms for various store leases. The Applicant did not close any stores during the 2017 CCAA Proceedings, and retail leases with landlords were not re-negotiated. Consequently, the Applicant was not able to exit the leases for underperforming stores. As a result of the foregoing, the Applicant’s businesses have not recovered, and the post-restructuring success that the Applicant had planned for has not materialized.

12. In 2023, the Applicant experienced a decline in sales and many stores became unprofitable. The Applicant responded to these challenges on multiple fronts, including by reducing the number of employees at the Applicant's head office, working with suppliers to improve margins, and introducing strategies to generate incremental revenues and utilize excess square footage at a number of the Applicant's large format locations.

13. As the decline in sales continued into 2024, the Applicant began closing unprofitable store locations, implemented additional targeted reductions of its workforce, and added new streams of revenue, including the introduction of PLAYLAB indoor playgrounds in select retail locations. In November 2024, the Applicant announced its decision to close 14 store locations in various regions across Canada before the end of the fiscal year ending February 1, 2025. The Applicant has closed approximately 50 stores across Canada during the fiscal year ending February 1, 2026.

14. Despite these efforts, the Applicant has continued to face a decline in its business.

15. The Applicant entered into an asset-based and term loan facility (the "**GB Loan**") with Gordon Brothers ("**GB**") on October 16, 2024. The Applicant and GB mutually agreed for the Applicant to exit and repay the GB Loan and the GB Loan was fully repaid on December 31, 2025.

16. The Applicant owes approximately \$17,000,000 to 262, the Applicant's primary secured creditor and sole shareholder. The indebtedness results from two loans, in the amount of \$8,000,000 and \$5,000,000, which were advanced by 262 to the Applicant in January 2025 (collectively, the "**262 Loan**"), to help stabilize the business of the Applicant. On January 27, 2025, the 262 Loan was secured, resulting in it being a secured loan ranking behind the GB Loan. On June 6, 2025, the Applicant and 262 agreed to extend the maturity date of the 262 Loan to April 30, 2028, subject to an extension fee in the amount of \$1,390,000. Following the repayment of the GB Loan, the 262 Loan remains as the Applicant's first lien secured creditor.

17. The Applicant does not have sufficient funds to pay these outstanding amounts. While 262 is supportive of the Applicant's business and has provided \$13,000,000, it is unwilling to advance any further funding to the Applicant except pursuant to the DIP Agreement.

18. The Applicant's cash flow and liquidity constraints have also resulted in significant arrears owing to creditors. The Applicant currently owes approximately \$120,000,000 to trade vendors,

approximately \$25,000,000 to non-trade vendors, and significant amounts to landlords in respect of outstanding rent.

19. The Applicant currently operates 22 leased stores in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Newfoundland and Labrador. As described further below, 13 of these leased locations are owned by Putman and/or a party related to 262.

20. In addition to the 22 leased stores that are currently operating, the Applicant has active leases at locations that it has since vacated, and the Applicant has ceased paying monthly rent at these locations after the stores were vacated.

21. Should the Initial Order be granted and the DIP Agreement approved, the Applicant plans to make rent payments with respect to the Applicant's current stores with active operations, until a lease is disclaimed or consensually terminated, twice-monthly in equal payments on the first and fifteenth day of each month, in accordance with the Cash Flow Forecast (as defined below) and the proposed Initial Order.

22. In light of its current financial situation, the Applicant requires a stay of proceedings granted under the CCAA and other related relief. The Applicant intends to use the breathing room afforded by the CCAA to engage with its principal stakeholders and to advance a structured sale and investment solicitation process (the "SISP") to address its current financial circumstances and maximize the value of its business. Specifically, the Applicants intend to seek approval for a SISP to solicit offers (i) to acquire all, substantially all, or a portion of the Applicant's Business and/or Property; (ii) to make an investment in, reorganize or refinance the Applicant; or (iii) for the orderly liquidation of the Property, including inventory and furniture, fixtures and equipment ("FF&E") of the Applicant.

B. The Applicant's Corporate Structure and Chief Place of Business

23. The Applicant is a privately-held corporation governed by the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16. While the Applicant formed by amalgamation with 2853294 Ontario Inc. ("285") on August 19, 2021, the Toys "R" Us business has been in operation in Canada since 1984, with Babies "R" Us opening in 1996. The Applicant operates under the registered trademarks and business names of "Toys "R" US Canada", "Toys "R" Us", "Babies "R"

Us”, “Babies “R” Us Canada” and “Toys “R” Us Express” and is extra-provincially registered in every other Province (excluding the Territories).

24. Douglas Putman (“**Mr. Putman**”) is the sole director and Secretary of the Applicant, and Jesse Gardner is the President of the Applicant. The corporate profile of the Applicant is attached as **Exhibit “A”** to this affidavit. The Applicant’s head office was located at 2777 Langstaff Road in Concord, Ontario until January 15, 2026.

25. The Applicant operates its retail business. 262 is the direct parent company of the Applicant, and is not an applicant in these CCAA Proceedings. Mr. Putman is the sole shareholder of 262.

26. The Applicant’s chief place of business is the Province of Ontario. The largest number of the Applicant’s stores under both the Toys “R” Us and Babies “R” Us banners are in Ontario and the largest number of the Applicant’s employees are located in Ontario. The Ontario-based stores generate the largest number of sales.

C. The Business of the Applicant

27. The competitive retail industry in Canada has undergone significant changes in the past decade. This includes the entry of new low-cost retail concepts and advertising models, the significant growth of online shopping, and an increase in both the frequency and the level of discounts offered by retailers through promotions delivered to customers in store and online. Retail stores across Canada are still recovering from the COVID-19 pandemic, which caused global production and supply chain issues. As a result of these changes, many Canadian retailers have experienced financial challenges.

28. The Applicant sells a variety of children’s products, including toys, games, puzzles, arts and crafts, electronics, books, and outdoor play equipment. Toys “R” Us markets and sells products primarily for children (ages 5-12), whereas the Babies “R” Us banner caters more to newborns, infants and toddlers (ages 0-4). Toys “R” Us and Babies “R” Us stock products from large toy developers and manufacturers, including Hasbro, Mattel and Lego. The stores also carry children’s clothing and outerwear, as well as children’s furniture, such as toddler beds and décor.

29. The Applicant historically had a significant e-commerce presence in Canada, which was recently suspended as the Applicant navigates these CCAA Proceedings and assesses the path forward.

(a) **Leases and Retail Stores**

(i) **Store Formats and Locations**

30. The typical format for the Applicant's retail stores is a strategically located store in a mall or shopping centre. The average store size is approximately 45,000 square feet.

31. Currently, there are 22 Toys "R" Us store locations. All Toys "R" Us locations maintain a Babies "R" Us section within them.

32. The following chart sets out the Applicant's current store locations by Province:

Province	Number of Store Locations
Alberta	3
Saskatchewan	2
Manitoba	2
Ontario	12
Quebec	2
Newfoundland	1
Total:	22

(ii) **Landlords for Retail Premises**

33. All of the Applicant's stores are leased. The following chart sets out the Applicant's landlords:

Landlord	Number of Store Locations
Putman	13
Midtown Plaza Inc.	1

713959 Ontario Limited	1
PAB 410-7 Limited Partnership	1
Crombie Property Holdings Limited	1
Oxford Properties Retail Holdings II Inc.	1
690 Evans Ave. Dev Nominee Inc.	1
9538-2677 Quebec Inc. o/a Leylad	1
Europro (Lambton Mall) LP	1
Ivanhoe Cambridge II Inc.	1
Total:	22

(iii) Current Status of Retail Leases

34. Due to the Applicant's recent financial challenges, it currently owes significant arrears to its landlords. The proposed Initial Order provides that, with respect to the Applicant's current stores with active operations, until a lease is disclaimed or consensually terminated:

- (a) all fixed rent will be paid (i) for rent incurred and relating to the Initial Stay Period, forthwith upon approval of the Initial Order, (ii) for rent incurred and relating to the remainder of February 2026, forthwith upon approval of the DIP Agreement, and (iii) thereafter twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears); and
- (b) all percentage rent regarding revenues incurred during the period from and including the date of the Initial Order shall be calculated and paid in accordance with the terms of the applicable pre-existing arrangement.

(iv) Distribution Centres

35. The Applicant rents two distribution centres, located in Ancaster, Ontario, from a related party, which is indirectly owned by Putman. The Applicant pays rent for the distribution centres on a monthly basis.

(b) **Distribution and Shared Services**

36. The flow of inventory from the Applicant's manufacturers to the Applicant's brick and mortar retail stores is managed by way of purchase orders with the respective manufacturers. The Applicant issues purchase orders to the manufacturers, who then ship the inventory to the Applicant's distribution centres.

37. The Applicant recently suspended the operation of its online store. Inventory is currently only available for sale in-store at the Applicant's current brick and mortar locations with active operations.

38. The Applicant engages the services of various third-party trucking companies to transport inventory from its distribution centres to its store locations.

(c) **Employees**

39. The Applicant currently has approximately 654 full time and part time employees across Canada, 439 of which are hourly and 215 of which are salaried.

40. All employees of the Applicant are compensated through base salaries or hourly wages and company-paid benefits (which is a cost shared by the Applicant and the employees, respectively).

41. The Applicant also provides group health and dental benefits to hourly and salaried employees through GreenShield, and life and disability insurance benefits to salaried employees through Canada Life. Hourly employees become eligible to receive health and dental benefits and life insurance benefits upon six months of service. Salaried employees receive benefits as of the date of hire, and have the option to add additional health and dental coverage.

(d) **Gift Cards and Return Policies**

42. Customers of the Applicant could previously purchase gift cards ("**Gift Cards**") in store or online, as well as through third parties, to be redeemed for merchandise. Recently, the Applicant discontinued the sale of new Gift Cards. The Applicant currently anticipates honouring its previously-issued Gift Cards for 14 days after filing.

43. The Applicant intends to honour its existing return policy for merchandise purchased prior to the date of the CCAA Proceedings.

(e) **Cash Management System**

44. The Applicant maintains a centralized cash management system (the “**Cash Management System**”) to deal with cash management, collections, disbursements and intercompany payments.

45. The Applicant currently has thirteen bank accounts with Royal Bank of Canada of which eleven are Canadian dollar bank accounts and two are U.S. dollar accounts (collectively, the “**Bank Accounts**”). The Applicant’s Bank Accounts consist of:

- a) one Canadian dollar Master Account;
- b) one Canadian dollar Collection Account used to receive store deposits;
- c) two Canadian dollar disbursement accounts used to facilitate all non-payroll and non-benefits disbursements;
- d) two Canadian dollar bank accounts used to facilitate payroll and benefits for all of the Applicant’s employees;
- e) one Canadian dollar account used to order and receive cash and coins for store operations;
- f) three Canadian dollar merchant deposit accounts used to receive point-of-sale collections from the Applicant’s retail operations including Visa, American Express, and Interac payments, which amounts are subsequently transferred to the Collection Account on a daily basis;
- g) one Canadian dollar general corporate account which is currently inactive and not used in the Applicant’s day-to-day operations;
- h) one U.S. dollar deposit account used to receive U.S. dollar cash deposits; and
- i) one U.S. dollar disbursement account used to facilitate U.S. dollar payments to vendors.

46. Cash activity in the Master Account is reviewed and reconciled by the Applicant's banking associates, under the supervision and oversight of management. The Applicant's accounting department then reviews and reconciles all other Bank Accounts.

47. Pursuant to the proposed Initial Order, the Applicant seeks approval of its continued use of the Cash Management System in substantially the same manner as before the commencement of the CCAA Proceedings. Given the scale and nature of the Applicant's operations and the volume of transactions that are processed daily within the Cash Management System, the continued use of the existing Cash Management System is required for the Applicant to continue to operate in the ordinary course through the CCAA Proceedings.

