

Court File No.

**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 CLAIRE'S STORES CANADA CORP.

APPLICANT

APPLICATION RECORD

August 6, 2025

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TO: **SERVICE LIST**

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APPLICANT

SERVICE LIST
(as at August 6, 2025)

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APPLICANT

INDEX

Tab No.	Description	Page No.
1.	Notice of Application, dated August 6, 2025	8
2.	Affidavit of Suzanne Stoddard, sworn August 6, 2025	22
A.	Exhibit "A" – Purchasing Agreement between BMS Distributing Corp. and Claire's Stores Canada Corp., dated February 2, 2003	63
B.	Exhibit "B" – Management Services Agreement between Claire's Stores, Inc. and the Claire's Stores Canada Corp., dated February 2, 2003	69
C.	Exhibit "C" – Consolidated audited financial statements of Claire's Holdings LLC and Claire's Stores, Inc. for the fiscal year ending February 3, 2024	74
D.	Exhibit "D" – Internal unaudited balance sheet and fiscal year-to-date income statement of Claire's Stores Canada Corp. for the period ended June 30, 2025	159
E.	Exhibit "E" – Promissory Note between Claire's Canada Corp. and Claire's Stores Canada Corp., dated February 1, 2020	162
F.	Exhibit "F" – Alberta Personal Property Registry search results for Claire's Stores Canada Corp., dated August 1, 2025	172
G.	Exhibit "G" – Personal Property Registry search results for Claire's Stores Canada Corp. in British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan, dated August 1, 2025	176

Tab No.	Description	Page No.
H.	Exhibit “H” – Petition filed by Claire’s Holdings LLC commencing the Chapter 11 Cases, dated August 6, 2025	197
I.	Exhibit “I” – Proposed Monitor’s Consent to Act as Monitor, dated August 5, 2025	239
3.	Draft Initial Order	242
4.	Blackline of Draft Initial Order to Model Order	263

TAB 1

Court File No.

**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 CLAIRE'S STORES CANADA CORP.

APPLICANT

NOTICE OF APPLICATION

TO THE RESPONDENT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing

- ☐ In writing
- ☐ In person
- ☐ By telephone conference
- ☒ By video conference

at the following location:

<https://ca01web.zoom.us/j/64683302309?pwd=hk4renYSbUXbUn41tPpZqSX8FIZNTl.1>

on August 6, 2025 at 8:30 a.m. EDT.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does

- 2 -

not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: 330 University Ave., 9th floor
Toronto, Ontario M5G 1R7

TO: **SERVICE LIST**

- 3 -

APPLICATION

1. The Applicant makes this application for an Order substantially in the form attached as Tab 3 of the Application Record (the “**Initial Order**”), among other things:

- (a) abridging the time for service of this notice of application and dispensing with service on any person other than those served;
- (b) declaring that the Applicant is a party to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
- (c) appointing KSV Restructuring Inc. (“**KSV**”) as an officer of this Court to monitor the assets, businesses and affairs of the Applicant (in such capacity, the “**Monitor**”);
- (d) staying all proceedings taken or that might be taken in respect of the Applicant or the Monitor, or any of their respective employees and representatives acting in such capacities, or affecting the business of the Applicant (the “**Business**”), until August 15, 2025, subject to further Order of the Court (the “**Stay of Proceedings**”);
- (e) authorizing but not requiring the Applicant, with the consent of the Monitor, to pay certain pre-filing amounts with the consent of the Monitor to key participants in the Applicant’s distribution network, and to other critical suppliers, if required;
- (f) granting the following priority charges (collectively, the “**Charges**”) over the Property (as defined in the Initial Order), listed in order of priority:
 - (i) *First* – a charge in favour of counsel to the Applicant, Alvarez & Marsal Canada ULC in its capacity as restructuring advisor to the Applicant, the

- 4 -

Monitor, and counsel to the Monitor to a maximum amount of \$400,000 (the “**Administration Charge**”); and

- (ii) *Second* – a charge in favour of the directors and officers of the Applicant to a maximum amount of \$2.9 million (the “**Directors’ Charge**”); and

- (g) such further and other relief as this Honourable Court may deem just.

2. If the proposed Initial Order is granted, the Applicants intend to seek an amended and restated Initial Order (“**ARIO**”) at a motion to be heard within 10 days of the Initial Order being granted (the “**Comeback Hearing**”), approving:

- (a) an extension of the Stay of Proceedings and granting other customary Comeback Hearing relief under the CCAA;
- (b) an increase in the Administration Charge; and
- (c) an increase in the Directors’ Charge.

3. In addition, the Applicant intends to bring a motion to be heard concurrently with the Comeback Hearing, seeking this Court’s approval of:

- (a) a consulting agreement with Hilco Merchant Retail Solutions, ULC (“**HILCO**”) regarding the liquidation of the merchandise (“**Merchandise**”) and owned furnishings, trade fixtures, and equipment (“**FF&E**”) that are located in the Applicant’s retail stores (the “**Consulting Agreement**”); and
- (b) proposed sale guidelines for the orderly liquidation of the Merchandise and FF&E located at or in transit to the Applicant’s retail store locations, through sales to be

- 5 -

conducted in accordance with the terms of the Sale Guidelines, the Consulting Agreement and the proposed liquidation order.

4. The grounds for the application are:¹

General

- (a) the Applicant is insolvent;
- (b) the Applicant is a company to which the CCAA applies;
- (c) the claims against the Applicant exceed \$5 million;
- (d) the Applicant is the lone Canadian subsidiary of Claire’s Stores, which is the U.S. operating subsidiary of Claire’s Holdings LLC (“**Claire’s Holdings**” and collectively with Claire’s Stores and its affiliates, including the Applicant, “**Claire’s**” or the “**Company**”);
- (e) *Claire’s* is a global brand powerhouse for self-expression, creating exclusive, curated, and fun fashionable jewelry and accessories and is a go-to establishment for ear piercing;
- (f) the Applicant is responsible for running *Claire’s*’ Canadian operations;
- (g) the Applicant is a privately-held corporation governed by the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (“**CBCA**”);

¹ Capitalized terms not otherwise defined have the meaning given to them in the Initial Affidavit of Suzanne Stoddard sworn August 6, 2025 (the “**Initial Affidavit**”).

- 6 -

- (h) as of July 1, 2025, the Applicant operated the Business out of 120 leased retail stores across Canada;
- (i) as of June 30, 2025, the Applicant employed 703 active employees servicing the Business across Canada, comprised of 133 full-time employees and 570 part-time employees;
- (j) the chief place of business of the Applicant is Ontario, where the Applicant is headquartered, operated 45 of its 120 retail store locations as of July 1, 2025, and employs 40% of its workforce;
- (k) the Applicant relies on Claire's Stores and certain other affiliates to provide critical shared services, including, among others, procurement of all its inventory, in addition to executive, legal, accounting, treasury, tax, human resources, and information technology services (the "**Shared Services**");
- (l) over the past several years, *Claire's* has experienced a series of issues and challenges which have negatively impacted profitability and strained liquidity, including:
 - (i) various "stay at home orders" and "social distancing" policies which were implemented in response to the COVID-19 pandemic and all but eliminated foot traffic at the *Claire's* retail locations, including in Canada;
 - (ii) *Claire's* has struggled as consumers have shifted away from malls and in-store shopping experiences in favour of e-commerce; and
 - (iii) inflationary pressures, increased freight costs, a period of high interest rates, and, most recently, global economic factors, increased *Claire's* costs;

- 7 -

- (m) in an effort to respond to these challenges, *Claire's*, among other things, attempted to further amplify its e-commerce platform in the U.S., expanded its concessions business to expand customer reach beyond *Claire's*' traditional shopping mall locations, and opened additional off-mall locations;
- (n) *Claire's* also increased prices to bolster its margins, which led to a decline in customer retention, and ultimately, decreased sales;
- (o) in addition to the problems facing *Claire's* as a whole, the Applicant faced several unique challenges that have negatively impacted profitability and its cash flows, including a burdensome lease portfolio making a significant number of the Applicant's 120 retail store locations as of July 1, 2025 unprofitable or unviable under current lease terms;
- (p) over the past year, *Claire's* has worked diligently to implement a comprehensive turnaround plan focused on improving all areas of the Company's business, in an effort to improve its profitability and overall liquidity position;
- (q) *Claire's* also raised over \$116 million in incremental liquidity and secured waivers from its pre-filing lenders of various reporting and other obligations under its pre-filing credit facilities (the Applicant is not an obligor under any of such facilities);
- (r) unfortunately, *Claire's*' liquidity position remained constrained, and ultimately did not allow *Claire's* to see the turnaround to fruition;

- 8 -

- (s) in June 2025, *Claire's* began exploring strategic alternatives, including by launching a pre-filing marketing process to sell some or all of its assets in North America and abroad;
- (t) prospective buyers had the ability to submit standalone bids for some or all of the Applicant's assets or business;
- (u) concurrently with the marketing process, Claire's Stores also negotiated the terms of a forbearance agreement with its prepetition operating lenders (the "**Forbearance Agreement**"). Among other things, the Forbearance Agreement required the Company to comply with certain parallel path "going concern scenario" and "liquidation scenario" milestones;
- (v) the Company received multiple LOIs by the bid deadline as set out in the Forbearance Agreement;
- (w) no LOIs were received for the Applicant's business or assets on a standalone basis;
- (x) the Company has used the additional runway afforded by the Forbearance Agreement to engage with certain of its prepetition lenders and equityholders to achieve a smooth transition into chapter 11;
- (y) on August 6, 2025, Claire's Holdings and certain of its affiliates (the "**Chapter 11 Debtors**") filed voluntary petitions for relief in the United States Bankruptcy Court for the District of Delaware under chapter 11 of the U.S. Bankruptcy Code (the "**Chapter 11 Cases**");

- 9 -

- (z) the Applicant is not a Chapter 11 Debtor;
- (aa) the purpose of the Chapter 11 Cases is to give the Chapter 11 Debtors the breathing space to, among other things, convert one or more of the non-binding LOIs into binding commitments to purchase some or all of the Chapter 11 Debtors' assets, and in the meantime, to immediately commence store closing sales to monetize some or all of their store locations;
- (bb) the Applicant has filed these CCAA Proceedings concurrently with the Chapter 11 Cases;
- (cc) *Claire's* has concluded that there is not enough capital available to restructure the *Claire's* business in the U.S. and properly resuscitate the Canadian business to achieve profitability;
- (dd) the Applicant is not profitable on a standalone basis;
- (ee) the Applicant has realized significant net losses for the period from June 2024 to August 2025;
- (ff) the Applicant contributes negative EBITDA margin to *Claire's* consolidated business;
- (gg) the Applicant has delayed rent payments to some of its landlords for the month of June 2025, and to all of its landlords for the months of July and August 2025;
- (hh) the Applicant has received 78 default notices as well as 26 notices of termination as a result of unpaid rent. Of the 26 termination notices, one lease has been

