

General CCAA FAQs

On February 3, 2026, Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee. (collectively, the “**Company**” or “**TRU Canada**”) commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the Initial Order, the Court has appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as the Monitor (in such capacity, the “**Monitor**”) to oversee the CCAA proceedings.

1. What is the CCAA?

The CCAA is a federal statute in Canada that provides insolvent companies with debts in excess of \$5 million an orderly framework under which to restructure their businesses under the supervision of the Court.

Once a company has been granted CCAA protection by way of a Court order, the company receives the benefit of a ‘Stay of Proceedings’, which prevents creditors, such as lenders and suppliers, from (i) taking action against the company, its directors and officers, and its assets, and (ii) terminating most types of contracts or agreements with the company. This allows the company to continue to manage the day-to-day operations and operate in the ordinary course of business.

2. What happens when a company is granted CCAA protection?

As part of the CCAA proceedings, the Court grants an Initial Order establishing what is known as a ‘Stay of Proceedings’. The ‘Stay of Proceedings’ prevents creditors from taking action against the Company, and its directors and officers, for an initial period of 10 days (which can be further extended as the Court deems appropriate). This allows TRU Canada to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly manner. The relief granted during this initial 10-day period is limited to what is reasonably necessary for the continued operations in this period.

TRU Canada is required to return to Court within 10 days for a “comeback” hearing after the granting of the Initial Order. At the “comeback” hearing, the company may seek additional relief, or concerns from the Initial Order may be addressed.

Alvarez & Marsal Canada, Inc. has been appointed to act as Monitor in the CCAA proceedings.

3. What is a Monitor?

The Monitor is appointed by, and serves as an officer of, the Court. Its responsibilities are prescribed by the CCAA and by Court order, and include monitoring TRU Canada during the CCAA proceedings, assisting the Company with the preparation of cash flow statements and other financial reporting, liaising with stakeholders and reporting to the Court from time to time on the progress of the CCAA proceedings. The Monitor maintains a website of creditor notices and Court filings, at www.alvarezandmarsal.com/TRUCanada.

4. Are the stores still open?

Yes, at this time TRU Canada will continue to operate Toys “R” Us branded stores. By restructuring through the CCAA, the Company is taking the necessary steps to explore opportunities to preserve the business, which may include reducing its retail footprint to better position the Company in today’s retail environment.

5. Is a company that files for protection under CCAA considered to be bankrupt?

No. Under Canadian insolvency and restructuring laws, bankruptcy is a specific type of proceeding under which an insolvent company’s operations are terminated and a trustee is appointed by the Court to take control of the debtor company’s assets for the benefit of its creditors, typically by way of a sale.

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While a company filing for CCAA is insolvent, meaning that it has insufficient liquidity to continue to fund its obligations as they become due and/or its liabilities are greater than the assets that are available to satisfy those liabilities, the company is not considered to be bankrupt.

In fact, the Stay of Proceedings under the CCAA prevents creditors from forcing the Company into bankruptcy. For this reason, protection under the CCAA is sometimes referred to as 'Bankruptcy Protection'.

6. Why did the Company opt for a CCAA proceeding?

This was a difficult decision that was made after careful consideration of all reasonably available alternatives. The CCAA is a flexible statute that is designed to address the complex restructuring needs of large corporations. We ultimately made this decision recognizing that current economic conditions will endure, and that our business must pivot in response.

The CCAA provides the Court with significant discretion to make determinations and orders based on the specific facts of a particular case and allows the Company the ability to remain greater control of its day-to-day operations during the proceedings under the supervision of the Court-appointed Monitor. The Company feels strongly that the greater flexibility under the CCAA will ensure a more efficient and orderly process.

7. Is CCAA the same as declaring bankruptcy in the US?

CCAA would be most similar to a Chapter 11 reorganization in the United States.

8. Is there a public filing or disclosure required as part of filing for protection under the CCAA?

Yes. The process commenced with an application record filed by TRU Canada. It includes an affidavit describing a brief history of TRU Canada and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court. Once the CCAA Initial Order is granted, the Monitor must notify known creditors and publish a public notice of the CCAA proceedings. The Monitor has established a website where materials relating to the CCAA proceedings will be posted.

In addition to the affidavit and the application for a CCAA Initial Order, there will be motions filed with the Court from time to time during the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and creditors with updates as to the progress of the CCAA proceedings.

These documents will be matters of public record and will be made available by the Monitor on its website at www.alvarezandmarsal.com/TRUCanada.

9. Where can public Court documents and other information related to the CCAA proceedings be accessed?

Updates on key developments and Court materials, including reports prepared by the Monitor, will be available at the Monitor's website: <https://www.alvarezandmarsal.com/TRUCanada>.

10. How long is the CCAA process? What is the timeline?

The Court has granted CCAA protection for an initial stay period of 10 days, which will be extended from time to time as the Court deems appropriate. TRU Canada will seek an extension of the stay period at the comeback hearing for an additional period. Further extensions can be expected throughout the process as the Court deems appropriate and as is necessary for TRU Canada to pursue a liquidation and/or restructuring transaction.

TRU Canada will work to complete its restructuring efforts in a timely fashion, though there is no standard timeframe for the duration of CCAA proceedings.



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11. Do you have enough cash to keep operating?

The Company anticipates having access to sufficient funds to continue operating the business during the CCAA proceedings.

12. Will my contracts and agreements be honoured?

While the Company will likely be looking to terminate several contracts as part of the CCAA proceedings, there will be a number of contracts that, for the time being, will be maintained in order to facilitate an orderly proceeding under the CCAA and to maximize realizations for stakeholders. The parties to any contract that the Company seeks to terminate (or "disclaim"), will receive formal notice from the Company.

TRU Canada is not permitted to pay amounts owing prior to the start of the CCAA proceedings, being the 'Filing Date', unless expressly provided by the Court. The Stay of Proceedings, established by the Initial Order, prohibits any contractual parties from ceasing to perform their contracts on account of the CCAA proceedings or there being any outstanding amounts due as of the Filing Date.

However, TRU Canada plans to pay for post-filing goods and services in the ordinary course.

13. What do I do if I have other questions?

For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Company. For questions relating to the CCAA proceedings, the Monitor can be contacted at:

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Additional information is also available on the Monitor's website at: <https://www.alvarezandmarsal.com/TRUCanada>.