48. As part of its monitoring procedures, the proposed Monitor will:

- a) review receipts and disbursements processed through the Bank Accounts;
- b) review weekly receipts and disbursements summaries, compare the summaries to the corresponding cash flow forecasts and review variances with management; and
- c) review disbursements, as reasonably appropriate, for compliance with provisions of the proposed Initial Order.

(f) **Litigation Proceedings**

49. The Applicant is subject to various ongoing litigation matters. The vast majority of the active litigation proceedings relate to claims for breach of contract or breach of lease in respect of stores that the Applicant was forced to close due to the operating challenges described in this affidavit. I am informed by Ian Aversa, a partner at the law firm Aird & Berlis LLP, counsel for the Applicant, that the chart attached as **Exhibit "B"** to this affidavit summarizes substantially all of the active litigation proceedings to which the Applicant is a named party in the Province of Ontario.¹ The chart details the date each claim was issued, the relief claimed, the quantum of alleged damages, and the status of the pleadings.

¹ This chart does not include proceedings commenced in Small Claims Court.

D. The Financial Position of the Applicant

50. Copies of the Applicant’s unaudited balance sheet and fiscal year-to-date income statement for the period ended November 29, 2025, and the Applicant’s audited financial statements for the period ended February 1, 2025 are attached collectively as **Exhibit “C”** to this affidavit. Certain information contained in the Applicant’s most recent financial statements is summarized below.

(a) **Assets**

51. As at November 29, 2025, the assets of the Applicant had a book value of approximately \$126,850,000 and consisted of the following (rounded to the nearest thousand Canadian dollar):

Current Assets: \$57,863,000	
Cash and Cash Equivalent	\$1,643,000
Accounts and Other Receivables	\$5,511,000
Merchandise Inventories	\$42,514,000
Prepaid Expenses	\$8,195,000
Non-Current Assets: \$68,987,000	
Property and Equipment	\$13,187,000
Asset Retirement Obligation	\$1,041,000
Deferred Financing	\$2,726,000
Intangible Assets	\$17,100,000
Other Assets	\$34,934,000
Total Assets:	\$126,850,000

(b) **Liabilities**

52. As at November 29, 2025, the liabilities of the Applicant had a book value of approximately \$496,778,000 and consisted of the following (rounded to the nearest thousand Canadian dollar):

Current Liabilities: \$373,456,000	
Accounts Payable	\$128,503,000
Accrued Expenses and other Current Liabilities	\$207,537,000
Unredeemed Gift Card Liability	\$36,077,000
Sales Tax Payable	\$812,000
Consideration Payable – Short Term	\$285,000
3 rd Party Loan Interest	\$242,000
Non-Current Liabilities: \$123,322,000	
Long-term Debt	\$16,207,000
Consideration Payable	\$76,766,000
Intercompany Shareholder Loan	\$15,167,000
Other Non-Current Liabilities	\$3,171,000
Long Term Lease Obligation	\$5,218,000
Future Income Taxes	\$6,793,000
Total Liabilities:	\$496,778,000

(c) **Revenue**

53. During the ten-month period ended November 29, 2025, the Applicant experienced a net loss of approximately \$170,402,000, a working capital deficiency of approximately \$315,593,000 and a shareholder’s deficiency of approximately \$369,927,000. These figures can be compared to the Applicant’s 2024 performance, during which it experienced a net loss of approximately \$54,720,000, a working capital deficiency of approximately \$50,280,000 and a shareholder’s deficiency of approximately \$110,036,000. These numbers reflect the material downturn of business operations and the Applicant’s financial wherewithal, which circumstances have contributed to the filing of this Application.

(d) **Debt and Credit Facilities**

54. A summary of the Applicant's secured debt and credit facilities is as follows:

Lender	Type	Amount Outstanding	Guarantors
262	Secured 262 Debt	\$17,000,000	None
1001 (as successor and assignee of Fairfax)	Secured Assigned Debt	\$142,000,000	None

(i) **Secured 262 Debt**

55. On January 27, 2025, the Applicant executed a general security agreement in favour of 262 (the "**262 GSA**"), securing liabilities owing under certain term promissory notes dated January 24, 2025 and January 31, 2025 in the original aggregate principal amount of \$13,000,000. The 262 GSA grants 262 a continuing interest in all of the present and future undertaking and personal property of the Applicant.

56. On June 6, 2025, the Applicant executed two amended and restated term promissory notes in favour of 262, in the principal amount of \$5,000,000 and \$8,000,000, respectively, together with interest accruing at a rate of 20% per annum (the "**Promissory Notes**"). Both of the Promissory Notes mature on April 30, 2028.

57. Copies of the Promissory Notes and the 262 GSA are attached collectively to this affidavit as **Exhibits "D", "E" and "F"**.

58. As of the date hereof, approximately \$17,000,000 is outstanding under the Promissory Notes.

(ii) Secured Assigned Debt

59. On August 19, 2021, all of the issued and outstanding shares of the Applicant were purchased by 285 (one of the pre-amalgamation entities of the Applicant), as purchaser (the “**Purchaser**”), from Fairfax, Odyssey Reinsurance Company, United States Fire Insurance Company and Zenith Insurance Company, as vendors (collectively, the “**Vendors**”), by way of a share purchase agreement (the “**SPA**”).

60. Pursuant to the SPA, the Applicant, as successor by amalgamation to the Purchaser:

- (a) covenanted to pay the purchase price;
- (b) pledged to the Vendors its intellectual property to secure the contingent portion of the purchase price under the SPA, by way of an intellectual property security agreement dated August 19, 2021 (the “**IP Security Agreement**”); and
- (c) granted a short form of intellectual property security agreement dated August 19, 2021 for the purpose of recording such arrangement with the Canadian Intellectual Property Office (the “**Short Form IP Security Agreement**” and together with the IP Security Agreement, collectively, the “**Fairfax Security Documents**”).

Copies of the Fairfax Security Documents are attached to this affidavit as **Exhibits “G” and “H”**.

61. As of the date hereof, approximately \$142,000,000 is outstanding under the SPA, which obligations are secured by the IP Security Agreement.

62. On or around February 2, 2026, pursuant to a Contingent Additional Consideration Right and IP Security Purchase Agreement (the “**CACR**”), 1001485743 Ontario Inc. (“**1001**”), an entity owned by Putman, purchased the remaining payment obligations owing to Fairfax, and Fairfax absolutely assigned all of its right, title and interest in the Fairfax Security Documents to 1001. A copy of the CACR (without schedules) with the financial terms redacted is attached to this affidavit

as **Exhibit “I”**. An unredacted copy of the CACR is attached to this affidavit as Confidential **Exhibit “A”**.

63. The Applicant is concerned that the disclosure of the financial terms of the CACR will negatively impact the Applicant’s ability to maximize value for the Applicant’s Property pursuant to the contemplated SISP for which the Applicant intends to seek approval after the Comeback Hearing. The Applicant is of the view that the unredacted CACR should remain sealed until the completion of any restructuring transaction in accordance with the contemplated SISP, or further Order of the Court, and the Applicant is seeking a sealing Order to that effect at the initial hearing.

(e) PPSA Registrations

64. The below-noted registrations are registered against the Applicant in each of the Provinces.

Province	Registered Party	Registration Number or Ontario Reference File No.	Classification(s)	Expiry Date
Alberta	Meridian Onecap Credit Corp.	22033023406	Motor Vehicles and proceeds	March 30, 2028
	2625229 Ontario Inc.	26012308143	All-asset	January 23, 2031
British Columbia	2625229 Ontario Inc.	744083R	All-asset	January 23, 2031
Manitoba	1903P Loan Agent, LLC, As Agent	202114647200	All-asset, excluding IP	August 13, 2031
	1903P Loan Agent, LLC, As Agent	202114647006	All-asset, excluding IP	August 13, 2031
	2625229 Ontario Inc.	202601209707	All-asset	January 23, 2031
New Brunswick	2625229 Ontario Inc.	42846949	All-asset	January 23, 2031
Newfoundland and Labrador	2625229 Ontario Inc.	23523541	All-asset	January 23, 2031
Nova Scotia	The Shaw Group Limited	40984650	All-asset (Creditors’ Relief Act Notice of Judgment)	March 5, 2030
	2625229 Ontario Inc.	42641738	All-asset	January 23, 2031
Ontario	Asca Office Solutions Inc.	519749775	E, O	September 2, 2030

Province	Registered Party	Registration Number or Ontario Reference File No.	Classification(s)	Expiry Date
	2625229 Ontario Inc.	515276712	I, E, A, O, MV	April 15, 2030
	1001485743 Ontario Inc. (as assignee of Fairfax Financial Holdings Limited, As Collateral Agent)	775424034	A, O	August 16, 2026
	Wells Fargo Capital Finance Corporation Canada, As Agent	775405377	I, E, O, MV	August 13, 2026
	Element Fleet Management Inc.	518304789	I, E, O, MV	July 16, 2035
	Xerox Canada Ltd	779510529	E, O	January 6, 2027
	Xerox Canada Ltd	781812486	E, O	April 6, 2027
	Prince Edward Island	2625229 Ontario Inc.	7205561	All-asset
Quebec	Prologue	22-0171675-0001	Retention of title registration	December 16, 2031
	Element Fleet Management Inc.	25-0905882-0014	Motor vehicles leased by the secured party	July 16, 2035
	Jim Peplinski Leasing Inc.	23-1273600-0004	Motor vehicle	October 26, 2028
	2625229 Ontario Inc.	26-0086390-0001	All-asset	December 31, 2035
Saskatchewan	2625229 Ontario Inc.	302786927	All-asset	January 23, 2031

The personal property registration searches against the Applicant for each Province are attached in order of the above chart as **Exhibits “J”, “K”, “L”, “M”, “N”, “O”, “P”, “Q”, “R”, and “S”**.

65. The Applicant intends to serve the aforementioned parties with PPSA registrations made in respect of the secured indebtedness described above before the Comeback Hearing but not before the initial hearing.

(f) Trade Creditors

66. Currently, the Applicant has approximately \$150,000,000 in outstanding accounts payable and accrued liabilities. Of this amount, approximately \$120,000,000 is owing to trade vendors.

67. In order to preserve capital, the Applicant has taken steps to reduce expenditures and preserve liquidity, including pausing payments to trade creditors or cancelling orders for future inventory. In order to ensure the continuity of the Applicant's supply chain during these CCAA Proceedings, the Applicant intends to seek at the Comeback Hearing the authorization (but not the requirement) to pay certain pre-filing amounts owing to key participants in the Applicant's distribution network and other critical suppliers, with the consent of the Monitor and the DIP Lender and in accordance with the Cash Flow Forecast.

E. The Urgent Need for Relief under the CCAA

68. As noted above in this affidavit, the Applicant has not been immune to industry changes and the market difficulties facing many retail stores across Canada. These retail industry challenges over the past few years have contributed to the financial strain on the business.

69. Notwithstanding its best efforts to reduce expenses, preserve capital and improve profitability, the Applicant's liquidity position continues to rapidly deteriorate. Without access to additional funding, the Applicant cannot pay its obligations as they come due.

70. The Applicant is unable to meet its liabilities as they become due and is, therefore, insolvent.

71. Following a review of the Applicant's performance described above, the evaluation of the impact on the Applicant, and the careful consideration of all options and alternatives, the Applicant and its advisors, in their business judgement, determined that it is in the best interest of the Applicant's business and its stakeholders to file for CCAA protection.

(a) Stay of Proceedings

72. The Applicant is insolvent and urgently requires a broad stay of proceedings and other CCAA protections to obtain the breathing space and emergency funding required to determine next steps. At the present time, the next steps will likely consist of, among other things, (i) conducting liquidation and storefront right-sizing by disclaiming certain leases, and (ii) a potential sale of the remaining business or assets of the Applicant through a court-supervised sale process. It

would be detrimental to the Applicant and its stakeholders if proceedings were commenced, or rights or remedies were executed against the Applicant.