- 10 -

abandoned, four leases have since been reinstated pursuant to reinstatement agreements and for five (5) others, the applicable landlord has agreed to rescind the termination notices upon the payment of the rent arrears;

- (ii) the Applicant is currently locked out of 16 of its retail stores, temporarily preventing the Applicant from accessing its Merchandise and FF&E at those stores, and further exacerbating the Applicant's dire cash flow circumstances;
- (jj) the Applicant does not have the ability to independently effect a recapitalization or restructuring of the Canadian operations without continued operational and financial support of *Claire's*;
- (kk) Claire's Stores has indicated that it is not prepared to continue offering the Shared Services (which have not historically been cash settled) or allowing the use of the "*Claire's*" marks (which are not legally owned by the Applicant), in light of its current financial circumstances;
- (ll) without this continued support, the Applicant is insolvent and unable to meet its liabilities and obligations as they come due;
- (mm) the Applicant is commencing these CCAA Proceedings so that it will have the breathing space in order to conduct a liquidation at certain or all of the Applicant's store locations with assistance from a third-party professional liquidator and vacate those leased retail locations (the "**Liquidation**"), while concurrently pursuing efforts to identify a purchaser of its remaining business or assets or, if no buyers emerge, to conduct an orderly wind-down of its operations;

- 11 -

Administration and Directors' Charges

- (nn) the granting of the Administration Charge and the Directors' Charge is appropriate in the circumstances and will facilitate the active involvement of the beneficiaries of the charges during the CCAA Proceedings;

Appointment of Monitor

- (oo) KSV has consented to act as the Monitor;

Stay of Proceedings

- (pp) the Applicant has commenced these proceedings to obtain the flexibility and breathing space afforded by the Stay of Proceedings under the CCAA to engage with its principal stakeholders and to advance a process to address its current financial circumstances and maximize the value of its business, including by proceeding with the Liquidation;
- (qq) it would be detrimental to the Applicant and its stakeholders if proceedings were commenced or rights or remedies executed against the Applicant;

Other Grounds

- (rr) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (ss) Rules 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 and 137 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

- 12 -

(tt) such further and other grounds as counsel may advise and this Honourable Court may permit.

5. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Suzanne Stoddard sworn August 6, 2025 and the exhibits attached thereto;
- (b) the Pre-Filing Report of the Monitor, to be filed; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

August 6, 2025

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Lawyers for the Applicant

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AS AMENDED

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
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Applicant

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

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

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Lawyers for the Applicant

TAB 2

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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 CLAIRE'S STORES CANADA CORP.

APPLICANT

AFFIDAVIT OF SUZANNE STODDARD
(sworn August 6, 2025)

I, Suzanne Stoddard, of the City of Columbus, in the State of Ohio, MAKE OATH AND SAY:

1. This affidavit is made in support of an application by Claire's Stores Canada Corp. (the "**Applicant**") for an initial order (the "**Initial Order**") and related relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and the related proceedings, the "**CCAA Proceedings**"). This affidavit is also made in support of an amended and restated Initial Order (the "**Amended and Restated Initial Order**") that will be sought at a hearing within 10 days of an Initial Order being granted (the "**Comeback Hearing**").

2. I am the Senior Vice President and Chief Accounting Officer of *Claire's* (defined below) including the Applicant. I have served in this role since April 2021. In my capacity as Senior Vice President and Chief Accounting Officer, I am familiar with the business and affairs of both the Applicant and its U.S. parent, Claire's Stores, Inc. ("**Claire's Stores**"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information,

I have so stated, and I believe them to be true and accurate. In preparing this affidavit, I have also consulted with members of the senior management teams of the Applicant and Claire's Stores, as well as the Applicant's financial and legal advisors. The Applicant does not waive or intend to waive any applicable privilege by any statement herein.

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

- (a) a stay of proceedings against the Applicant, the Monitor (defined below), and their respective employees, directors, advisors, officers and representatives acting in such capacities for an initial period not to exceed 10-days (the **"Initial Stay Period"**);
- (b) the appointment of KSV Restructuring Inc. (**"KSV"** or the **"Proposed Monitor"**) as monitor of the Applicant (in such capacity, when and if appointed, the **"Monitor"**);
- (c) authorization (but not the requirement), with the consent of the Monitor, to pay certain pre-filing amounts to key participants in the Applicant's distribution network, and to other critical suppliers, if required; and
- (d) the granting of the following priority charges (collectively, the **"Charges"**) over the Property (as defined in the Initial Order), listed in order of priority:
 - (i) an Administration Charge (defined below) in the maximum amount of \$400,000; and

- (ii) a Directors' Charge (defined below) in the maximum amount of \$2.9 million.

4. If the proposed Initial Order is granted, the Applicant intends to bring a motion to be heard within 10 days of the granting of the Initial Order (the “**Comeback Hearing**”) seeking an Amended and Restated Initial Order, among other things, extending the stay of proceedings and granting other customary Comeback Hearing relief, including increasing the maximum amount secured by the Administration Charge and the Directors' Charge.

5. In addition, the Applicant intends to bring a motion to be heard concurrently with the Comeback Hearing, seeking this Court's approval of:

- (a) a consulting agreement with Hilco Merchant Retail Solutions, ULC (“**HILCO**”) regarding the liquidation of the merchandise (“**Merchandise**”) and owned furnishings, trade fixtures, and equipment (“**FF&E**”) that are located in the Applicant's retail stores (the “**Consulting Agreement**”); and
- (b) proposed sale guidelines for the orderly liquidation of the Merchandise and FF&E located at or in transit to the Applicant's retail stores locations, through sales to be conducted in accordance with the terms of the Sale Guidelines, the Consulting Agreement and the proposed liquidation order (the “**Canadian Sale Guidelines**”).

6. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise, and do not represent amounts or measures prepared in accordance with ASPE or US GAAP.

7. This affidavit is organized into the following sections:

A.	Introduction	5
B.	Corporate Structure of the Applicant	12
C.	Chief Place of Business	13
D.	The Business of the Applicant and <i>Claire's</i>	13
	(a) Corporate History of <i>Claire's</i>	13
	(b) Business Overview of <i>Claire's</i>	14
	(c) The Applicant's Retail Business	15
	(d) Leases for Retail Stores and Landlords	15
	(e) Merchandising, Distribution and Logistics	18
	(f) Loyalty Programs, Gift Cards and Customer Programs	19
	(g) Intellectual Property	19
	(h) Employees and Employee Benefits	20
	(i) Shared Services	21
	(j) Banking and Cash Management	21
	(k) Other Suppliers	22
E.	The Financial Position of the Applicant	23
	(a) Financial Statements	23
	(b) Assets of the Applicant	23
	(c) Liabilities of the Applicant	24
	(d) Revenue	25
	(e) Secured Indebtedness	26
	(f) PPSA Registrations	26
F.	Events Leading Up to the CCAA Proceedings and the Chapter 11 Cases	27
	(a) COVID-19 Pushes Consumer Behavior Away from Malls and Towards E-Commerce	27
	(b) Increased Competition	29
	(c) Pricing, Inventory Mix and Shrinkage Issues	29
	(d) Global Economic Factors Lead to Higher Prices	31
	(e) Burdensome Lease Portfolio	31
	(f) Pre-filing Restructuring Initiatives	31
G.	The Urgent Need for Relief under the CCAA	33
H.	Relief Sought	35
	(a) Stay of Proceedings	35
	(b) Appointment of Monitor	36
	(c) Funding of the CCAA Proceedings	36

(d)	Payments During the CCAA Proceedings	37
(e)	Liquidation of the Canadian Operations	37
(f)	Administration Charge	38
(g)	Directors' Charge	38
I.	Conclusion	39

A. Introduction

8. The Applicant is the lone Canadian subsidiary of Claire's Stores, which is the U.S. operating subsidiary of Claire's Holdings LLC ("**Claire's Holdings**" and collectively with Claire's Stores and its affiliates, including the Applicant, "***Claire's***" or the "**Company**"). Claire's Holdings is headquartered in Hoffman Estates, Illinois.

9. *Claire's* is a global brand powerhouse for self-expression, creating exclusive, curated, and fun fashionable jewelry and accessories and is a go-to establishment for ear piercing. The cornerstone of *Claire's*' business is to provide tweens, teens, and young girls with a memorable in-person shopping and ear-piercing experience. *Claire's* has a reputation for delivering a differentiated, trendsetting, and diverse assortment of products, many of which are proprietary designs, that help young minds style and define themselves.

10. *Claire's* is a market share leader in retail piercing services in North America, having pierced the ears of millions of customers over Claire's 40-plus year history of piercing. *Claire's* ear-piercing services are a renowned "rite of passage" for millions of girls across the world who trust *Claire's* with their first ear-piercing experience. The Applicant is responsible for running *Claire's*' Canadian operations. As of July 1, 2025, the Applicant operated out of approximately 120 leased retail store locations and approximately 600 concessions locations across Canada and has approximately 700 full and part-time employees.

11. In March 2018, Claire's Stores and several of its affiliates commenced proceedings under chapter 11 of the United States Bankruptcy Code, 11. U.S.C. 101-1532 (the "**U.S. Bankruptcy Code**") to undertake a balance sheet restructuring and eliminate a substantial portion of debt from its balance sheet. *Claire's* emerged from its Chapter 11 cases in October 2018, positioned for long-term success. Unfortunately, however, *Claire's* has faced multiple challenges since that time. As with many retailers, *Claire's* has struggled as consumers have shifted away from malls and in-store shopping experiences in favour of e-commerce, which shift was accelerated by the COVID-19 pandemic. Various "stay at home orders" and "social distancing" policies all but eliminated foot traffic at the *Claire's* retail locations, including in Canada.

12. *Claire's* was well positioned to capitalize on pent-up demand when it reopened the majority of its stores in May 2020, as COVID-19 related restrictions began to ease. *Claire's* carried this momentum into 2021, posting stronger same-store sales, total net sales growth and EBITDA as compared to both 2019 and 2020.

13. Notwithstanding a strong 2021 across the retail industry, 2022 mall foot traffic decreased across the board as consumer behavior shifted back towards e-commerce while the world returned to normal on the tail end of the COVID-19 pandemic. *Claire's* saw this industry-wide decline in mall foot traffic as an opportunity to expand and grow their brand beyond their in-mall brick-and-mortar presence to capture off mall sales revenue. To that end, *Claire's* (a) attempted to further amplify its e-commerce platform in the U.S., (b) expanded its concessions business to expand customer reach beyond *Claire's*' traditional shopping mall locations, and (c) opened additional off-mall locations. *Claire's* also undertook a variety of promotional efforts and pursued additional opportunities in franchising, licensing, media, and brand strategy, including to engage key demographics.

14. These initiatives, however, presented their own challenges and had unanticipated consequences. *Claire's* expansion into off-mall locations did not compensate for the decline in in-mall sales to the extent that *Claire's* had expected. The concessions business saddled *Claire's* with a large and complex network of concessions partners that required significant labor to manage. *Claire's* shift away from trendier products in favor of core products led to fewer customers returning to *Claire's* stores season after season to shop the latest trends. Increased prices failed to bolster margins, as *Claire's* customers turned to other retailers that offered more competitive prices for similar types of products. Notwithstanding that *Claire's* had invested in its e-commerce platform, e-commerce generally did not translate well to *Claire's*' business, which heavily relied on ear-piercing services and an immersive, interactive in-person shopping experience.

15. The piercing market, which *Claire's* had dominated year over year, also became increasingly competitive. Competition mounted across a variety of products in the non-piercing market as well, as competitors such as Lovisa, SHEIN, Five Below, Ulta, and Temu experienced their own rapid growth in this time period. *Claire's* was slow to move into beauty and skincare products, missing out on a share of customer wallet for such products. At the same time, foot traffic in malls continued to decline as consumer behavior shifted back towards e-commerce as the pent-up in-store demand generated by COVID-19 dissipated. Notwithstanding that *Claire's* had invested in its e-commerce platform, *Claire's* failed to build a significant e-commerce business.

16. Moreover, *Claire's* from time-to-time struggled to implement effective inventory management practices and systems, manage seasonal and holiday sales fluctuations, adapt to changing consumer preferences, and comprehensively address inventory shrinkage issues, particularly in its concessions business, resulting in lost sales, increased storage costs, and

excessive markdowns. While *Claire's* had many seasons where demand aligned with *Claire's* forecasts, *Claire's* also had several seasons where they struggled to predict demands for certain styles of products in a market where style is paramount.

17. *Claire's* has worked diligently over the past year to implement a comprehensive turnaround plan focused on improving all areas of the Company's business, to improve its profitability and overall liquidity position. In addition, the Company has exited a substantial number of its unprofitable concession locations to focus on its core partners. Further, *Claire's* Stores has been engaged with its prepetition lenders for months in an effort to raise incremental liquidity and secure sufficient time to implement the Company's turnaround plan. To that end, *Claire's* Stores raised US \$50 million of incremental financing in September 2024, subsequently raised another US \$50 million in February 2025 and US \$16 million in June 2025, and, more recently, has sought and obtained waivers from its prepetition lenders of various reporting and other obligations under its prepetition credit facilities. While the Applicant is not a borrower or guarantor under any of the *Claire's* Stores prepetition credit facilities, it indirectly benefited from *Claire's* efforts to raise incremental liquidity.

18. Unfortunately, while *Claire's* was starting to see improvements in the business through the turnaround plan, *Claire's*' liquidity position remained constrained, and ultimately did not allow *Claire's* to see the turnaround to fruition. Between late May and late June 2025, the Company's operating lenders ("**ABL Lenders**") imposed additional reserves under the asset-backed lending facility ("**ABL Facility**") in an effort to de-risk their position, which put significant pressure on the Company's liquidity runway.

19. While the Applicant is not an obligor with respect to such facilities, its liquidity position in Canada has been similarly constrained. As of the date of this Affidavit, the Applicant has received 78 default notices from landlords relating to the non-payment of rent. In early July, the Applicant was locked out of one of its retail stores following receipt of a termination notice. The Applicant has since abandoned that store. By the end of July, the Applicant had received an additional 25 termination notices as a result of the unpaid rent. Of those, four (4) leases have since been reinstated pursuant to reinstatement agreements and for five (5) others, the applicable landlord has agreed to rescind the termination notices upon the payment of the rent arrears. For the remaining 16 leases for which termination notices were received, the applicable landlord has actively locked the Applicant out of the leased premises.

20. In June 2025, *Claire's* began exploring strategic alternatives, including by launching a pre-filing marketing process to sell some or all of its assets in North America and abroad. As part of these efforts, the Company contacted approximately 150 prospective buyers, including a broad range of strategic and financial buyers to solicit interest in *Claire's*' business or assets. Prospective buyers had the ability to submit standalone bids for some or all of the Applicant's assets or business. Approximately 60 interested parties executed confidentiality agreements as part of the marketing process.

21. Concurrently with the marketing process, the Company also negotiated the terms of a forbearance agreement with its ABL Lenders (the "**Forbearance Agreement**"). Among other things, the Forbearance Agreement required the Company to comply with certain parallel path "going concern scenario" and "liquidation scenario" milestones. Under the "going concern" scenario, the Company was required to deliver to the ABL Agent (as defined therein) a letter of intent ("**LOI**") to purchase the Company's anticipated go forward assets as a going concern

initially by no later than July 31, 2025 and, if any LOI was received, the commencement of voluntary chapter 11 proceedings by no later than August 5, 2025. Multiple LOIs were received by the Company by the bid deadline as set out in the Forbearance Agreement. No LOIs were received for the Applicant's business or assets on a standalone basis.

22. The Company has used the additional runway afforded by the Forbearance Agreement to engage with certain of its prepetition lenders and equityholders (the "**Consenting Parties**") and achieve a smooth transition into chapter 11.

23. On August 6, 2025 (the "**Petition Date**"), Claire's Holdings and certain of its affiliates (the "**Chapter 11 Debtors**")¹ filed voluntary petitions for relief in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**") under chapter 11 of the U.S. Bankruptcy Code (the "**Chapter 11 Cases**"). The Chapter 11 Debtors intend to use the initial days of the Chapter 11 Cases to convert one or more of the non-binding LOIs into binding commitments to purchase some or all of the Chapter 11 Debtors' assets. In the meantime, the Chapter 11 Debtors intend to immediately commence store closing sales to monetize some or all of their store locations, to facilitate the administration of the Chapter 11 Cases and maximize the value of the Chapter 11 Debtors' estates for the benefit of all stakeholders. To that end, the Chapter 11 Debtors intend to file, among other motions, a store closing motion to capitalize on these objectives. The Chapter 11 Debtors maintain the flexibility to stop the liquidation sales in the event of an actionable going-concern transaction.

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Chapter 11 Debtors' proposed claims and noticing agent at <https://omniagentsolutions.com/Claire's>.

24. The Applicant has filed these CCAA Proceedings concurrently with the Chapter 11 Cases. The Applicant is not a Chapter 11 Debtor. Faced with the significant constraints upon its use of cash (as described above) and the lack of interest expressed in the Applicant or the Canadian operations by bidders in the pre-filing marketing process, the Company has reluctantly concluded that there is not enough capital available to restructure the *Claire's* business in the U.S. and properly resuscitate the Canadian business to achieve profitability.

25. The Applicant is not profitable on a standalone basis. The Applicant has realized significant net losses for the period from June 2024 to August 2025. Moreover, the Applicant contributes negative EBITDA margin to *Claire's* consolidated business. In addition, the Applicant is entirely dependant on *Claire's* Stores to provide critical shared services, including executive, legal, accounting, treasury, tax, human resources, information technology and inventory procurement. *Claire's* Stores has indicated that it is not prepared to continue offering those shared services (which have not historically been cash settled) or allowing the use of the "*Claire's*" marks (which are not legally owned by the Applicant), in light of its current financial circumstances.

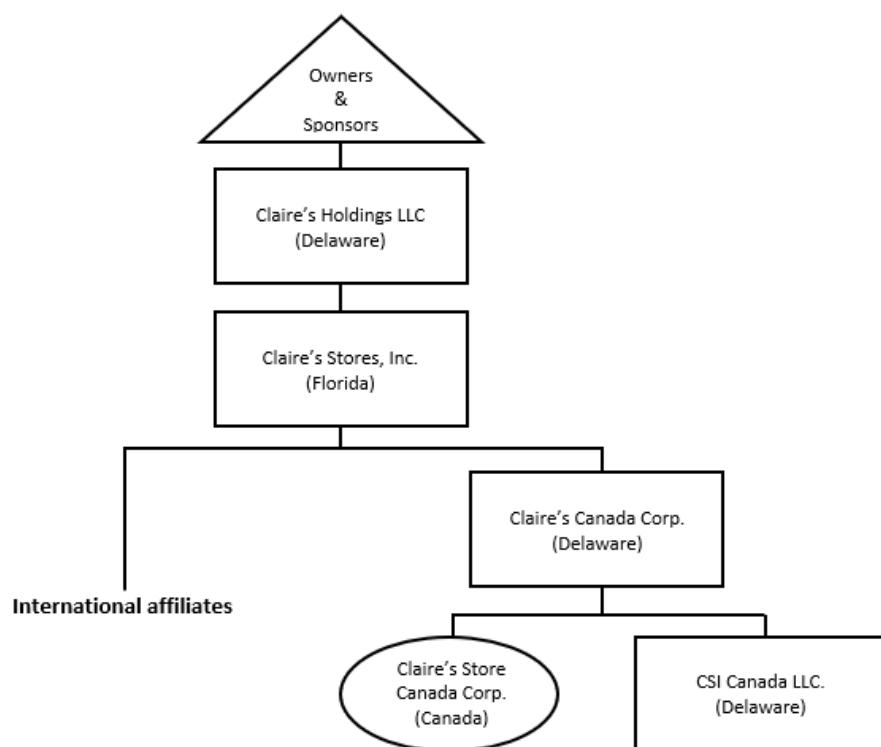
26. The Applicant does not have the ability to independently effect a recapitalization or restructuring of the Canadian operations without continued operational and financial support of *Claire's*.