(b) Monitor

73. It is proposed that A&M will act as Monitor in the CCAA Proceedings if the proposed Initial Order is issued. A&M has consented to act as the Monitor of the Applicant. A copy of A&M's consent is attached as **Exhibit "T"** to this affidavit.

74. The Applicant, with the assistance of A&M, has prepared the Cash Flow Forecast, as required by the CCAA, which shows that the Applicant can continue operations during the proposed Initial Stay Period with limited access to the Interim Borrowings under the DIP Agreement. I understand that A&M will file an initial pre-filing report with the Court as the proposed Monitor in conjunction with the Applicant's request for relief under the CCAA, and the Cash Flow Forecast will be appended to the pre-filing report.

(c) Interim Borrowings

75. Interim financing is needed on an urgent basis during the Initial Stay Period to provide stability and fund operations for a limited period of time and preserve the Applicant's business while it considers next steps in these proceedings. This interim financing is necessary and designed explicitly to allow the Applicant to operate in the ordinary course while it pursues restructuring alternatives to maximize value for the benefit of the Applicant's stakeholders. 262 has indicated that it is not willing to provide additional financing other than through DIP financing approved in connection with the CCAA Proceedings.

76. The DIP Agreement between the Applicant and 262 contemplates the following (capitalized terms in the below section have the meanings ascribed to them in the DIP Agreement):

DIP Facility	Non-revolving credit facility up to the principal amount of \$20,000,000. Advances require a written notice to be delivered to the DIP Lender at least four Business Days prior to the requested date of the Advance.
Interest Rate	13% per annum. Each Advance shall be subject to a Advance Fee equal to 3% of such Advance, which shall be earned and payable upon the issuance of the Amended and Restated Initial Order.

Default Rate	Upon the occurrence of an Event of Default, all amounts owing on account of principal, overdue interest and expenses shall bear interest at the Interest Rate plus an additional 2% per annum.
DIP Charge	All of the obligations of the Borrower under or in connection with the DIP Facility, the DIP Agreement and Agreement and the other DIP Credit Documents shall be secured by a Court-ordered charge on the Property in favour of the DIP Lender.
Maturity Date	The earlier of (i) conversion of the CCAA Proceeding into a proceeding under the <i>Bankruptcy and Insolvency Act</i> (Canada); (ii) an Event of Default in respect of which the DIP Lender have notified the Borrower that it has elected to accelerate all amounts owing; or (iii) the date that is 12 months from the date of the Initial Advance.

77. A copy of the DIP Agreement is attached as **Exhibit “U”** to this affidavit.

78. The DIP Agreement is subject to certain conditions precedent for both the Initial Advance and subsequent Advances. The Initial Advance conditions precedent include the issuance of a DIP Order (which terms may be incorporated into the Initial Order) approving the DIP Facility, the DIP Charge and the stay of proceedings. The conditions precedent required for a subsequent Advance include, without limitation, the issuance of an Amended and Restated Initial Order (if necessary), receipt by the DIP Lender of an Advance Notice, and the DIP Lender’s satisfaction that all Advances have been utilized in a manner that is consistent with the Approved Cash Flow.

79. Given the urgency of this Application and the immediate need for financing, the Applicant did not solicit competing financing proposals.

80. Based on the Cash Flow Forecast, this Interim Borrowing arrangement is expected to provide the Applicant with sufficient liquidity to continue its business operations during the Initial Stay Period.

(d) **Administration Charge**

81. In connection with its appointment, it is proposed that the Monitor, along with its counsel and counsel to the Applicant, be granted a Court-ordered charge on all of the Property as security for their respective fees and disbursements relating to services rendered in connection with these

CCAA Proceedings up to a maximum amount of \$600,000 (the “**Administration Charge**”). The Administration Charge is proposed to have priority over all other charges and security interests.

(e) **Appointment of CRO**

82. On November 3, 2025, I was engaged by the Applicant as its CRO. The terms of my engagement as CRO provide, among other things, for payment of \$20,000, plus HST, per month on account of the services rendered, as described in my Engagement Letter. A copy of my Engagement Letter is attached as **Exhibit “V”** to this affidavit.

(f) **Directors’ Charge**

83. A successful restructuring of the Applicant’s business will only be possible with the continued participation of its director and officers. These personnel are essential to the viability of the Applicant’s continuing business and the preservation of enterprise value.

84. In light of the complexity and scope of the overall enterprise and the potential liabilities, the director and officers have indicated to the Applicant that their continued service and involvement in these proceedings is conditional upon: (i) the granting of an Order under the CCAA which grants a charge in favour of the directors and officers of the Applicant on the Property, in the initial amount of \$3,200,000 (the “**Directors’ Charge**”); and (ii) the subsequent increase of the Directors’ Charge to an amount to be calculated in consultation with the Monitor prior to the Comeback Hearing. The Directors’ Charge would act as security for indemnification obligations for the directors’ and officers’ potential liabilities as set out above. The Directors’ Charge is proposed to be subordinate to the proposed Administration Charge, and the DIP Lender’s Charge. The Directors’ Charge is necessary so that the Applicant may benefit from the experience of the Applicant’s director and officers in the retail industry, who will guide the Applicant’s restructuring efforts during these CCAA Proceedings.

85. The Applicant’s director and officers will only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under directors’ and officers’ insurance policies or to the extent that such coverage is insufficient to pay an indemnified amount.

(g) Payments During these CCAA Proceedings

86. During the course of these CCAA Proceedings, the Applicant intends to make payments for goods and services supplied post-filing in the ordinary course as set out in the Cash Flow Forecast and as permitted by the proposed Initial Order.

87. The Applicant expects third parties with contractual arrangements with the Applicant to continue to provide goods and services in accordance with the proposed Initial Order. However, in order to ensure uninterrupted business operations during these CCAA Proceedings, at the Comeback Hearing, the Applicant intends to seek authorization (but not the requirement) to make certain payments to pre-filing vendors in accordance with the Cash Flow Forecast or to make certain payments that are integral to the Applicant's ability to operate during these CCAA Proceedings.

(h) Relief to be Sought at the Comeback Hearing

88. As noted above, if the Initial Order is granted, the Applicant intends to seek certain relief at the Comeback Hearing. The Applicant intends to deliver a supplementary affidavit in advance of the Comeback Hearing.

I. Conclusion

89. Over the past several years, the Applicant has faced sustained operational and financial pressures that have eroded liquidity and compromised its ability to continue operating outside of a formal restructuring. Despite significant efforts to stabilize the business and adapt to evolving industry conditions, these pressures have intensified to the point where the Applicant is no longer able to meet obligations as they come due. A court supervised restructuring process under the CCAA is therefore essential to preserve value for all stakeholders and ensure an orderly path forward.

90. The Applicant operates 22 retail locations across Canada under the iconic Toys "R" Us and Babies "R" Us banners. These stores, and the hundreds of employees who support them, continue to serve customers nationwide. However, the retail landscape in Canada has shifted dramatically. Persistent inflation, rising labour and occupancy costs, post-pandemic supply chain disruptions,

and a structural shift toward e-commerce have materially weakened the performance of traditional bricks and mortar retailers.

91. In response, the Applicant has taken aggressive steps over the past three years to reduce expenses, improve margins, and right size its retail footprint. These measures have included head office reductions, workforce optimization, closing of unprofitable stores, supplier negotiations, and the introduction of new revenue generating concepts such as PLAYLAB indoor playgrounds. While these measures generated some short term improvements, they were not sufficient to offset the continued decline in sales, escalating occupancy costs, and tightening supplier terms.

92. The Applicant now faces more than \$120 million owing to trade vendors and substantial amounts to landlords across its national store footprint. Its liquidity position has deteriorated to the point where it cannot continue funding ordinary course operations, meet near term obligations, or maintain essential relationships with suppliers. Without immediate relief, the business is at risk of abrupt cessation, which would materially reduce recoveries for all creditor groups.

93. A CCAA filing provides the structure and breathing room necessary to stabilize operations, preserve going concern value, and conduct a court supervised sale and investment solicitation process. The contemplated SISP, as described above, will solicit offers for all or part of the business, evaluate recapitalization and refinancing alternatives and, if necessary, support an orderly liquidation of inventory and fixtures—all under the oversight of the independent proposed Monitor appointed by the Court. The CCAA stay will also prevent a destructive race to enforcement by individual creditors, ensuring a coordinated and value maximizing approach.

94. Interim DIP financing, provided by the Applicant's secured creditor, 262, will allow the Applicant to meet post filing obligations, pay employees, honour return policies and gift cards for a limited period, and continue engaging with vendors who are essential to its operations during the restructuring. These funds are critical to avoiding a free fall shutdown and preserving the value of the Applicant's inventory, intellectual property, customer relationships, and leases.

95. Ultimately, this restructuring is designed to ensure that stakeholders are better off than they would be in an immediate liquidation scenario. The CCAA provides transparency, oversight, and

a path to a potential going concern transaction, while maximizing recoveries from any sale or wind down.

96. I am confident that granting the proposed Initial Order sought by the Applicant is in the best interests of the Applicant and its stakeholders. Without the relief requested, including the stay of proceedings discussed above, the Applicant will likely experience a sudden and abrupt shutdown of its business and other enforcement action taken by creditors, which would significantly harm the Applicant's business and impair the realizable value of its assets. Granting the requested stay of proceedings will give the Applicant the breathing space and emergency funding required to determine and pursue next steps and a potential sale of the remaining assets or business of the Applicant.

SWORN BEFORE ME over videoconference this 2nd day of February, 2026 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Toronto, in the Province of Ontario, while the commissioner is located in the City of Toronto, in the Province of Ontario.



DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

Commissioner for Taking Affidavits
(or as may be)
Matilda Lici

Signed by:
Neil Taylor
1EE9638BE5E04F3...

NEIL TAYLOR

This is Exhibit "B" of
The Affidavit of Neil Taylor
Sworn before me this 23rd day of March 2026

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.

Matilda Lici

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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")**

**AFFIDAVIT OF NEIL TAYLOR
(Sworn February 10, 2026)**

I, Neil Taylor, of the City of Cambridge, in the United Kingdom, **MAKE OATH AND SAY:**

1. I currently serve as the Chief Restructuring Officer ("**CRO**") of the Applicant. I was engaged as CRO of the Applicant pursuant to the terms of an engagement letter dated November 3, 2025 (the "**Engagement Letter**"). In my capacity as CRO of the Applicant, I have become familiar with the business and affairs of the Applicant, and have relied upon the books and records of the Applicant and my personal experiences with the Applicant. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have specifically referred to such sources and believe them to be true. In preparing this Affidavit, I have consulted with legal, financial and other advisors to the Applicant and other members of the senior management team of the Applicant. The Applicant does not waive or intend to waive any applicable privilege by any statement herein.

2. On February 3, 2026, 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 the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Copies of the Initial Order and the accompanying endorsement of Justice J. Dietrich are collectively attached hereto as **Exhibit “A”**.

3. In support of the application for the Initial Order, I swore an affidavit dated February 2, 2026 (the “**Initial Affidavit**”), which described, among other things, the events leading to the Applicant’s insolvency and its urgent need for relief under the CCAA. A copy of my Initial Affidavit (without exhibits) is attached hereto as **Exhibit “B”**. Capitalized terms not otherwise defined herein have the meanings given to them in the Initial Affidavit.

4. The Initial Order, among other things, (i) appointed Alvarez & Marsal Canada Inc. as monitor within these CCAA proceedings (in such capacity, the “**Monitor**”); (ii) granted a stay of proceedings against the Applicant and the Monitor for an initial 10-day period (the “**Initial Stay Period**”); (iii) granted the Applicant uninterrupted access to its bank accounts associated with the Cash Management System; (iv) 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, subject to certain conditions; and (v) granted priority charges over the Property of the Applicant (defined below).

5. This affidavit is made in support of a motion by the Applicant for an Amended and Restated Initial Order (“**ARIO**”), among other things:

- a) extending the stay of proceedings until May 1, 2026;

- b) increasing the permitted borrowings under the DIP Facility to the maximum principal amount of \$13,000,000 in accordance with the DIP Agreement;
 - c) increasing the maximum amount of the DIP Lender's Charge in accordance with the increased permitted borrowings described above;
 - d) increasing the maximum amount secured by the Administration Charge from \$600,000 to \$1,000,000;
 - e) increasing the maximum amount secured by the Directors' Charge from \$3,200,000 to \$4,000,000;
 - f) authorizing the Applicant to pay certain pre-filing obligations of the Applicant, in an aggregate amount not to exceed \$800,000; and
 - g) authorizing 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 (as defined below).
6. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

A. Overview of the Applicant's Activities since the Initial Order

7. Since the granting of the Initial Order, the Applicant, with the assistance of and in consultation with the Monitor, has been working in good faith and with due diligence to, among other things:

- a) stabilize the businesses and operations of the Applicant as part of these CCAA Proceedings to enable the Applicant to continue operating its retail business;
 - b) advise its stakeholders, including landlords, employees, logistics suppliers, merchandise vendors, and others, of the granting of the Initial Order; and
 - c) engage with critical stakeholders.
8. In accordance with the Initial Order:
- a) on February 3, 2026, the Monitor posted the Initial Order and related application materials on the Monitor's website at <https://www.alvarezandmarsal.com/TRUCanada> (the "**Monitor's Website**");
 - b) the Monitor arranged for publication of a notice in *The Globe and Mail* containing the information prescribed under the CCAA, with such notice being published on February 9, 2026, and scheduled for February 16, 2026; and
 - c) on February 9, 2026, the Monitor sent a notice to, among others, all of the Applicant's known creditors who had claims over \$1,000, including all known international creditors.
 - d) **Communication with Key Stakeholders**
 - (i) **Landlords**
9. As discussed in my Initial Affidavit, the Applicant currently operates 22 leased stores in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Newfoundland and Labrador. Nine of the

leases for these stores involve third-party, arm's length Landlords (as that term is defined in the Initial Order).

10. With respect to post-filing rent obligations for each of these 22 stores with active operations, and pursuant to the Initial Order, the Applicant intends to pay rent:

- a) for the period from February 3 to February 13, 2026 (which has now been paid);
- b) following the Comeback Hearing, for the period of February 13 to February 28, 2026;
and
- c) thereafter, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), except for any component of rent comprising percentage rent, which shall be calculated and paid in accordance with the terms of the applicable pre-existing arrangement.

(1) Third Party Landlords

11. During the extended Stay Period, the Applicant intends to issue 30-day disclaimer notices for a sub-set of underperforming locations and self-liquidate the inventory and FF&E located at those locations. Specifically, provided that the ARIO is granted by this Court at the Comeback Hearing, the Applicant intends to issue a 30-day disclaimer notice to the Landlord for Niagara Pen Centre, St. Catharines, Ontario.

12. The Applicant also intends to close its Upper Canada Mall, Newmarket, Ontario store, for which the Applicant and the applicable Landlord entered into a consensual lease termination agreement, pursuant to which the Applicant shall exit the store location by March 31, 2026.

13. With respect to the remaining group of third-party Landlords, the Applicant intends to initiate discussions to consensually amend the store leases.

14. Provided that the ARIO is granted, and 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.

15. Each of the Landlords will be served with the Applicant's motion materials in connection with the relief sought by the Applicant at the Comeback Hearing.

(2) *Related Party Landlords*

16. Of the 13 store locations that are subject to related-party Leases with Landlords who are entities controlled by Putman Investments ("**Putman**"), 11 of the properties are currently being marketed for sale by Putman.

17. While the sale of these properties is not part of these CCAA Proceedings, depending on whether a sale occurs, the Applicant's continued operation at the subject location may be impacted.

(3) *Liquidation Sales at Closing Stores*

18. The Applicant, in consultation with the Monitor, has developed sale guidelines to establish the process by which the Applicant will liquidate the inventory and FF&E at the stores for which the Applicant has delivered a disclaimer notice (the "**Sale Guidelines**"). A copy of the Sale Guidelines is attached as **Exhibit "C"**.

19. The Sale Guidelines provide that each liquidation sale shall be conducted in accordance with the applicable lease and other occupancy agreement for the applicable store, except as expressly set out in the Sale Guidelines or any Court order or as may be agreed to by the Applicant and the applicable landlord.

20. 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.

21. The Applicant intends to develop and implement a structured sale and investment solicitation process (the “**SISP**”), incorporating the Sale Guidelines, as applicable, to solicit offers (i) to acquire all, substantially all, or a portion of the Applicant’s Business and/or Property; (ii) to make an investment in, reorganize or refinance the Applicant; or (iii) for the orderly liquidation of the Property, including inventory and FF&E of the Applicant.

(4) Other Store Locations and Landlords

22. In addition, the Applicant has also liaised with Crombie Property Holdings Limited. (“**Crombie**”), the landlord of the premises located at Woodgate Plaza, 58 Kenmount Road, St. John’s, NL, A1B 1W2 from which the Applicant operates its St. John’s location (the “**St. John’s Store**”), to explore pathways to immediately re-open the St. John’s Store and resume operations. Crombie previously locked the Applicant out and issued a notice of termination of the lease for the St. John’s Store effective as of January 29, 2026.

23. With the assistance of the Monitor, on February 9, 2026, the Applicant entered into a Temporary Occupancy License Agreement (the “**License**”) with Crombie, pursuant to which the

Applicant has the right to continue operating the St. John’s Store from the premises for a term of six months, subject to a bi-lateral right by both Crombie and the Applicant to terminate the License on thirty days’ notice to each other, provided that Crombie shall not provide notice of termination of the License prior to March 1, 2026.

24. The St. John’s Store is expected to re-open on Thursday, February 12, 2026.

25. Prior to the Filing Date, the Applicant vacated the following eight stores across Canada and stopped paying rent as of the exit date (the “**Vacated Stores**”):

Landlord	Store Location	Date Premises were Vacated	Lease Expiry Date
Central Walk / Ivanhoe Cambridge Inc.	Woodgrove Centre, Nanaimo, British Columbia	27-Dec-2025	31-Oct-2029
Westwood Power Centre Inc.	Westwood Power Centre, London, Ontario	27-Dec-2025	17-Nov-2030
Fauborg Boisbrand Shopping Centre Holdings Inc.	Faubourg Boisbriand, Boisbriand, Quebec	24-Aug-2025	28-Feb-2027
Carrefour Centres les Rivières Inc.	Centre Commercial Les Rivières, Trois-Rivières, Quebec	24-Aug-2025	16-May-2030
West Edmonton Mall Property Inc.	West Edmonton Common, Edmonton, Alberta	16-Aug-2025	21-Jan-2029
Centre De L'Estrie Inc.	Carrefour De L'Estrie, Sherbrooke, Quebec	27-Apr-2025	15-Oct-2033
GWLRA	Boulevard de la Gare, Vaudreuil-Dorion, Quebec	29-Dec-2024	10-Feb-2034
LS (Pembina Crossing) BT Ltd.	Pembina Crossing, Winnipeg, Manitoba	29-Dec-2024	22-Aug-2028

26. As described above, none of the Vacated Stores were vacated in the last 30 days, two Vacated Stores were vacated in the last 60 days, and the remaining Vacated Stores were vacated on various dates, with two of them having been vacated as far back as 2024.

27. Pursuant to the Initial Order and the proposed ARIO, the Applicant will only make rent payments in respect of the 22 stores with active, ongoing operations. 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.

28. Each of the landlords for the Vacated Stores will be served with the Applicant's motion materials in connection with the relief sought by the Applicant at the Comeback Hearing.

(ii) Employees

29. Prior to the commencement of the CCAA Proceedings, the Applicant had approximately 562 active employees, comprised of 452 store-level employees and 110 corporate and head office employees.

30. In addition to these active employees, the Applicant also had approximately 180 previously terminated employees who remained on salary continuance. This group of former employees had been terminated in connection with store closures and corporate headcount reductions the Applicant initiated during the approximately 12 month period prior to the commencement of the CCAA Proceedings in an effort to reduce costs and streamline its operations. Upon the

commencement of the CCAA Proceedings, this group of terminated employees were notified that their salary continuance payments would cease.

31. Following commencement of the CCAA Proceedings, the Applicant implemented further workforce reductions by terminating an additional 52 employees, comprised of 39 head office staff and 13 store level staff. This reduction was undertaken to right-size overhead costs and re-align store level staffing requirements. These former employees will be paid their outstanding wages and all accrued vacation pay on the Applicant's next pay run.

32. The Applicant's headcount totals approximately 510, comprised of 439 store-level employees and 71 corporate and head office employees.

33. The Applicant completed the following outreach to their employees promptly after obtaining the Initial Order:

- a) on February 3, 2026, meetings were conducted with the store leadership teams of the retail stores to advise of the Applicant's decision to file for CCAA protection, the issuance of the Initial Order, and the expected impact of the Initial Order on the stores' respective operations;
- b) the store managers, in turn, held townhall meetings that same day at their respective store locations to advise store-level employees of the Applicant's decision to file for CCAA protection, the issuance of the Initial Order, and the expected impact of the Initial Order on the retail stores;
- c) in its communication with the employees on February 3, 2026, the Applicant advised employees that as part of the CCAA proceedings, the Applicant would be reducing the

size of its staff team, both at the head office and in retail stores. The Applicant further advised that certain store locations will be closed during the CCAA Proceedings, with certain store locations closing over the next month and other stores being subject to decisions based on negotiations with the Applicant's landlords; and

d) on February 3, 2026, the Applicant provided a Frequently Asked Questions document (the "**Employee FAQs**") addressing common employee issues and concerns.

34. The Employee FAQs have since been made available for each of the respective stores to ensure employees' ease of reference during these CCAA Proceedings. The stores intend to supplement the Employee FAQs with answers to additional questions frequently received from impacted employees.

35. Managers of the stores have also been provided with a Customer Frequently Asked Questions document (the "**Customer FAQs**"). The Customer FAQs are intended to facilitate employees' ability to respond to questions received from customers during the CCAA proceedings.

(iii) Vendors

36. As described in the Initial Affidavit, the Applicant has approximately \$120,000,000 in outstanding accounts payable and accrued liabilities owing to trade vendors.

37. The Applicant has sent letters to all known vendors of the Applicant (the "**Vendors**"), at their most recent email addresses contained in the Applicant's books and records, advising that the Applicant had applied for and been granted an Initial Order under the CCAA, providing a link to the Monitor's Website and directing the recipients to the Initial Order. The letters further advised that:

- a) the Applicant will be seeking Court approval for incremental financing during the CCAA Proceedings, and anticipates having access to sufficient funds to continue operating the business during the CCAA Proceedings;
- b) the Applicant will pay for goods and services received by the Applicant after the start of the CCAA Proceedings in the ordinary course;
- c) many of the Applicant's stores are continuing as usual, however the Applicant is performing a review of its store network and certain underperforming locations will likely be closed during these CCAA Proceedings; and
- d) the Applicant anticipates continuing to operate the majority of the stores during the CCAA Proceedings and will continue to work with its key operating partners to achieve a successful outcome for all stakeholders.

38. Vendors were further advised that Vendors who are parties to agreements with the Applicant for the supply of goods or services are restrained until further order of the Court from discontinuing, altering, interfering with or terminating the supply of such goods or services required by the Applicant.