27. Accordingly, the Applicant is insolvent. The Applicant is unable to satisfy its obligations as they come due. The Applicant intends to use the breathing room afforded by the CCAA to engage with its principal stakeholders and to advance a process to address its current financial circumstances and maximize the value of its business. At present, this is likely to consist of an orderly liquidation of the Applicant's remaining Merchandise at certain stores with assistance

from a third-party professional liquidator and vacating those leased retail locations. However, as part of the proposed ARIO, the Applicant also intends to seek authority to concurrently pursue all forms of refinancing, restructuring, sale or reorganization of the Applicant's remaining business or property, in whole or in part, on an expedited basis.

B. Corporate Structure of the Applicant

28. The Applicant is a company incorporated under the laws of Canada, headquartered at 100 King Street West, Suite 6600, 1 First Canadian Place, Toronto ON M5X 1B8. The Applicant is an indirect wholly-owned subsidiary of its U.S.-based parent, Claire's Stores, and its parent, Claire's Holdings. Along with the Applicant, Claire's Stores has subsidiaries and affiliates located around the world. A corporate chart depicting the structure of Claire's Holdings is set out below.



C. Chief Place of Business

29. The chief place of business of the Applicant is Ontario. The largest number of the Applicant's leased retail stores are located in Ontario (45 of the approximately 120 stores as of July 1, 2025), the largest number of the Applicant's employees are located in Ontario (approximately 40% of all employees) and the registered head office is in Ontario. Moreover, the Applicant generates the largest number of sales in Ontario (approximately 40% of all sales are from Ontario).

D. The Business of the Applicant and *Claire's*

(a) Corporate History of *Claire's*

30. *Claire's* has been a staple in the retail industry since its inception, providing its customers with opportunities for fun, fashion, and flair. *Claire's* was founded by Rowland Schaefer in 1961 as a wig retailer by the name of "Fashion Tress Industries." In 1973, Fashion Tress Industries acquired the Chicago-based *Claire's* Boutiques, a 25-store jewelry chain that catered to women and teenage girls. Fashion Tress Industries adopted the *Claire's* brand following the acquisition, changing its name to "Claire's Stores, Inc.", and shifted its focus to a full line of fashion jewelry and accessories. *Claire's* began its now iconic ear-piercing business in 1978.

31. *Claire's* continued to expand its footprint throughout the following two decades. *Claire's* experienced considerable growth beginning in the late 1990s, expanding from suburban shopping malls to European and Canadian city centers. In furtherance of that goal and to engage with *Claire's*® customers through the next stage of their lives, the Company acquired The Icing in 1996 and Afterthoughts in 1999, which together became *Icing*® as it is known today.

(b) Business Overview of *Claire's*

32. *Claire's* operates under two distinct brands: (i) *Claire's*®, the fun fashion destination for jewelry, cosmetics, accessories, and ear piercing primarily targeted to tweens, teens, and young girls and (ii) *Icing*®, the jewelry, accessories, and cosmetics “it” store for young women.

33. *Claire's*' global business is divided into four main business lines: (i) brick & mortar retail stores; (ii) concession locations (*i.e.*, sales of *Claire's* merchandise through partnerships with several prominent retails, including Walmart, Toys R Us and Red Apple Stores in Canada); (iii) e-commerce; and (iv) franchised locations. *Claire's* e-commerce business, which includes an integrated distribution channel, accounted for approximately 1% of *Claire's* Holdings' net sales in fiscal year 2024.

34. Geographically, *Claire's*' operations are organized in two divisions: (i) the North American division, which includes the Company's operations in the U.S., Puerto Rico and Canada (through the Applicant); and (ii) the European division, which encompasses the Company's operations in the UK, the Republic of Ireland and continental Europe.

35. In Canada, the Applicant has only two business lines: brick & mortar and concessions. The Applicant does not have an e-commerce presence (all e-commerce sales in Canada are served through *Claire's* Stores) and it does not operate through any franchisees. The vast majority of the retail stores in Canada are operated under the *Claire's* brand (with only 4-5 retail stores operating under the *Icing*® brand).

36. The Applicant's concessions business operates out of approximately 600 store locations of its concessions partners (*i.e.*, Walmart, Toys R Us, Red Apple Stores and others) and accounts for

approximately 30% of the Applicant's total inventory. The Applicant owns the inventory sold at these concessions partner locations. The concession partners deposit proceeds from the sale of the Applicant's inventory into a CIBC bank account on behalf of the Applicant.

(c) The Applicant's Retail Business

37. As of July 1, 2025, the Applicant operated approximately 120 brick-and-mortar stores across Canada, which sell *Claire's* merchandise and provide ear-piercing services. On average, Canadian sales make up approximately 6% of the Company's overall sales.

(d) Leases for Retail Stores and Landlords

38. The typical format of the Applicant's retail stores is a strategically located store in a mall or shopping centre.

39. Each store is located in premises leased by the Applicant. The Applicant does not own any real property. As of July 1, 2025, the Applicant operated 120 retail store locations in Canada. However, since then, as a result of the Applicant's inability to pay rent, the Applicant has received 26 notices of termination from landlords (some of which the Applicant has managed to cure). The Applicant remains locked out of 16 of its retail stores. The Applicant is reviewing the financial impact of these terminations on a store-by-store basis and intends to discuss same with the applicable landlords once determinations are made on the economics of potentially including those stores in a liquidation sale.

40. The following chart sets out the Applicant's store locations by Province as of July 1, 2025:

Province	Number of Store Locations
Alberta	21

British Columbia	19
Manitoba	6
New Brunswick	3
Newfoundland and Labrador	2
Nova Scotia	3
Ontario	45
Prince Edward Island	1
Quebec	13
Saskatchewan	7
TOTAL	120

41. The terms of the Applicant's retail store leases vary. Some leases require payment of fixed rent, other leases require payment of rent based on a percentage of the retail location's sales, and, most commonly, some leases require a combination of both. The term remaining on each of the Applicant's retail leases varies from lease to lease. The Applicant has the right to extend the term of some leases on the terms and conditions provided in such leases.

42. Additionally, under the majority of store leases, the Applicant's filing for protection under the CCAA constitutes an "Event of Default" entitling the applicable landlord to exercise certain remedies against the Applicant, including termination of the lease, acceleration of rent and other charges under the lease, and repossession of the premises.

43. The majority of the Applicant's leases are with large third-party landlords, whose subsidiaries own malls and shopping centres across Canada. The following chart sets out the Applicant's landlords and leases as of July 1, 2025:

Landlord	Number of Leases
Primaris	20 (8 in Ontario)
Cadillac Fairview	15 (7 in Ontario)
Ivanhoe Cambridge	14 (6 in Ontario)
Morguard	13 (5 in Ontario)
Cushman & Wakefield	9 (3 in Ontario)
RioCan	8 (4 in Ontario)

Oxford	6 (4 in Ontario)
Westcliff	6 (0 in Ontario)
Other	29 (8 in Ontario)
TOTAL	120

44. Monthly rent obligations for these stores are approximately \$1.4 million per month. Due to *Claire's*' recent financial challenges, described in further detail below, the Applicant delayed rent payments to some of its landlords for the month of June 2025, and to all of its landlords for the months of July and August 2025. At present, the Applicant owes approximately \$2.1 million in lease arrears. As of the date of this Affidavit, the Applicant has received 78 default notices and 26 notices of termination (some of which have been cured) and the Applicant remains locked out of 16 of its retail stores.

45. The proposed Initial Order provides that, until a lease is disclaimed or consensually terminated, 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 solely to the period commencing from and including August 16, 2025, until and including August 30, 2025, as a single payment made on or about August 18, 2025, and (iii) 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 date of the proposed Initial Order shall be calculated and paid regarding revenues incurred during the period from and including the date of the proposed Initial Order in accordance with the terms of such lease.

(e) **Merchandising, Distribution and Logistics**

46. All of the Applicant's Merchandise is sourced and supplied by an affiliate of *Claire's*, which controls the purchasing and inventory for *Claire's*' operations across North America. *Claire's* aims to maintain approximately 7,500 different stock keeping units at any given time.

47. *Claire's* does not own or operate any manufacturing facilities, but instead sources merchandise from approximately 250 vendors, a substantial majority of which are located outside of the U.S. Vendors participating in *Claire's*' supply chain are subject to rigorous and ongoing quality-control evaluations.

48. CBI Distributing Corp. acts as a purchasing entity on behalf of *Claire's* in the ordinary course of business, will purchase all inventory for North America from third party vendors, and subsequently transfer that inventory to a *Claire's* entity, BMS Distributing Corp. ("**BMS**"). BMS then sells such inventory to *Claire's* various store entities, including the Applicant, at a mark-up, with such transactions being recorded as intercompany transfers on those entities' books and records.

49. Vendors typically take four to six months to manufacture the product after the order is placed. Completed products ordered by *Claire's* are shipped to the Company's distribution center in the U.S. (primarily via ocean freight), which typically takes another month. Finally, products are allocated and distributed to the Company's retail stores, including to the Canadian stores operated by the Applicant, for sale to customers. All purchases of Merchandise that are shipped to Canada are recorded by the Applicant as an intercompany payable upon shipment to Canada. A copy of the Purchasing Agreement between BMS and the Applicant dated February 2, 2003 is attached hereto as as **Exhibit "A"**.

(f) Loyalty Programs, Gift Cards and Customer Programs

50. In the ordinary course of business, *Claire's* (including the Applicant) provides certain customer programs to their customers to attract and maintain positive, meaningful, and long-term customer relationships. The customer programs promote customer satisfaction and inure to the goodwill of the Company's business and the value of their brand. The customer programs include: (a) gift cards, (b) sales promotions, (c) C Club Loyalty Program, and (d) Return and Exchange Policies.

51. As of the date of this Affidavit, the Applicant estimates that there is approximately \$750,000 of net outstanding liability in respect of gift cards.

52. The Applicant is seeking in the proposed Initial Order that it be authorized, with the consent of the Proposed Monitor, to continue to offer the Customer Programs and honor credits obtained under the C Club Loyalty Program until August 15, 2025. The Applicant is also seeking to honour gift cards sold by the Applicant prior to the date of filing of these CCAA Proceedings (the "**Filing Date**") until August 15, 2025. The Applicant will not be selling any further gift cards on or after the Filing Date and returns for any products purchased from any of the Applicant's stores will not be honoured after August 15, 2025.

(g) Intellectual Property

53. The Applicant does not own the legal rights to any of *Claire's* intellectual property. The Applicant's "Claire's" marks are registered under CBI Distributing Corp., which entity owns the marks. CBI Distributing Corp., through one or more affiliates, granted license rights to the Applicant to exploit the Canadian IP (*i.e.*, economic rights).

(h) Employees and Employee Benefits

54. As of June 30, 2025, the Applicant had a total of 703 active employees in Canada comprised of 133 full-time workers and 570 part-time workers. Two district sales managers and one regional sales manager are currently responsible for the approximately 120 retail stores operated by the Applicant as of July 1, 2025. None of the Applicant's employees are unionized.

55. A typical retail store is staffed with approximately six employees, with additional coverage during holidays and peak selling seasons. The staff includes both full and part-time sales associates and a store manager.

56. The following chart sets out the distribution of the Applicant's employees by province:

Province	Full-Time	Part-Time	Total
Alberta	25	98	123
British Columbia	24	91	115
Manitoba	7	28	35
New Brunswick	2	14	16
Newfoundland and Labrador	2	9	11
Nova Scotia	3	13	16
Ontario	51	229	280
Prince Edward Island	1	6	7
Quebec	12	50	62
Saskatchewan	6	32	38
TOTAL	133	570	703

57. All of the Applicant's employees are compensated through base salary (in the case of the two district sales managers and one regional sales manager) or hourly wages (in the case of all other employees) and company-paid benefits. In addition, some employees are eligible to receive bonuses. It is my understanding that the Applicant also provides group health and dental benefits, as well as life and disability insurance benefits, to their employees through Canada Life. The Applicant does not sponsor any pension plans.

(i) **Shared Services**

58. In addition to the procurement and purchasing of Merchandise, as described above, the Applicant relies on Claire's Stores for certain other administrative and business support services that are integral to the Applicant's operations. These services, which are provided by Claire's Stores pursuant to a management services agreement dated February 2, 2003 (the "**Management Services Agreement**") and reimbursed by the Applicant at cost plus a mark-up, include executive, legal, accounting, finance, treasury, tax, insurance/risk management, real estate, human resources, and information technology support services, among other things (collectively, the "**Shared Services**"). A copy of the Management Services Agreement is attached hereto as **Exhibit "B"**.

(j) **Banking and Cash Management**

59. The Applicant is part of an enterprise-wide centralized cash management system administered by the Company to collect, transfer, and disburse funds generated by *Claire's*. The Company's treasury and accounting departments maintain daily oversight of the cash management system and implement controls for entering, processing, and releasing funds in the ordinary course of the *Claire's* business, including in connection with the intercompany transactions.

60. With respect to the Applicant's Canadian operations:

- (a) The Applicant maintains five store deposit accounts (the "**Depository Accounts**") with CIBC, Scotiabank, BMO, TD and RBC, respectively. All five Depository Accounts are located in Canada and are denominated in CAD.
- (b) The Applicant maintains seven bank accounts with CIBC (segregated by function) (the "**CIBC Accounts**"), consisting of a master concentration account, three

disbursement accounts, a payroll account, a merchant account, and a currency account. The currency account is maintained for the purposes of remitting funds between Canada and the U.S. (the “**Currency Account**”). In the ordinary course of business, the Applicant’s operations generate proceeds and reimbursements that are remitted to the Company’s accounts. To facilitate these transactions, the Company converts Canadian Dollars into U.S. Dollars, which are held in the Currency Account, subject to monthly sweeps to Claire’s Stores’ master concentration account held at Citibank in order to redomicile such cash proceeds. I understand that cash will not be swept from Canada to the Claire’s Stores following the Filing Date. All seven CIBC Accounts are located in Canada and are denominated in CAD, with the exception of the Currency Account, which is denominated in USD.

(k) Other Suppliers

61. The Applicant relies on the following service providers to operate: (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers; (ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services; and (iii) providers of payment, credit, debit and gift card processing related services. If these service providers were to refuse to provide services following the Filing Date (including delivery of inventory in shipment), the Applicant is concerned that its ability to maximize value through the contemplated liquidation would be negatively impacted. Further, while the Applicant may be able to seek relief from the Court to address this issue, such relief may not be readily enforceable for suppliers located outside of Canada and/or otherwise impractical in the circumstances. Accordingly, it is proposed in the Initial Order that the Applicant be entitled, but not required, to pay amounts owing to critical

vendors prior to the date of the proposed Initial Order, with the consent of the Monitor. In order for the Applicant to continue to operate during the proposed stay period, it is also proposed that these services, and others including utility providers, continue to be supplied and paid for pursuant to the Initial Order.

E. The Financial Position of the Applicant

(a) Financial Statements

62. In the ordinary course of their business, the entities forming *Claire's* issue their financial statements on a consolidated basis, including the Applicant. Copies of *Claire's*' consolidated audited financial statement for the fiscal year ending February 3, 2024 are attached hereto as **Exhibit "C"**. Consolidated audited financial statements for the fiscal year ending February 2025 are not yet available.

63. A copy of the most recent set of the Applicant's internal unaudited balance sheet and fiscal year-to-date income statement for the period ended June 30, 2025 is attached hereto as **Exhibit "D"**.

(b) Assets of the Applicant

64. The Applicant's assets, as disclosed in its fiscal year-to-date balance sheet for the period ended June 30, 2025, consist of the following:

Assets:	(in millions)
Cash and cash equivalents	\$1.8
Inventories	\$6.4
Other current assets	\$1.3

Total Current Assets	<u>\$9.4</u>
Furniture, fixtures and equipment	\$11.1
Leasehold improvements	\$12.4
Property, plant and equipment	\$23.4
Accumulated depreciation	(\$15.5)
Net PP&E	<u>\$7.9</u>
Deferred tax asset	\$6.2
Operating lease ROU assets	\$27.2
Total Other Assets	<u>\$33.4</u>
Total Assets	<u>\$50.7</u>

(c) Liabilities of the Applicant

65. The Applicant's liabilities and equity, as disclosed in its fiscal year-to-date balance sheet for the period ended June 30, 2025, consist of the following:

Liabilities and Equity:	(in millions)
Trade accounts payable	\$0.7
Income tax payable	\$0.4
Accrued expenses and other liabilities.....	\$6.7
Intercompany payable.....	\$71.2
Current portion of long term operating lease liabilities	\$6.6
Total Current Liabilities	<u>\$85.5</u>
Deferred tax liability	\$6.2
Long term lease liabilities	\$21.7
Long Term Liabilities	<u>\$28</u>
Total Equity	<u>(\$62.7)</u>
Total Liabilities and Equity	<u>\$50.7</u>

66. The approximate \$71.2 million intercompany claim payable by the Applicant to Claire's Stores remains outstanding. This amount is comprised of (i) an intercompany loan/promissory note (the "**Promissory Note**") payable by the Applicant to Claire's Canada Corp, a Delaware corporation, which Promissory Note was originally entered into in 2009 (and subsequently renewed in 2020) in connection with the transfer of the economic rights to the IP for the Canadian operations to the Applicant; (ii) payments owing by the Applicant to BMS for inventory shipments; (iii) reimbursement of costs for the Shared Services provided pursuant to the Management Services Agreement; (iv) expenses paid by certain U.S. affiliates on behalf of the Applicant; (v) interest payable by the Applicant in respect of the Promissory Note; and (vi) the regular sweeps of cash from the Canadian bank accounts. As of the date of this Affidavit, the amount owing under the Promissory Note is approximately \$47.5 million. The principal balance of the Promissory Note has been reduced over the years via netting of inter-company balances with the Company. A copy of the Promissory Note is attached hereto as **Exhibit "E"**.

67. As noted above, inventory shipments from BMS to the Applicant are accounted for through intercompany accounting entries. Payments are made by the Applicant to Claire's Stores on an ad hoc basis as the applicable intercompany claim accrues and the Applicant generates excess cash flow to settle such intercompany claims. Other than these inventory-related transactions, the Applicant funds its own day-to-day operations, including payroll, rent, and local vendor expenses.

(d) Revenue

68. The Applicant's revenue, cash flows, adjusted EBITDA and net earnings have each experienced a decline in fiscal year-to-date 2025 as compared to the same period in fiscal year 2024. In fiscal year-to-date 2025 (period ending June 30, 2025), the Applicant's net income was

approximately negative US \$5.8 million. In the same period, the Applicant also experienced a decline in total year-to-date sales, from approximately US \$30.2 million as of June 30, 2024 compared to approximately US \$24.5 million as of June 30, 2025 (a decline of approximately US \$5.7 million).

69. As compared to the prior year, the Applicant has also experienced an overall decline in store level cash flow of approximately \$9 million (from \$5.4 million as of June 30, 2024 to negative \$3.6 million as of June 30, 2025) or approximately \$167%.

(e) Secured Indebtedness

70. The Applicant has no secured debt and is not a borrower or guarantor of any of the Company's prepetition credit facilities.²

(f) PPSA Registrations

71. As of August 1, 2025, the only undischarged registration in any personal property registry system against the Applicant in any province where it operates was a Report of Seizure registered in the Province of Alberta in the amount of approximately \$14,000 relating to the store location at Bower Place Shopping Centre in Red Deer, which registration relates to a landlord enforcement action. A copy of the Alberta personal property registry search results report dated as of August 1, 2025 is attached hereto as **Exhibit "F"**. As of August 1, 2025, the Applicant had no active

² As of the Petition Date, Claire's Stores had approximately US \$690.8 million in principal amount of total funded debt obligations, consisting of (i) US \$63.5 million owing under the ABL Facility; (ii) US \$ 121.2 million owing under the Priority Term Loan Facility; and (iii) US \$506.2 million owing under the Existing Term Loan Facility (together, the "**Prepetition Credit Facilities**") and the lenders thereunder, the "**Prepetition Lenders**"). A more fulsome description of the Prepetition Credit Facilities is set out in the First Day Declaration (as defined herein), filed in support of the Chapter 11 Cases.

registrations against it under the *Personal Property Security Act* (Ontario), or in the other Canadian provinces in which it operates. Copies of the personal property registry search results in British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan as of August 1, 2025 are attached hereto as **Exhibit “G”**.

F. Events Leading Up to the CCAA Proceedings and the Chapter 11 Cases

72. *Claire’s*, including the Applicant, currently faces significant liquidity constraints resulting from a confluence of factors that have contributed to the need to jointly commence the Chapter 11 Cases and these CCAA Proceedings.