(iv) Other Stakeholders

39. Immediately after the Initial Order was granted, the Applicant published a press release in order to inform its stakeholders and customers of the CCAA Proceedings and the granting of the Initial Order. A copy of this press release is attached hereto as **Exhibit "D"**.

40. The Monitor and the Applicant have engaged in discussions with certain logistics providers and critical service providers to ensure uninterrupted business operations during these CCAA proceedings.

41. The Applicant has also received requests from parties who have commenced claims against the Applicant for the Applicant's consent to the lifting of the stay of proceedings in the CCAA Proceedings to permit such parties to continue advancing their claims against the Applicant. The Applicant has conveyed that, having regard for the Cash Flow Forecast the limited funding available to the Applicant while it is in CCAA protection, the Applicant is not in a financial position to participate in any enforcement processes or legal proceedings beyond these CCAA Proceedings, and will not consent to the lifting of the stay of proceedings for the purpose of advancing any such claims and actions.

B. Amended and Restated Initial Order

(a) Updated Cash Flow Forecast

42. The Applicant has worked with the Monitor to refine and update the initial Cash Flow Forecast to reflect the 13-week period to May 1, 2026 (the "**Updated Cash Flow Forecast**"). I understand that a copy of the Updated Cash Flow Forecast will be appended to the Monitor's First Report to Court, to be served and filed separately, and the Monitor will discuss the Updated Cash Flow Forecast in the First Report.

43. The majority of the cash injections needed by the Applicant are in respect of the next four weeks. Based on estimated projections of the maximum funding required by the Applicant during the extended Stay Period, the Applicant seeks to increase the permitted borrowings under the DIP

Facility to \$13,000,000, instead of the previous estimated \$20,000,000 that was previewed in my Initial Affidavit.

(b) Increased Borrowings under DIP Facility and Increased DIP Lender's Charge

44. Pursuant to the Initial Order, the Applicant was granted interim funding under a credit facility from the DIP Lender (the "**DIP Facility**") during the Initial Stay Period, subject to the conditions set forth in the DIP Facility Loan Agreement between the Applicant and the DIP Lender dated as of February 2, 2026 (the "**DIP Agreement**"). The DIP Facility is secured by a Court-ordered charge (the "**DIP Lender's Charge**") on all of the present and future assets, property and undertakings of the Applicant (the "**Property**").

45. The initial permitted borrowings under the DIP Facility, and the initial quantum of the DIP Lender's Charge granted in the Initial Order, were based on the needs of the Applicant during the Initial Stay Period. The Applicant seeks to increase the permitted borrowings under the DIP Facility to \$13,000,000.

46. Since the granting of the Initial Order, the DIP Lender has agreed to provide additional funding to the Applicant during these CCAA Proceedings, pursuant to the terms set out in the DIP Agreement.

47. The increase to the permitted borrowings under the DIP Facility corresponds to the forecasted interim financing needs of the Applicant based on the Updated Cash Flow Forecast. The DIP Facility is expected to provide the Applicant with sufficient liquidity to continue its business operations during these CCAA Proceedings while undertaking the SISF for the benefit of the Applicant and its stakeholders.

48. The DIP Facility is the only available option that allows the Applicant to continue operating and preserving the going-concern value of the business.

49. The Monitor has advised that it supports the Applicant's requested increase of its permitted borrowings under the DIP Facility and the corresponding increase in the maximum amount of the DIP Lender's Charge.

(c) Increase to the Administration Charge and the Directors' Charge

50. The Administration Charge is described at paragraph 81 of my Initial Affidavit. The Initial Order approved the Administration Charge in the amount of \$600,000, which was sized only to reflect fees and disbursements expected to be incurred or paid by the Applicant's counsel, the Monitor and Monitor's counsel during the Initial Stay Period. With the support of the Monitor, the Applicant is now seeking to increase the Administration Charge to \$1,000,000. I understand that the DIP Lender does not object to the proposed increase to the Administration Charge.

51. The increased quantum of the Administration Charge corresponds to the anticipated fees of the restructuring professionals during the Stay Period, which are reflected in the Updated Cash Flow Forecast. The Administration Charge will permit the Applicant to have continuous access to critical legal counsel during the Stay Period and for the Monitor and its counsel to continue their involvement in the CCAA Proceedings. The involvement of the professionals will benefit the Applicant's stakeholders as they are necessary for advancement of its restructuring efforts, including for the purpose of developing and implementing a SISP.

52. The Directors' Charge is described at paragraphs 83 to 85 of my Initial Affidavit. The Initial Order approved the Directors' Charge for the initial Stay Period in the amount of

\$3,200,000. With the support of the Monitor, the Applicant is now seeking to increase the Directors' Charge to \$4,000,000. I understand that the DIP Lender does not object to the proposed increase to the Directors' Charge.

(d) Extension of Stay Period

53. The Applicant is seeking to extend the stay of proceedings granted in the Initial Order (the “**Stay Period**”) up to and including May 1, 2026. The extension of the Stay Period is necessary and appropriate in the circumstances to permit the Applicant, with the assistance of the CRO, and under the oversight of the Monitor, to develop and implement a SISP.

54. I believe that the Applicant has acted, and continues to act, in good faith and with due diligence in these CCAA proceedings. As described above, the Applicant has given notice of these CCAA proceedings to stakeholders including, most significantly, their Landlords and employees. In consultation with the Monitor, the Applicant has engaged, and will continue engaging, in discussions with their stakeholders as these CCAA proceedings progress.

55. The Updated Cash Flow Forecast demonstrates that, subject to this Court's approval of the DIP Facility and DIP Lender's Charge in the form requested in the proposed ARIIO, the Applicant will have access to sufficient liquidity to fund operations during the requested extension of the Stay Period. The Monitor has expressed its support for the extension of the Stay Period to May 1, 2026.

(e) Authorization to Pay Certain Pre-Filing Obligations

56. The Applicant is seeking authorization to entitle, but not require, it 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.

57. Any such payments are subject to the following conditions: (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.

58. In every case, the Monitor will review the necessity and appropriateness of each contemplated payment.

SWORN BEFORE ME over videoconference this 10th day of February, 2026 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Cambridge, in the United Kingdom, while the commissioner is located in the City of Toronto, in the Province of Ontario.



DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

Commissioner for Taking Affidavits
(or as may be)
Matilda Lici

Signed by:

1FF9638BE5E04E3

NEIL TAYLOR

This is Exhibit "C" of
The Affidavit of Neil Taylor
Sworn before me this 23rd day of March 2026

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.

Matilda Lici



Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 13TH
)
JUSTICE J. DIETRICH) DAY OF FEBRUARY, 2026

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")

AMENDED AND RESTATED INITIAL ORDER
(Amending the Initial Order dated February 3, 2026)

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the affidavit of Neil Taylor sworn February 2, 2026 and the exhibits thereto (the "**Initial Taylor Affidavit**"), the affidavit of Neil Taylor sworn February 10, 2026 and the exhibits thereto (the "**Second Taylor Affidavit**"), the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as monitor (in such capacity, the "**Monitor**"), the Pre-Filing Report of A&M in its capacity as proposed Monitor dated February 2, 2026 and the appendices thereto, the First Report of the Monitor dated February 11, 2026 and the appendices thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicant, the proposed Monitor, and such other counsel present,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Taylor Affidavit and the Second Taylor Affidavit, as applicable.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Initial Taylor Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after February 3, 2026 (the “**Filing Date**”):

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) until February 16, 2026 or such other later date as ordered by the Court, all outstanding or future amounts related to honouring gift cards issued before the Filing Date;
- (c) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (d) any other pre-filing obligations of the Applicant, in an aggregate amount not to exceed \$800,000 if in the opinion of the Applicant such payment is necessary to maintain the uninterrupted operations of the Business, provided that: (i) no payment shall be made in respect of any such obligation without the prior written consent of the Monitor; and (ii) for greater certainty, no payments shall be made to any related parties of the Applicant in respect of any such pre-filing obligations.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the Filing Date.

9. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, (iv) income taxes, and all other amounts related to such deductions or employee wages payable for periods following the Filing Date pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the Filing Date, or where such Sales Taxes were accrued or collected prior to the Filing Date but not required to be remitted until on or after the Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. **THIS COURT ORDERS** that, until any real property lease (each, a “**Lease**”) to which the Applicant is a party in respect of a store with active operations is disclaimed in accordance with the CCAA, or otherwise consensually terminated, the Applicant shall pay all amounts constituting rent or payable as rent under such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the applicable landlord (each, a “**Landlord**”) under such Lease, but for greater certainty, excluding amounts owing which are stayed by this Order, accelerated rent or penalties, fees or other charges arising as a result of any default that is stayed by this Order, the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and a Landlord from time to time (“**Rent**”), (a) incurred and relating solely to the period commencing from and including the Filing Date until and including February 15, 2026, as a single payment made on the Filing Date, (b) incurred and relating solely to the period commencing from and including February 16, 2026 until and including February 28, 2026, as a single payment made forthwith following issuance of this Order, and (c) thereafter, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), in each case save and except for any component of Rent which is percentage rent which, commencing from and including the Filing Date shall be calculated and paid in respect of revenues incurred from and including the Filing Date, in accordance with the terms of such Lease.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA or as otherwise ordered by this Court, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$150,000 in any one transaction or \$500,000 in the aggregate, provided that in respect of a Lease, the Applicant may permanently, but not temporarily shut down its operations in a leased premises;
- (b) (i) vacate, abandon or quit the whole or part of any property subject to a lease, provided that in respect of a Lease such leased premises shall only be vacated, abandoned or quit in whole, and/or (ii) disclaim any real property lease, including any Lease, and any ancillary agreements relating to any leased premises;
- (c) without limiting paragraph 12(b), above, disclaim, with the prior consent of the Monitor, any of its arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, as the Applicant deems appropriate, in accordance with section 32 of the CCAA;
- (d) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (e) pursue all avenues and offers for the sale, transfer or assignment of the Leases to third parties, in whole or in part and return to Court for approval of any such sale, transfer or assignment; and
- (f) pursue all avenues of refinancing, restructuring, sale or reorganizing the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganizing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the sale guidelines attached as Schedule “A” hereto (the “**Sale Guidelines**”) are hereby approved and ratified, and in respect of Stores (as defined in the Sale Guidelines) for which the Applicant has sent a notice of disclaimer or for which it intends to vacate pursuant to this Order, with the consent of the Monitor, the Applicant is authorized to sell the merchandise and FF&E (as defined by the Sale Guidelines) in accordance therewith and such

sales shall be on a “final sale” and/or “as is” basis and free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, and financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise), including, without limitation, the Charges (as defined below).

14. **THIS COURT ORDERS** that for any Store (as defined by the Sale Guidelines), for which a notice of disclaimer has not been delivered but the Applicant wishes to commence a Sale (as defined by the Sale Guidelines), the Vacate Date (as defined by the Sale Guidelines) of such Store shall not exceed twelve (12) weeks from the date on which the Applicant notifies the Landlord that such Store will be closing and a Sale will be commenced.

15. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the Leases. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Applicant any additional restrictions not contained in the applicable Lease.

16. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant Landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the Landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such Landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such Landlord and any such secured creditors. If the Applicant disclaims or resiliates the Lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such Lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the Lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such Landlord may have against the Applicant in respect of such Lease or leased premises, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

18. **THIS COURT ORDERS** that until and including May 1, 2026, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of the Applicant that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

20. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or

proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

21. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

22. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply or license of goods, intellectual property, and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, importing services, customs clearing, warehouse and logistics services, security services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, suspending, interfering with or terminating the supply or license of such goods, intellectual property, or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Filing Date are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

23. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicant in respect of obligations arising prior to the Filing Date with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the Filing Date; or (b) are or may become due from the Applicant in respect of

obligations arising prior to the Filing Date with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the Filing Date, in each case without the consent of the Applicant and the Monitor, or leave of this Court.