(a) COVID-19 Pushes Consumer Behavior Away from Malls and Towards E-Commerce

73. As described above, the Company experienced strong financial performance in 2021 coming out of the COVID-19 pandemic. Shoppers that craved the return to normalcy that an in-person shopping experience offered flocked to the Company’s stores for a fun, immersive, and interactive shopping experience.

74. *Claire’s* experienced a continued period of growth in 2021, expanding its “C-Club” loyalty program and amplifying its online store presence in the U.S.

75. Notwithstanding the strong performance of the retail industry as a whole for fiscal year 2021, market trends continue to shift away from in-person mall shopping and towards e-commerce. The Company diagnosed that this shift would result in decreased sales and revenues associated with their core brick-and-mortar business. The Company accordingly pursued numerous growth

strategies to compensate for decreased in-mall sales, including, among other things, (a) continuing to grow and evolve *Claire's* store footprint by venturing into off-mall locations, such as strip malls and store-in-store locations inside Walmart stores, (b) expanding its concessions business to approximately 20,000 partner locations, and (c) investing in its online store and digital presence.

76. Notwithstanding the uptick in sales on *Claire's*' e-commerce platform as compared to brick-and-mortar retail during the COVID-19 pandemic, *Claire's* business in the U.S. was not conducive to a large-scale transition to e-commerce. Online shoppers typically do not purchase a sufficiently large quantity of *Claire's* low-price products in a single e-commerce transaction to justify related shipping costs. *Claire's* is also smaller and offers more specialized products than most e-commerce competitors, and accordingly did not possess the scale to build a large enough e-commerce website that could support a broad transition from brick-and-mortar to online retail. Moreover, the majority of *Claire's* customers are young individuals under the age of 18 who typically do not themselves have access to funds, credit cards, or the ability to shop online. Accordingly, *Claire's* has struggled to create an online website that could compare to the tactile shopping experience that is so vital for its young customers. Finally, *Claire's*' ear-piercing services, which are foundational to *Claire's*' business and brand, were not transferable to e-commerce because they can only be provided in-store by trained employees with specialized ear-piercing equipment—not online or at home.

77. *Claire's* also invested in its concessions business in the U.S. and Canada as a reaction to the loss of foot traffic in *Claire's*' own retail locations to showcase and sell its products in the stores of other retailers with heavy foot traffic. While *Claire's* grew its concessions business to more than 20,000 partner locations, this growth resulted in a large and complex network of partners

that required significant labor for *Claire's* to manage and a large working capital investment without generating sufficient sales to offset the expense.

(b) Increased Competition

78. The piercing market, which *Claire's* had dominated year over year, also became increasingly more competitive. Specialty retailers like Lovisa, Rowan, and Studs emerged with, in the aggregate, hundreds of locations across the U.S., and other outlets like piercing studios and tattoo parlors grew in popularity as a location for piercing services. At the same time, needle ear piercing increased in popularity as compared to *Claire's* touch free piercing single use cartridge system. Competition also mounted in the Company's jewelry, cosmetics, hair goods, and fashion accessories product categories from competitors such as Lovisa, SHEIN, Five Below, Ulta, and Temu, who experienced their own rapid growth.

(c) Pricing, Inventory Mix and Shrinkage Issues

79. The Company pursued several initiatives in an attempt to combat inflationary pressure, increased freight costs, and a period of high interest rates, that increased the Company's costs and lowered the Company's margins.

80. The Company undertook a price adjustment strategy in 2021 to increase the prices of its merchandise and improve its margins. This initiative was not received well by the Company's customers who were accustomed to purchasing the Company's merchandise in a certain price range. The price adjustments did not have the revenue boosting effect that the Company had hoped. Instead, the Company's prices became less competitive, damaged the Company's value perception with consumers, and led to a decrease in customers and sales.

81. The Company also focused on stocking its shelves with more “core products” that are usable and wearable year-round, as opposed to trendy or seasonal merchandise. This, too, did not have the anticipated result on the Company’s bottom line, as the Company was left stocked with too many products that did not feel relevant to consumers. As a result, the Company’s sales declined, necessitating heavy discounts to sell excess inventory.

82. The Company also struggled with poor inventory management practices and systems, which, among other things, led to significant out of stocks and made it difficult for the Company to identify inventory shrinkage (*i.e.*, the loss of merchandise that could not be accounted for through sales as a result of, for example, shoplifting or supplier error). These issues were compounded by inaccurate demand forecasting, such that the Company did not have in-demand goods in their distributions centers to replenish its stores once inventory shortages were identified. Ultimately, poor inventory management practices and systems harmed the Company’s brick-and-mortar sales and made it difficult for the Company’s concessions business to turn a profit due to lost sales and customers who were disappointed that the Company was not adequately stocked with in-demand inventory.

83. As described above, the Applicant’s inventory mix, shrinkage and pricing is controlled and determined by management of Claire’s Stores. As a result, the increase in *Claire’s* pricing and the unfortunate circumstances of inventory mix and shrinkage have negatively impacted the Applicant’s bottom line as customers in Canada were similarly disappointed by the Applicant’s in-store offerings and pricing, leading to a reduction in sales.

(d) Global Economic Factors Lead to Higher Prices

84. Claire's Holdings' purchasing and inventory operations relies heavily on foreign suppliers. Indeed, between November 2024 and April 2025, the Company purchased approximately 70% of its inventory from suppliers located outside of the United States, including, among others, 56% from mainland China, 8% from Vietnam, and 3% from Thailand. As a result, the Company has been significantly impacted by the implementation of tariffs on imported goods in April 2025, which led to higher costs and uncertainty in inventory pricing. The Company could not raise prices to comprehensively mitigate the effects of the global economic factors on the Company's cost of goods sold.

(e) Burdensome Lease Portfolio

85. These challenges combined to negatively affect the profitability of the Company's stores, including the Applicant's operations in Canada. Prior to the commencement of these CCAA Proceedings, the Applicant undertook a review of its retail stores and determined that a significant number of its stores were unprofitable or unviable under current lease terms. Monthly rent obligations for these stores are approximately \$1.4 million per month.

(f) Pre-filing Restructuring Initiatives

86. Over the past year, *Claire's* has undertaken numerous initiatives to address the Company's liquidity challenges, by, among other things: (a) strengthening *Claire's* management; (b) renewing *Claire's*' focus on "fresh" product offerings that appealed to *Claire's*' core customers; (c) implementing pricing adjustments to improve competitiveness and value perception; (d) overhauling *Claire's*' product design and production teams and processes; (e) clearing out

inventory build ups; (f) conducting customer tests on various floor sets and product launches; (g) enhancing *Claire's*' marketing and promotions strategy; and (h) improving the in-store experience that *Claire's* offers its customers.

87. In addition, the Company has exited a substantial number of its unprofitable concession locations in the U.S. and engaged with the Company's Prepetition Lenders to raise incremental liquidity and secure sufficient time to implement the Company's turnaround plan. As part of these latter efforts, the Company was able to secure approximately US \$116 million in incremental funding and obtained certain waivers and amendments from the Prepetition Lenders, which provided the Company with incremental liquidity and critical breathing room to allow it to explore strategic alternatives, including the prepetition marketing process.

88. As noted above, in parallel with progressing the strategic initiatives described above, the Company, with the assistance of Alvarez & Marsal North America LLC, as financial advisor for its North American operations, Houlihan Lokey, as investment banker, and Interpath Ltd., as financial and operational advisor for the Company's European operations, launched a third party marketing process on June 2, 2025, to sell some or all of its assets in North America and abroad. The Company contacted approximately 150 prospective transaction parties, including a broad range of strategic and financial buyers. Of the parties contacted, approximately 60 executed confidentiality agreements and were provided with the Company's go-forward business plan (the **"Go-Forward Plan"**).

89. To ensure the most value maximizing transaction can be achieved, and because approximately 700 stores were contemplated to be exited in the U.S. and Canada even under a going-concern transaction pursuant to the Go-Forward Plan, the Company, in consultation with its

advisors, also solicited bids from liquidators on both a fee-for-services and equity basis (the “**Liquidation Bids**”). After several weeks of negotiations, the Company determined that a bid submitted by Hilco Merchant Resources, LLC (“**Hilco LLC**”) represented the highest or otherwise best Liquidation Bid. Claire’s Boutiques, Inc. (a member of the Company group) subsequently executed a fee for service agreement with Hilco LLC on July 24, 2025, in respect of certain of the Company’s U.S. Stores.

90. Concurrently with the marketing process and the solicitation of the Liquidation Bids, the Company also negotiated the terms of the Forbearance Agreement. The Company used the additional runway afforded by the Forbearance Agreement to engage with the Consenting Parties and negotiate a smooth transition into chapter 11.

91. Multiple LOIs were submitted by the milestone date set out in the Forbearance Agreement, which the Chapter 11 Debtors are continuing to negotiate. No LOIs were received for the Applicant’s business or assets on a standalone basis.

92. Consequently, on August 6, 2025, Claire’s Holdings and the other Chapter 11 Debtors filed the Chapter 11 Cases. A copy of the petition filed by Claire’s Holdings commencing the Chapter 11 Cases is attached as **Exhibit “H”**. A copy of the first day declaration, to be filed in support of the Chapter 11 Cases, can be found at <https://omniagentsolutions.com/Claire's>.

G. The Urgent Need for Relief under the CCAA

93. The Applicant is in urgent need of protection under the CCAA. Facing extremely limited funding and significant constraints on its use of cash, *Claire’s* has reluctantly concluded that there is not enough capital available to resuscitate the Canadian business to achieve profitability outside

of a formal restructuring proceeding. Efforts to sell all or part of the Applicant's business through the pre-filing marketing process have been unsuccessful.

94. The Applicant is not profitable on a standalone basis. For the year-to-date period ending June 30, 2025, the Applicant reported significant net losses and negative EBITDA.

95. The Applicant is wholly dependent on *Claire's* to provide critical Shared Services, including executive, legal, accounting, finance, treasury, tax, human resources, information technology and inventory procurement. The Company has recently advised the Applicant that it is not prepared to continue offering those Shared Services in light of current financial circumstances.

96. In addition, the Applicant has received 78 default notices as well as 26 notices of termination as a result of unpaid rent.³ The Applicant is currently locked out of 16 of its retail stores, temporarily preventing the Applicant from accessing its Merchandise and FF&E at those stores, and further exacerbating the Applicant's dire cash flow circumstances. Several landlords have also demanded payments from the Applicant in order for the Applicant to retain access to the premises, which the Applicant is struggling to find the cash flow to pay.

97. Accordingly, after consideration by the Applicant of all strategic alternatives, including an unsuccessful attempt to sell the Canadian business as a going concern as part of the pre-filing marketing process, and without any ability to access further funding or operational support from the Company, the Applicant resolved to file for creditor protection under the CCAA. The Applicant believes that these CCAA Proceedings will provide the breathing space necessary to

³ Of the 26 termination notices, one lease has been abandoned, four leases have since been reinstated pursuant to reinstatement agreements and for five (5) others, the applicable landlord has agreed to rescind the termination notices upon the payment of the rent arrears.

determine and pursue next steps, which at present is likely to consist of an orderly liquidation and wind-down of its operations, while concurrently pursuing all avenues of restructuring on a highly expedited basis.

H. Relief Sought

98. The Applicant will be seeking various forms of relief upon commencing these CCAA Proceedings, including the following:

(a) Stay of Proceedings

99. The Applicant is insolvent and urgently requires a broad stay of proceedings and other protections provided by the CCAA so that it will have the breathing space in order to conduct a liquidation at certain store locations while continuing the pre-filing marketing process to identify a purchaser of its remaining business or assets or, if no buyers emerge, to conduct an orderly wind-down of its operations. Should the breathing space afforded by these CCAA Proceedings to find a buyer prove not to be successful, the Applicant will conduct a controlled and orderly wind-down of operations for the benefit of all stakeholders.

100. Accordingly, the Applicant requests a stay of proceedings for an initial period of ten days, following which the Applicant will request an extension of the Stay Period at the Comeback Hearing, so as to preserve the status quo and prevent creditors and others from taking any enforcement or other steps to try and better their positions in comparison to others.

101. Having regard to the circumstances, I believe that the granting of a stay is in the best interests of the Applicant and its stakeholders. The stay will provide the Applicant with the time required to pursue strategic options and, should that fail, to develop and oversee an orderly wind-

down process which, in turn, will help to protect the interests of the Applicant's stakeholders, including associates, landlords and customers.

(b) Appointment of Monitor

102. It is proposed that KSV will act as Monitor of the Applicant in these CCAA Proceedings if the proposed Initial Order is issued. I am advised by Mr. Noah Goldstein of KSV that KSV is a "trustee" within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. I understand that KSV has extensive experience acting as monitor or financial advisor to debtor companies under the CCAA.

103. The Proposed Monitor has consented to act as the Monitor of the Applicant under the CCAA. A copy of the Proposed Monitor's consent to act as Monitor is attached to my affidavit as **Exhibit "I"**.

104. I understand that the Proposed Monitor will file a pre-filing report with the Court in conjunction with the Applicant's request for relief under the CCAA.

(c) Funding of the CCAA Proceedings

105. The Applicant, with the assistance of Alvarez & Marsal Canada ULC (the "**Restructuring Advisor**"), has prepared a 10-day cash flow projection and the underlying assumptions as required by the CCAA (the "**Cash Flow Forecast**"). I understand that a copy of the Cash Flow Forecast will be attached to the pre-filing report filed by the Proposed Monitor. The projections demonstrate that the Applicant will fund its ongoing operations and pursuit of a strategic alternative using its cash on hand and proceeds from the proposed liquidation (discussed further below) during the

proposed stay period should the stay of proceedings be granted, and should the strategic alternative process fail, the orderly wind-down process will commence as forecast.

(d) Payments During the CCAA Proceedings

106. During the course of these CCAA Proceedings, the Applicant intends to make payments for goods and services supplied to it post-filing in the ordinary course, as set out in the cash flow projections described above and as permitted by the Initial Order. The Applicant's principal use of cash during these CCAA Proceedings will be the costs associated with the ongoing operation of the Applicant's business including, among other things, employee compensation, lease payments and general administrative expenses. In addition to these normal course operating expenditures, the Applicant will also incur professional fees and disbursements in connection with these CCAA Proceedings.

(e) Liquidation of the Canadian Operations

107. The Applicant intends to file a motion to be heard at the Comeback Hearing seeking an Order approving (i) the Consulting Agreement; and (ii) the Canadian Sale Guidelines (the **"Liquidation Approval Motion"**).

108. Further details will be provided by the Applicant in a supplementary affidavit to be filed in support of the Liquidation Approval Motion. However, with respect to timing, given the Applicant's current liquidity crisis, the liquidation process must be commenced as soon as possible to maximize recoveries and limit costs. The Applicant must exit certain poorly performing retail stores as soon as practicable in order to avoid further rent, employee costs, critical supplier/service provider fees, bank fees, and other ongoing amounts. In the circumstances, any delay in

commencing the liquidation process may compromise the net recoveries generated from the sale of the Applicant's Merchandise and FF&E.

(f) Administration Charge

109. The Applicant proposes that the Proposed Monitor, its counsel, Canadian counsel to the Applicant, and the Restructuring Advisor, be granted a court-ordered charge on the Property as security for their respective fees and disbursements relating to services rendered in respect of the Applicant in connection with these CCAA Proceedings (the "**Administration Charge**"). The Applicant is proposing that the Administration Charge for the first 10 days be limited to \$400,000 and will be seeking to increase the charge at the Comeback Hearing. The Administration Charge is proposed to rank in priority to all other charges. The quantum of the Administration Charge was developed in consultation with the Proposed Monitor.

(g) Directors' Charge

110. Conducting a liquidation and pursuing a strategic alternative, and should that fail, conducting an orderly wind-down of the Applicant, will only be possible with the continued participation of the Applicant's directors, officers, management, and employees who are essential to the viability of the orderly wind-down of the Applicant's business.

111. I am advised by Mr. Marc Wasserman of Osler, Hoskin & Harcourt LLP and believe that, in certain circumstances, directors of Canadian companies can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages, unpaid accrued vacation pay, and unremitted sales, goods and services, and harmonized sales taxes.

112. It is my understanding that the Company's directors and officers, including those of the Applicant, are individual insureds under a master D&O liability program taken out by Claire's Holdings which covers an aggregate limit of US \$50 million. The US \$50 million limit consists of US \$25 million of ABC limits and US \$25 million of Side A-only coverage (collectively, the "**D&O Insurance**"). I understand that any amounts paid under the D&O Insurance, defined as losses therein, reduces the amount of the aggregate limit available for any other payment and that the policies have various exceptions, exclusions and carve outs where coverage may not be available. The D&O Insurance may not provide sufficient coverage against the potential liability that the directors and officers of the Applicant could incur in relation to these CCAA Proceedings.

113. In light of the complexity and scope of the overall enterprise and potential liabilities and the uncertainty surrounding available indemnities and insurance, the directors and officers have indicated to the Applicant that its continued service to the company and involvement in this proceeding is conditional upon the granting of an order under the CCAA which grants a charge in favour of the directors and officers of the Applicant in the amount of \$2.9 million on the Applicant's Property (the "**Directors' Charge**"). The Applicant will be seeking to increase the charge at the Comeback Hearing.

114. The Directors' Charge is proposed to be subordinate to the Administration Charge. The Directors' Charge is necessary so that the Applicant may benefit from their directors' and officers' experience with the Applicant's business during these CCAA Proceedings.

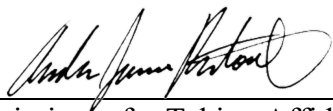
I. Conclusion

115. The Applicant, with the assistance of its advisors, has reviewed and considered the potential options and alternatives available to it in the circumstances, taking into account the fact

that the Applicant is not profitable on a standalone basis and the Company has confirmed that it does not intend to continue providing operational or financial support and/or Shared Services following the Chapter 11 Debtors' emergence from the Chapter 11 Cases. The Applicant has determined that it is in its best interests and those of its stakeholders to commence these CCAA Proceedings.

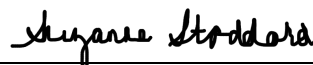
116. Without the stay of proceedings, the Applicant faces an immediate and uncontrolled cessation of operations rather than a controlled liquidation of certain closing stores and pursuit of a strategic alternative, and should that fail, a responsible, controlled, and orderly wind-down. I believe that these CCAA proceedings are the only viable method to effect these processes for the benefit of all stakeholders.

SWORN BEFORE ME over videoconference this 6th day of August, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.



Commissioner for Taking Affidavits
(or as may be)

Andrew Rintoul (LSO# 81955T)



Suzanne Stoddard

This is Exhibit “A” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.

A handwritten signature in black ink, appearing to read 'Andrew Rintoul', is positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

PURCHASING AGREEMENT

THIS PURCHASING AGREEMENT (the "Agreement") is effective this 2nd day of February, 2003, by and between BMS DISTRIBUTING CORP., a Delaware corporation ("BMS"), and CLAIRE'S STORES CANADA CORP., a Canadian corporation ("Claire's Canada").

RECITALS

WHEREAS, Claire's Canada operates stores that engage in the retail sale of product merchandise (the "Merchandise") to the public in Canada (the "Stores");

WHEREAS, BMS desires to fulfill Claire's Canada's reasonable requirements for the Merchandise (the "Business");

WHEREAS, Claire's Canada desires to purchase all of its reasonable requirements for the Merchandise directly from BMS;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

SECTION ONE PURCHASE OF MERCHANDISE

1.1 BMS will sell, and Claire's Canada will purchase, all of Claire's Canada's reasonable requirements for Merchandise to be sold at retail in the Stores in accordance with the terms and conditions of this Agreement.

SECTION TWO FUNCTIONS OF THE SUPPLIER

2.1 BMS agrees to (a) maintain an organization of sufficient size and quality adequately to service the product trade of the Stores, (b) furnish Claire's Canada with such reports, information and data as Claire's Canada may from time to time reasonably require with respect to the distribution of the Merchandise to the Stores, (c) conform to all merchandising policies of Claire's Canada as may be adopted from time to time, and (d) make sales of the Merchandise to Claire's Canada only in accordance with the terms and conditions of this Agreement.

2.2 BMS further agrees to maintain a distribution center located at 2400 West Central Road, Hoffman Estates, IL 60195 or at such locations as BMS and Claire's Canada may agree from time to time (the "Distribution Center"). BMS shall ship to the Stores the requested portions of the Merchandise warehoused at the Distribution Center at such times and to such locations as Claire's Canada may direct from time to time.

Shipments of the Merchandise to the Stores shall be made by either independent freight carriers or an affiliate of BMS, as determined by BMS.

2.3 BMS shall maintain records of all of the Merchandise received, held at, and shipped from the Distribution Center, which records shall be made available to Claire's Canada for inspection from time to time, after reasonable notice to BMS and during the regular business hours of BMS.