NON-DEROGATION OF RIGHTS

24. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, other than paragraph 10 of this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

25. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the Filing Date and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

26. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

27. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which

charge shall not exceed an aggregate amount of \$4,000,000, as security for the indemnity provided in paragraph 26 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

28. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's director and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 26 of this Order.

APPOINTMENT OF MONITOR

29. **THIS COURT ORDERS** that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

30. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor and review the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender of financial and other information as agreed to between the Applicant and the DIP Lender, which financial and other information may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and other required reporting;
- (e) liaise with Assistants, to the extent required, with respect to all matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, wherever located and to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) conduct a review of: (i) all transactions by the Applicant for the past 12 months with persons not dealing at arm's length with the Applicant; and (ii) all real property sale transactions by the Applicant for the past 24 months with persons not dealing at arm's length with the Applicant (collectively, the "**Related Party Transactions**") and, upon completion of that review, serve its report on the Service List and file it with the Court setting out the Monitor's findings and conclusions, including whether any Related Party Transactions are contrary to the *Bankruptcy and Insolvency Act* (Canada), the *Fraudulent Conveyances Act* (Ontario), or the *Assignment and Preferences Act* (Ontario);
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

31. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management and operations or supervision of the management and operations of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

32. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act, 1999*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor any of its employees or representatives shall incur any liability or obligation as a result of the Monitor’s appointment or the carrying out by it of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicant

as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and counsel to the Applicant on a bi-weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, *nunc pro tunc*, a retainer in the amount of \$150,000, to be held by it as security for payment of its respective fees and disbursements outstanding from time to time.

36. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

ADMINISTRATION CHARGE

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant and the Chief Restructuring Officer (the “**CRO**”) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

DIP FINANCING

38. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and 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 Stay Period (each, an “**Interim Borrowing**” and collectively, the “**Interim Borrowings**”), provided that: (a) such Interim Borrowings are made in accordance with the Cash Flow Forecast or otherwise agreed by the Applicant and the DIP Lender, with consent of the Monitor, in each case subject to prior approval pursuant to a draw request in form and substance satisfactory to the DIP Lender, accompanied by such supporting documentation as the DIP Lender may request; (b) such Interim Borrowings are secured by the DIP Lender's Charge (as defined below) with the priority set out in paragraphs 42

and 44 hereof; and (c) such Interim Borrowings shall not exceed \$13,000,000 unless permitted by further Order of this Court.

39. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Facility Loan Agreement between the Applicant and the DIP Lender dated as of February 2, 2026 (the “**Commitment Letter**”), filed.

40. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property of the Applicant as security for the Interim Borrowings, which DIP Lender’s Charge shall not secure any obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 44 and 46 hereof.

42. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon further Order of the Court, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including, without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the

- obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

43. **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any Plan filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* (the “**BIA**”), with respect to any Interim Borrowings.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the security interests granted by the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (collectively, the “**Charges**”), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amount of \$4,000,000).

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicant also obtains the prior written consent of the Monitor, the CRO, the DIP Lender and the other beneficiaries of the Charges (collectively, the “**Chargees**”), or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA or otherwise, or any bankruptcy or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, the Interim Borrowings, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, including with respect to the Interim Borrowings, and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

50. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in The Globe and Mail a notice containing the information prescribed under the CCAA; and (b) within five days after the Filing Date, (i) make this Order publicly available in the manner prescribed under the CCAA; (ii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant's books and records), a notice to all known creditors having a claim against the Applicant of more than \$1,000; and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

51. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "**Rules**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.alvarezandmarsal.com/TRUCanada>.

52. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in

the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message at or prior to 5:00 p.m. prevailing Eastern Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. prevailing Eastern Time; or (c) on the third business day following the date of forwarding thereof, if sent by ordinary mail.

53. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are, subject to paragraph 51 of this Order, at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any written notices, or other written correspondence, by forwarding copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

SEALING ORDER

54. **THIS COURT ORDERS** that Confidential Exhibit "A" to the Taylor Affidavit is hereby sealed, kept confidential, and shall not form part of the public record until a restructuring transaction is completed in these CCAA Proceedings, or further Order of the Court.

GENERAL

55. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court, and any such interested party shall give not less than five business days' notice to the Service List and any other party or parties likely to be affected by the Order sought; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 44 and 46 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.


56. **THIS COURT ORDERS** that, notwithstanding paragraph 55 of this Order, the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

57. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

58. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

59. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

60. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.



SCHEDULE "A"
Sale Guidelines

Sale Guidelines

The following procedures (the “**Sale Guidelines**”) shall apply to the sale of merchandise, inventory, furniture, fixtures and equipment (a “**Sale**”) to be conducted by Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Applicant**”) at each retail store (each a, “**Store**” and collectively, the “**Stores**”) operated by it for which the Applicant has sent a notice of disclaimer pursuant to section 32 of the *Companies’ Creditors Arrangement Act* (“**CCAA**”) or for which it intends to vacate pursuant to the ARIO (as defined below), with the consent of the Monitor.

For any Store where a notice of disclaimer has not been delivered, but the Applicant wishes to commence a Sale, the Vacate Date (as defined below) of such Store shall not exceed twelve (12) weeks from the date on which the Applicant notifies the Landlord that such Store will be closing and a Sale will be commenced.

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the Amended and Restated Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 13, 2026 (as further amended and/or restated from time to time, the “**ARIO**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the ARIO; or (ii) the provisions of the CCAA and any further Order of the Court; and/or (iii) any subsequent written agreement between the Applicant and its applicable landlord(s) (individually, a “**Landlord**” and, collectively, the “**Landlords**”), the Sale shall be conducted in accordance with the terms of the applicable leases and other occupancy agreements for each of the affected Stores (individually, a “**Lease**” and, collectively, the “**Leases**”). However, nothing contained herein shall be construed to create or impose upon the Applicant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the expiration of the notice period provided for in the CCAA with respect any Lease that is disclaimed, or as may be otherwise agreed between the Applicant and the applicable Landlord (the “**Vacate Date**”). The Applicant will be entitled to start the Liquidation Sale on the date a disclaimer notice is issued in respect of a specific Store, or such earlier date following notice by the Applicant to the applicable Landlord regarding the commencement of the Sale at a particular Store. Rent payable under the respective Leases shall be paid as provided in the Initial Order or as may be otherwise agreed by the Applicant and the applicable Landlord.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise authorized under the CCAA, the ARIO, or otherwise ordered by the Court.
4. All display and hanging signs used by the Applicant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Applicant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided, however, that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale,

unless otherwise agreed between the Applicant and applicable Landlord, it being understood that the French equivalent of “clearance” is “liquidation” and is permitted to be used). Forthwith upon request from a Landlord, the Landlord’s counsel, the Applicant or the Monitor, the Applicant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlord(s) or to their counsel of record and the applicable Landlord shall notify the Applicant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “store closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Applicant and such Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Applicant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws; and (ii) where such banners are not explicitly permitted by the applicable Lease and the applicable Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the recipients listed in the service list in respect of these CCAA proceedings (the “**Service List**”). Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Applicant.

5. The Applicant shall be permitted to utilize sign-walkers and street signage; provided, however, that such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Applicant shall be entitled to include additional merchandise in the Sale; provided that: the additional merchandise is owned by the Applicant, is currently in the possession of, or in the control of, the Applicant (including in their distribution centre), including merchandise currently in transit to the Applicant or a Store.
7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are “final” and customers with any questions or complaints are to contact the Applicant.
8. The Applicant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on a Landlord’s property, unless explicitly permitted by the applicable Lease or if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Applicant may solicit customers in the Stores themselves. The

Applicant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the applicable Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or as otherwise agreed to by such Landlord.

9. At the conclusion of the Sale and until the Vacate Date in each Store, the Applicant shall arrange that the premises for each Store are in “broom-swept” and clean condition and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be removed without the applicable Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the ARIO. Unless otherwise agreed with the applicable Landlord, any trade fixtures or personal property left in a Store after the applicable Vacate Date, in respect of which the applicable Lease has been disclaimed by the Applicant, shall be deemed abandoned. The applicable Landlord shall have the right to dispose of any goods left in the Store as the Landlord chooses, without any liability whatsoever on the part of such Landlord.
10. Subject to the terms of paragraph 9 above, the Applicant may also sell existing goods, furniture, trade fixtures, equipment and/or improvements to real property that are located in the Stores during the Sale and until the Vacate Date (collectively, the “**FF&E**”). For greater certainty, FF&E does not include any portion of a Store’s mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Applicant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the applicable Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to such Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove such FF&E either through the back shipping areas designated by the applicable Landlord or through other areas after regular Store business hours or through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with the applicable Landlord’s supervision if required by such Landlord and in accordance with the ARIO and the Realization Process Approval Order. The Applicant shall repair any damage to the Stores resulting from the removal of any FF&E by the Applicant or by third party purchasers of FF&E. Any FF&E not sold as at the Vacate Date shall be deemed abandoned, unless otherwise agreed in writing by the Applicant and the applicable Landlord.
11. The Applicant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Applicant hereby provides notice to the Landlords of their intention to sell and remove FF&E from the Stores. The Applicant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the designated store manager to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a

representative present in the applicable Stores to observe such removal. If the relevant Landlord disputes the Applicant's entitlement to sell or remove any FF&E under the provisions of the applicable Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the applicable Applicant and such Landlord, or by further Order of the Court upon motion by the Applicant on at least two (2) business days' notice to such Landlord and the Monitor. If the applicable Applicant has disclaimed or resiliated the Lease governing such Store in accordance with the CCAA and the ARIO, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the ARIO), and the disclaimer or resiliation of the Lease shall be without prejudice to the applicable Applicant's claim to the FF&E in dispute.

13. During the Sale, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Applicant and the Monitor at least twenty-four (24) hours' prior written notice, and at the effective date of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the applicable Applicant or any of its affiliates in respect of such Lease or Store, provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Applicant and the Landlord shall have the same access rights to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. The Applicant shall not conduct any auctions of merchandise or FF&E at any of the Stores.
16. The Applicant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person(s) for the Applicant shall be Neil Taylor who may be reached by email at Neil.Taylor@TOYSRUS.CA. If the parties are unable to resolve the dispute between themselves, the applicable Landlord or the Applicant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days' written notice to the other party or parties and the Monitor, during which time the Applicant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Applicant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein is or shall be deemed to be, a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to any Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Applicant and the applicable Landlord, with the consent of the Monitor.

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")

Court File No. CL-26-00000042-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDINGS COMMENCED AT TORONTO

AMENDED AND RESTATED INITIAL ORDER

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"R" Us (Canada) Ltee

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")

Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF NEIL TAYLOR
Sworn March 23, 2026

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TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) WEDNESDAY, THE 1ST
)
JUSTICE J. DIETRICH) DAY OF APRIL, 2026

**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")**

SALE AND INVESTMENT SOLICITATION PROCESS APPROVAL ORDER

THIS MOTION, made by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an order, among other things, approving the Sale and Investment Solicitation Process in respect of the Applicant attached hereto as Schedule "A" (the "SISP"), was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the affidavit of Neil Taylor sworn March 23, 2026 and the exhibits thereto (the "**Taylor Affidavit**"), and the Second Report and the appendices thereto (the "**Second Report**") of Alvarez & Marsal Canada Inc., in its capacity as monitor of the Applicant (in such capacity, the "**Monitor**"), and on hearing the submissions of counsel to the Applicant, the Monitor, and 2625229 Ontario Inc. (the "**DIP Lender**") and such other counsel present, no one appearing

for any other person although duly served as appears from the affidavit of service of Matilda Lici sworn March 23, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order granted by Justice Dietrich dated February 13, 2026 (the “**ARIO**”).

APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved, and the Applicant and the Monitor are hereby authorized and directed to implement the SISP pursuant to the terms thereof. The Applicant and the Monitor are hereby authorized and directed to perform their respective obligations thereunder and to do all things reasonably necessary to perform their respective obligations thereunder, subject to prior approval of the Court being obtained before completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that the Applicant, the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities of

any nature or kind to any person in connection with or as a result of the SISP, except to the extent of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the SISP, as determined by this Court in a final Order that is not subject to appeal or other review.

5. **THIS COURT ORDERS** that in implementing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO, and any other order of the Court in the within proceedings.

6. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor, the Applicant and their respective counsel are hereby authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors (each a “**SISP Participant**”) and to their advisors, or any interested party that the Monitor or the Applicant consider appropriate, but only to the extent required to provide information with respect to the SISP in these proceedings.

7. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of any Property (as defined in the ARIO) or be deemed to take possession of any Property.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicant and their respective advisors are hereby authorized and permitted to disclose personal information of

identifiable individuals (“**Personal Information**”) to a SISP Participant and to its advisors, including human resources and payroll information, records pertaining to the Applicant’s past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction in the SISP. Each SISP Participant to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each SISP Participant to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

INCREASE IN INTERIM BORROWINGS

9. **THIS COURT ORDERS** that the maximum principal amount of Interim Borrowings under the Commitment Letter is hereby increased from \$13,000,000 to \$15,000,000, provided that: (a) the Interim Borrowings continue to be made in accordance with paragraphs 38(a) and 38(b) of the ARIO; (b) such Interim Borrowings continue to be secured by the DIP Lender's Charge with the priority set out in paragraphs 44 and 46 of the ARIO; and (c) for greater certainty, paragraph 38(c) of the ARIO is hereby amended to replace the reference to “\$13,000,000” with “\$15,000,000”.

EXTENSION OF STAY

10. **THIS COURT ORDERS** that the Stay Period (as defined in the ARIO) is hereby extended until and including July 13, 2026.

GENERAL

11. **THIS COURT ORDERS** that the Applicant or the Monitor may, from time to time, apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

12. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

15. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.

SCHEDULE "A"
SISP

Sale and Investment Solicitation Process

Introduction

On February 3, 2026, Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Company**”) obtained an initial order (as subsequently amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”) and an interim financing facility (the “**DIP Agreement**”) put forward by 2625229 Ontario Inc. (in such capacity, the “**DIP Lender**”) was approved.

On April 1, 2026, the Court granted an order (the “**SISP Order**”) authorizing the Monitor, with the assistance of the Company, to undertake a sale and investment solicitation process (“**SISP**”). The SISP is intended to solicit offers for a sale, recapitalization, restructuring or other strategic transaction in respect of, all or part of the Company, its assets (including its intellectual property), shares and business operations (the “**Opportunity**”). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

This document sets out the procedures for the conduct of the SISP, which will include two phases for qualified interested bidders and will provide the parameters for the selection of a successful bid.

Opportunity

1. The SISP is intended to solicit interest in and opportunities for one or more transactions in respect of the Opportunity. The Opportunity may include one or more of: (i) a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of the Company as a going concern, (ii) a sale of all, substantially all or one or more components of the Company’s business operations (the “**Business**”) as a going concern, or (iii) a sale of all, substantially all or one or more components of the Company’s assets (including, without limitation, its intellectual property or the shares of the Company) (the “**Property**”) as a going concern or otherwise.
2. The procedures set out herein (the “**Bidding Procedures**”) describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company, the Property and the Business, the manner in which bidders may participate in the SISP, requirements for bids received, the ultimate selection of a Successful Bidder(s) (as defined herein) and the requisite approvals to be sought from the Court in connection therewith.
3. Subject to Section 6 herein, the Monitor shall have the right to modify, amend, vary or supplement the Bidding Procedures (including extending the deadlines set forth herein) in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order, without the need for obtaining an order of the Court or providing notice to Participants (as defined herein).
4. The Monitor will post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.

5. In the event of a dispute as to the interpretation or application of the SISP Order or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
6. The following table sets out the key milestones under the SISP, which milestones and deadlines may be extended or amended by up to two weeks by the Monitor, in consultation with the Company, without court approval; provided that, the milestone with respect to the closing of the Successful Bid(s) can only be extended or amended, without court approval, with the prior written consent of the DIP Lender, acting reasonably:

<u>Milestone</u>	<u>Deadline</u>
Marketing and due diligence commences and access to the virtual data room is granted to Participants having executed NDAs as defined herein) and, if requested by the Monitor, Participants who have provided evidence reasonably satisfactory to the Monitor in consultation with the Company, of their financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity (as defined herein) (the “ Commencement Date ”)	As soon as reasonably practicable but no later than April 2, 2026
Deadline to submit a non-binding Letter of Interest (the “ Phase 1 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 1, 2026
Deadline to submit a Binding Offer (the “ Phase 2 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 29, 2026
Selection of Successful Bid(s), including the holding of an Auction, if needed (as defined herein)	No later than 5:00 p.m. (Eastern Time) on June 5, 2026
Motion for Court Approval of Successful Bid(s)	As soon as reasonably practicable following the selection of the Successful Bid, but by no later than June 26, 2026
Closing of Successful Bid(s)	No later than July 13, 2026

Solicitation of Interest and Notice of the SISP

7. As soon as reasonably practicable, but, in any event, by no later than the Commencement Date:
 - a. the Monitor, in consultation with the Company, will prepare a list of potential bidders, including (i) parties that have approached the Company or the Monitor indicating an interest in the Opportunity, (ii) local and international strategic and

financial parties which the Monitor, in consultation with the Company, believes may be interested in the Opportunity, and (iii) parties that have otherwise showed an interest in the Company, the Property and/or the Business prior to the date of the SISP Order; in each case, whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);

- b. the Monitor will publish a notice of the SISP and any other relevant information that the Company, in consultation with the Monitor, considers appropriate, on the Monitor’s website, and in publications as may be considered appropriate by the Monitor;
 - c. the Monitor, in consultation with the Company, will prepare (i) a process summary (the “**Teaser Letter**”) outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; (ii) a non-disclosure agreement (an “**NDA**”) in form and substance satisfactory to the Monitor, the Company, and their respective counsel, which agreement shall enure to the benefit of the Successful Bidder(s); and (iii) a confidential information memorandum describing the Opportunity (the “**CIM**”); and
 - d. the Monitor, in consultation with the Company, will prepare and maintain a virtual data room (the “**VDR**”) containing due diligence information and documentation in relation to the Opportunity. The VDR may be updated from time to time throughout the SISP. Participants (as defined below) must direct all due diligence questions in connection with the VDR, on a without liability or representation basis, to the Monitor.
8. As soon as reasonably practicable following the SISP Order, the Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Phase 1: Non-Binding Letters of Interest

- 9. In order to participate in the SISP, and prior to the distribution of any confidential information to an interested party (including access to the VDR), such interested party must deliver to the Monitor (a) the executed NDA, and (b) if requested by the Monitor, evidence, reasonably satisfactory to the Monitor in consultation with the Company, of its financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity.
- 10. Interested parties that deliver the NDA and financial information referred to in Section 9 (the “**Participants**” and each a “**Participant**”), will be granted access to the VDR by the Monitor. The Company, the Monitor, and their respective advisors make no representation or warranty as to the information contained in the VDR, including, without limitation, as to its accuracy, completeness, quality or fitness for purpose.
- 11. The Monitor may limit any Participant’s access to specific confidential information and to customer and supplier names and information where, the Company determines, following consultation with the Monitor, that such access could negatively impact the SISP, the

ability to maintain the confidentiality of the confidential information, the Business, or the Property.

12. All Participants wishing to bid for the Business or Property are required to submit a non-binding letter of interest (“**LOI**”) in accordance with the Bidding Procedures. An LOI submitted by a Participant will only be considered a “**Phase 1 Qualified Bid**” (and the Participant who submits a Phase 1 Qualified Bid, a “**Phase 1 Qualified Bidder**”) if the LOI complies at a minimum with the following:
 - a. it has been duly executed by all required parties;
 - b. it is received by the Monitor on or before the Phase 1 Bid Deadline;
 - c. it provides written evidence, satisfactory to the Monitor, in consultation with the Company, of the Participant’s ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Participant expects to finance any portion of the purchase price, the identity of the financing source;
 - d. it identifies the terms and conditions of the proposed transaction including:
 - i. a description of the specific assets/shares that are expected to be subject to the transaction and any assets/shares expected to be excluded, including specifically, whether the proposed transaction will include the Company’s intellectual property (the “**Intellectual Property**”) and/or other assets (the “**Other Assets**”);
 - ii. a proposed preliminary allocation between the Intellectual Property and Other Assets if such transaction includes both categories of assets of the Company;
 - iii. a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Participant intends to assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
 - iv. whether the proposed transaction is to be implemented by way of a “reverse vesting order”; and
 - v. any other terms or conditions of the proposed transaction that the Phase 1 Qualified Bidder believes are material to the transaction;
 - e. it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for

the Monitor, in consultation with the Company, to determine that these conditions are reasonable in relation to the Participant;

- f. it identifies the Participant and representatives thereof who are authorized to appear and act on behalf of the Participant for all purposes regarding the contemplated transaction;
 - g. it fully discloses the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI, and it identifies all legal, financial, accounting and other advisors that have been or that are expected to be retained by the Participant in connection with the contemplated transaction;
 - h. it identifies any additional due diligence required to be completed in order to submit a Binding Offer (as defined below);
 - i. it confirms that the Participant will bear its own costs and expenses (including legal and advisor fees) in connection with the LOI and the proposed transaction, and by submitting its LOI is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - j. it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder will be entitled to any such bid protections; and
 - k. it contains such other information as may be reasonably requested by the Monitor, in consultation with the Company.
13. The Monitor, in consultation with the Company, may waive compliance with any one or more of the requirements specified in Section 12, and deem any such non-compliant LOI to be a Phase 1 Qualified Bid.

Assessment of Phase 1 Qualified Bids and Subsequent Process

14. Following the receipt of any LOI, the Monitor may, in consultation with the Company, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.
15. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Company, shall assess the LOIs. If the Monitor determines that a LOI constitutes a Phase 1 Qualified Bid, then such Participant who submitted the LOI will be deemed to be qualified to participate in Phase 2 of the SISP (in that capacity a “**Phase 2 Qualified Bidder**”) and the Monitor will notify in writing each Phase 2 Qualified Bidder that it has been selected as a Phase 2 Qualified Bidder within three (3) business day following the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate, in consultation with the Company.
16. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. However, the DIP Lender shall be deemed to be a Phase 2 Qualified Bidder even if it does not submit an LOI or a Phase 1 Qualified Bid and shall be permitted to submit a Binding

Offer by way of credit bid for an amount up to its secured claim amount then outstanding under the DIP Agreement, at any time during the SISP, including after the Phase 2 Bid Deadline, in accordance with paragraph 35.

17. In the event that no Phase 1 Qualified Bid is received, or the Monitor has determined in its reasonable business judgment that it would not be appropriate to select any Phase 2 Qualified Bidders, the Monitor will, as soon as reasonably possible, declare the SISP concluded or take such other steps as the Monitor considers appropriate in consultation with the Company and the DIP Lender, which may include pursuing a transaction with the DIP Lender in accordance with this SISP or seeking further directions from the Court, and the Monitor shall post a notice on its website reflecting such determination.

Phase 2: Binding Offers and Selection of Successful Bidder

18. Any Phase 2 Qualified Bidder that wishes to make a formal offer in the SISP shall submit a binding offer (“**Binding Offer**” and such offer which complies with paragraph 19 below, a “**Phase 2 Qualified Bid**”)) prior to the Phase 2 Bid Deadline.
19. A Binding Offer will only be considered as a Phase 2 Qualified Bid if the Binding Offer complies with the following terms:
 - a. the Binding Offer shall be submitted to the Monitor on or before the Phase 2 Bid Deadline;
 - b. it identifies all contracts of the Company that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
 - c. if the bid is structured as a “reverse vesting transaction”, it includes a duly authorized and executed binding transaction agreement, including all exhibits and schedules contemplated thereby describing the terms and conditions of the proposed transaction, including any liabilities and obligations proposed to be assumed, the purchase price, the structure and financing of the proposed transaction, and any regulatory or other third-party approvals required;
 - d. if the bid is structured in a form other than a “reverse vesting transaction”, it includes a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the final purchase price or investment amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
 - e. a proposed allocation between the Intellectual Property and Other Assets (if applicable);

- f. it is not subject to any financing condition;
- g. it is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- h. it contains or identifies the key terms and provisions to be included in any Approval Order;
- i. among other representations and acknowledgments that may be requested by the Monitor or the Company, it includes acknowledgments and representations of the Phase 2 Qualified Bidder that it,
 - i. has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer;
 - ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer;
 - iii. did not rely upon any written or oral statements, covenants, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Company, the business, the Property, the Opportunity, the SISP, or any information provided in connection with the SISP, including, without limitation, any information disclosed in the Teaser Letter, the CIM and the VDR, or the accuracy, completeness, quality or fitness for purpose of any information provided in connection therewith, other than as expressly set forth in the Binding Offer; and
 - iv. promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
- j. it is accompanied by a letter that confirms that:
 - i. the Binding Offer may be accepted by the Company by countersigning the Binding Offer;
 - ii. the Binding Offer is irrevocable and capable of acceptance until the earlier of (A) four business days after the date of closing of the Successful Bid(s); and (B) July 13, 2026 (the “**Outside Date**”); and
 - iii. the Phase 2 Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the Binding Offer and the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;

- k. it does not provide for any break or termination fee, expense reimbursement or similar type of payment;
 - l. it is accompanied by a cash deposit in the amount of not less than 10% of the cash purchase price payable on closing or total cash investment contemplated, as the case may be (the “**Deposit**”), along with an acknowledgement that if the Phase 2 Participant is selected as the Successful Bidder, the Deposit will be nonrefundable, subject to (i) approval of the Successful Bid by the Court and (ii) the terms described in Section 29 below; and
 - m. it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before July 13, 2026, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than the Outside Date.
20. The Monitor may waive compliance with any one or more of the requirements specified above and may deem any non-compliant Binding Offer to be a Phase 2 Qualified Bid.
21. In the event no Phase 2 Qualified Bidder submits a Phase 2 Qualified Bid, the Company and the DIP Lender, acting reasonably, will advise the Monitor whether to terminate the SISP.

Selection of Successful Bid(s)

22. The Monitor, in consultation with the Company, may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Successful Bid.
23. If more than one Binding Offer is received, which the Monitor determines constitutes Phase 2 Qualified Bids, the Monitor may, in its sole discretion:
- a. select one or more Phase 2 Qualified Bids as the Successful Bid(s) (as defined below) in accordance with paragraph 24;
 - b. continue negotiations with Phase 2 Qualified Bidders with a view to finalizing an agreement with respect to one or more of the Phase 2 Qualified Bids and declaring such bids the Successful Bid(s); or
 - c. conduct an auction (the “**Auction**”) in respect of some or all of the Property or Business which Auction shall be governed by an auction procedures letter (“**Auction Procedures Letter**”) to be prepared by the Monitor and sent to all applicable Phase 2 Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.
24. If any Binding Offers are received, the Monitor will, in consultation with the Company:

- a. review and evaluate each Binding Offer based on various factors in addition to those set out at Section 18 of the SISP, as the Monitor deems appropriate in its reasonable business judgment including, without limitation,
 - i. the purchase price and the net value provided by such bid including the proposed form, composition, and allocation of such consideration;
 - ii. the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction;
 - iii. the proposed transaction documents;
 - iv. the effects of the bid on the stakeholders of the Company;
 - v. factors affecting the speed, certainty, and value of the transaction (including any regulatory or licensing approvals or third-party contractual arrangements required to close the transactions);
 - vi. the assets and/or liabilities included or excluded from the bid;
 - vii. any related restructuring costs, and the likelihood and timing of consummating such transaction; and
 - viii. the likelihood of the Court to approve such Successful Bid; and
- b. if the consideration payable under the Binding Offers received is not sufficient to fully repay the DIP Lender's indebtedness in cash:
 - i. consult with the DIP Lender regarding the shortfall aspects of a Binding Offer as same may relate to the assumption of the unpaid portion of the DIP Lender's indebtedness pursuant to the DIP Facility Loan Agreement; and
 - ii. in the scenario where the DIP Lender has submitted a Binding Offer, the DIP Lender may elect (even if the DIP Lender's Binding Offer is superior) to designate its Binding Offer as a back-up bid prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid;
- c. if the Binding Offers in respect of the Intellectual Property (x) do not contemplate consideration payable that is not sufficient to fully repay in cash the secured obligations owing pursuant to the Share Purchase Agreement dated as of August 19, 2021 and IP Security Purchase Agreement dated August 19, 2021, as assigned to 1001485743 Ontario Inc. ("**1001 Ontario**"); (y) contemplate a partial assumption of such secured obligations, in combination with consideration sufficient to pay the unassumed portion of the secured obligations in cash; or (z) contemplate an assumption in full of such secured obligations:

- i. consult with 1001 Ontario regarding the proposed assumption of secured obligations and the shortfall aspects of a Binding Offer; and
 - ii. in the scenario where 1001 Ontario has submitted a Binding Offer in respect of the Intellectual Property, 1001 Ontario may elect (even if 1001 Ontario's Binding Offer is superior) to designate its Binding Offer as a back-up bid prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid in respect of the Intellectual Property;
 - d. select the best bid(s) (the "**Successful Bid(s)**") within five (5) business days of the Phase 2 Bid Deadline and following such selection will promptly notify the Binding Bidder making such Successful Bid that it has been selected as a successful bidder (the "**Successful Bidder**").
25. Any Successful Bid will be subject to approval by the Court.

Approval of Successful Bid(s)

26. The Company will make a motion to the Court (the "**Approval Motion**") for one or more orders:
- a. approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and
 - b. granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets in the name of the Successful Bidder(s) and/or vest unwanted liabilities out of the Company (collectively, the "**Approval Order(s)**").
27. The Approval Motion will be held on the earliest possible date after the selection of the Successful Bid, taking into account Court availability. With the consent of the Monitor and the Successful Bidder(s), and in consultation with the DIP Lender, the Approval Motion may be adjourned or rescheduled by the Company without further notice, by an announcement of the adjourned date at the Approval Motion or with notice to the service list of the CCAA proceedings prior to the Approval Motion. The Company will consult with the Monitor, and the Successful Bidder(s) regarding the motion material to be filed by the Company for the Approval Motion.
28. All Binding Offers (other than the Successful Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Company to any unsuccessful Phase 2 Qualified Bidders.

Deposits

29. The Deposit(s):

- a. will, upon receipt from the Phase 2 Qualified Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account;
- b. received from the Successful Bidder(s) will:
 - i. be applied to the purchase price to be paid by the applicable Successful Bidder(s) whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - ii. otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid provided that all such documentation will provide that the Deposit will be retained by the Company and forfeited by the Successful Bidder if the Successful Bid fails to close by the Outside Date, and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;
- c. received from the Phase 2 Qualified Bidder(s) that are not the Successful Bidder will be fully refunded to the Phase 2 Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the closing of the Successful Bid.

“As is, where is”

30. Any sale (or sales) of the Property or the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company or any of their respective agents, advisors or estates, except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings, and that may be expressly provided in the final documentation and Approval Order(s). Any such representations and warranties provided for in the definitive documents will not survive closing.

Insider Bids

31. In order to protect the integrity of the SISP, any direct or indirect shareholder, affiliate director, officer or senior management of the Company, including the DIP Lender and 1001 Ontario (each an “**Insider**”) may, subject in all respects to such Insider’s compliance with the Bidding Procedures (including being designated as a Phase 2 Qualified Bidder), make a bid pursuant to the SISP. For the avoidance of doubt, all bids submitted by Insiders shall be submitted in accordance with the SISP.
32. Any and all communications (including, among other things, emails, letters, meetings and conversations) between any Insider and any other Participant shall be subject to the Monitor’s direct supervision.
33. Notwithstanding any term of these Bidding Procedures until such time as an Insider irrevocably confirms in writing to the Monitor that it will not submit a bid in the SISP, the Monitor shall not share any information with respect to the SISP (including, without limitation, any LOIs, Binding Offers, and/or other bids submitted therein), except for the consultation contemplated by Section 24 following submission of all bids.

34. The Monitor may implement information and/or consultation restrictions with the Company and/or the DIP Lender that the Monitor determines are appropriate to protect the integrity of the SISP.

Credit Bidding

35. The DIP Lender and 1001 Ontario (including any successor or assign or any of the foregoing) shall have the right (subject to compliance with the terms of this SISP) to credit bid any amount up to such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Company in priority to its secured debt; and (b) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to such secured lender's security.

Free of Claims and Interests

36. Pursuant to the applicable Approval Order and to the extent permitted by law, all of the rights, title and interests of the Company in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein (collectively, the "**Claims and Interests**") pursuant to the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder and the applicable Approval Order.

Confidentiality

37. For greater certainty, other than as required in connection with any Approval Motion, neither the Company nor the Monitor will disclose: (i) the identity of any Participant; or (ii) the terms of any bid, LOI, Phase 1 Qualified Bid, Phase 2 Qualified Bid, or Binding Offer, with any other bidder without the consent of such party (including by way of email), subject to applicable law.

Further Orders

38. At any time during the SISP, the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of their powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of the SISP:
 - a. The Monitor will at all times prior to the selection of a Successful Bid(s) use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high-potential bidders in a process

of this kind or who may be reasonably proposed by any of the Company's stakeholders as a high-potential bidder.

- b. Prior to seeking Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.
 - c. Subject to paragraph 33, the DIP Lender shall be granted access to all material information and documents in connection with the SISP, including copies of all LOIs, Phase 1 Qualified Bids and all Binding Offers, as the case may be.
40. Any requirement to deliver notices, bids, consents, or any other information, documentation, or other material to the Monitor or the Company pursuant to this SISP shall be satisfied by delivery via courier or electronic transmission to the Monitor at the following addresses:

To the Monitor:

ALVAREZ & MARSAL CANADA INC.
200 Bay Street
Toronto, ON M5J 2J1

Attention:

Josh Nevsky – jnevsky@alvarezandmarsal.com

With a copy to counsel to the Monitor

STIKEMAN ELLIOTT LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention:

Lee Nicholson – leenicholson@stikeman.com

To the Company:

TOYS “R” US (CANADA) LTD. / TOYS “R” US (CANADA) LTEE
2777 Langstaff Road
Concord, ON L4K 4M5

Attention: Neil Taylor
Email: neil.taylor@toysrus.ca

and to:

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Ian Aversa / Matilda Lici

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41. Other than as specifically set forth in a definitive agreement between the Company and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual, fiduciary, or other legal relationship between the Monitor, the Company, and any other person.
42. The Monitor, the Company, and their advisors shall not be liable for any claim for commission, finder's fee or like payment in respect of the completion of any of the transactions completed under the SISP. Any such claim shall be the sole liability of the bidder who completes a transaction under the SISP pursuant to which the claim is being made.

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")

Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

SALE AND INVESTMENT SOLICITATION PROCESS
APPROVAL ORDER

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TAB 4

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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
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Attention: Specialty Leasing Manager, Hannah Plumadore

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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")

Court File No. CL-26-00000042-0000

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