2.4 Shipments of the Merchandise shall be made "C.I.F. destination" causing title to the Merchandise to pass to Claire's Canada upon receipt of such Merchandise by the Stores.

SECTION THREE PRICING AND INVOICE CHARGES

3.1 The sales price of each piece of Merchandise sold from BMS to Claire's Canada shall be 102.7 % of BMS's landed cost of the Merchandise (the "Sales Price"). The invoice charge for each month will be the sum of the Sales Price of all Merchandise shipped from BMS to Claire's Canada in that month (the "Invoice Charge"). An invoice for the Invoice Charge shall be sent at the end of each month by BMS to Claire's Canada. Within fifteen (15) days after the invoice is received, Claire's Canada shall pay to BMS the Invoice Charge.

3.2 Interest shall accrue at the rate of ten percent (10%) per annum on any amounts due but unpaid under this Agreement. BMS shall have no lien, claim or other interest in the Merchandise for the payment of any charges due hereunder.

3.3 The Sales Price shall be reviewed periodically by the parties to assure that it continues to reflect an arm's length amount as required under the transfer pricing rules of Canada and the United States of America. If any change to the Sales Price is determined by the mutual agreement of the parties to be appropriate for this purpose, then an appropriate amendment to this Agreement shall be executed by the parties.

SECTION FOUR TERM

4.1 This Agreement shall continue for a period of one (1) year following the date first written above and, unless otherwise terminated as provided herein, shall automatically renew for successive one (1) year periods.

4.2 This Agreement shall be terminated upon the occurrence of any of the following events:

- (a) immediately, upon the mutual agreement of Claire's Canada and BMS;
- (b) the failure of a party hereto to comply with any material term, condition or covenant of this Agreement upon (i) written notice of such default delivered to the breaching party, (ii) the expiration of ten (10) days following the delivery of such notice without cure of such default to the reasonable satisfaction of the non-breaching party, and (iii) the delivery of written notice of termination to the breaching party; and
- (c) the delivery by either party of one hundred eighty (180) days prior written notice.

4.3 If this Agreement terminates for any reason, with or without cause, such termination shall not affect, release, or discharge either party from any liability to the other arising prior to the date of such termination or from any obligation to perform any covenant to be performed prior to the termination of this Agreement, and any termination of this Agreement shall be without prejudice to any right, remedy, or recourse to which either party hereto may be entitled under this Agreement or otherwise at law or in equity.

SECTION FIVE INDEMNIFICATION/LIMITATION OF LIABILITY

BMS shall indemnify and hold harmless Claire's Canada and its officers, directors, shareholders, employees, agents, and consultants (other than such persons who are also officers, directors, shareholders, employees, agents, or consultants of BMS) from any loss, claims, damages, liabilities, expenses, and costs (including, without limitation, reasonable attorneys' fees) incurred as a result of any loss of or damage to any of the Merchandise, or the death or personal injury of any person resulting from any activity relating to the Merchandise while the Merchandise was in the possession of BMS.

Neither party to this Agreement shall be liable to the other party hereto for any special, indirect, consequential or incidental damages arising from, or attributable to, this Agreement and/or that party's performance hereunder, whether arising in contract, tort or by operation of law, even if that party has been placed on notice of the possibility of such damages.

SECTION SIX NOTICES

6.1 Any notice, consent, authorization, direction, or other communication required or permitted to be given hereunder shall be made in writing and shall be delivered either by personal delivery or by telecopier or similar telecommunication to its address on file with the other party or at such other address as may be supplied in writing.

6.2 Any notice, consent, authorization, direction, or other communication as aforesaid shall be deemed to have been effectively delivered and received, if sent by

telecopier or similar telecommunications device, on the business day of such transaction or, if the transmission occurs after 5:00 p.m. (at the place of receipt), on the next business day (proof of transmission required), or if personally delivered, to have been effectively delivered and received on the date of such delivery; *provided, however*, that if such date is not a business day, then it shall be deemed to have been delivered and received on the business day next following such delivery. The failure of any party to mark "Urgent" on a delivery shall not negate the notice provided hereunder. Any party hereto may change its address for service by written notice given as aforesaid.

SECTION SEVEN MISCELLANEOUS

7.1 Further Assurances. Each party hereto agrees to execute, acknowledge, and deliver any document or documents that may be requested from time to time by any other party to implement or complete any agreement, transaction, or obligation contemplated by this Agreement.

7.2 Waiver of Modifications. No waiver, modification, or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the party to be charged therewith. No written waiver shall excuse the performance of any act(s) other than those specifically referred to therein. A waiver of any breach by any party hereunder shall not constitute a waiver of any subsequent breach(es) by such party hereunder.

7.3 Legal Expenses. In case legal proceedings shall be brought for the breach of any covenant herein contained, and a breach shall be established, the prevailing party shall be entitled to recover from the other party all expenses incurred thereby, including reasonable attorneys' fees and disbursements.

7.4 Assignment. Claire's Canada and BMS shall each have the right to assign its respective rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of Claire's Stores, Inc.

7.5 Amendments. This Agreement shall not be modified or amended except by a written document executed by the parties to this Agreement, and such written modification(s) or amendment(s) shall be attached hereto.

7.6 Parties In Interest; No Third Party Beneficiaries. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of, and be binding upon, the respective successors and permitted assigns of the parties hereto. Neither this Agreement, nor any other agreement contemplated hereby, shall be deemed to confer upon any person not a party hereto or thereto any rights or remedies hereunder or thereunder.

7.7 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto regarding the subject matter hereof, and supersedes all prior agreements

and understandings, negotiations, and discussions, whether written or oral, between the parties with respect to the subject matter hereof.

7.8 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

7.9 Governing Law. The Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Florida without regard to that State's conflict of law principles.

7.10 Captions. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions hereof.

7.11 Gender and Number. When the context requires, the gender of all words used herein shall include the masculine, feminine, and neuter and the number of all words shall include the singular and plural.

7.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first written above.

CLAIRE'S STORES CANADA CORP.

By: _____

Name: _____

Title: _____

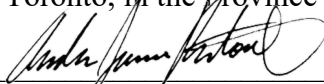
BMS DISTRIBUTING CORP.

By: _____

Name: _____

Title: _____

This is Exhibit “B” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.

A handwritten signature in black ink, appearing to read 'Andrew Rintoul', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (the "Agreement") is made as of February 2, 2003 by and between Claire's Stores, Inc., a Florida corporation ("Claire's"), and Claire's Stores Canada Corp. (the "Company") a Canadian federal corporation.

WITNESSETH:

WHEREAS, Claire's currently provides certain management services in which it incurs specific costs for the benefit of selected subsidiaries (the "Subsidiaries"), a list of which has been provided to the Company; and

WHEREAS, Claire's and the Company desire to enter into this Agreement to set forth the terms and conditions upon which Claire's will continue to provide such services for the benefit of the Subsidiaries.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Term** The term of this Agreement shall commence as of February 2, 2003 and shall continue until January 31, 2004 (the "Initial Term"), and thereafter shall automatically be extended for successive one year periods to coincide with a 52-53 week year ending on Saturday of the last week in January (the Initial Term, as so extended, the "Term") unless either party notifies the other at least 90 days prior to the then scheduled end of the Term of its desire that this Agreement be terminated; provided however, that if any of the Subsidiaries decides not to renew its management services agreement with Claire's, then Claire's shall notify the Company of such decision and the Company shall have the right, exercisable within 30 days after receiving such notice from Claire's, not to renew this Agreement.

2. **Services to Be Provided** Claire's shall provide to the Company during the Term the services listed in this Agreement and such other management services as the Company may reasonably request (the "Services"). Such Services shall include the following:

a. **Legal** Assistance in legal matters, including any reporting obligations of the Company under the Securities Exchange Act of 1934, other support staff as Claire's shall reasonably consider to be appropriate and necessary to handle such matters and, the hiring and use of outside counsel when necessary.

b. **Accounting** Expertise and assistance in accounting for sales and accounts payables, financial presentation and planning and such services as are reasonably necessary for the Company to comply with its financial reporting obligations to third parties, including report preparation, compliance with Generally Accepted Accounting Principles, footnote disclosure, compilation and review.

c. **Finance** Expertise and assistance in treasury functions, (including ensuring that the Company is in compliance with current lender requirements, cash

management, monitoring of debt covenants, negotiation of waivers and exceptions, monitoring of cash flow and negotiation of lines of credit) and providing of such other financial expertise as may be required from time to time.

d. **Tax** Services and expertise required for all federal, state and local tax preparation, planning and audits.

e. **Risk Management** Services of a manager and appropriate support staff to obtain and maintain insurance policies covering property and casualty, workers compensation, comprehensive general liability and other risks.

f. **Employee Benefits** Assistance with employee benefits such as negotiations and administration of group healthcare plans, 401(k) plans and other benefits.

g. **Advisory and Strategic Management** Officers employed by Claire's would be available, upon demand, and also on their own initiative to provide business advice and strategic management guidance to the Subsidiaries. As necessary Claire's may engage outside consultants to provide such advice and guidance. Claire's would recruit personnel and hire consultants as it deems necessary for the efficient and profitable operations of the Subsidiaries.

h. **Other** Such other expenses as the parties may agree are incurred as necessary for the efficient and profitable operations of the Company.

3. **Fees** In consideration for the providing of the services, the Company agrees to pay with respect to each fiscal quarter of Claire's (each a "Claire's Quarter") a service fee equal to 103 percent of the service costs incurred during such Claire's Quarter multiplied by a fraction, the numerator of which is the payroll expense of the Company for the most recent period of four full fiscal quarters of the Company which ended prior to the first day of the Claire's Quarter for which the fee is being computed (the "Reference Period"), and the denominator of which is the sum of the numerators for all of the Subsidiaries. The items described in 2e and 2f above will be charged directly to the Company, by department, based on head count or other logical means, to facilitate management reporting.

4. **Service Costs** The term "Service Cost" means the aggregate of (i) all direct and indirect costs incurred by Claire's which are, in the reasonable business judgment of Claire's, necessary to provide the services listed in Article 2 above (including but not limited to all cash costs of (a) personnel, (b) operating expenses (such as office costs, travel and entertainment), (c) overhead costs (such as costs for office space and assets), (d) fees and other amounts paid to third parties, and (e) any and all cash costs incurred in connection with the termination or maintenance of any services or expenses incurred under this Agreement or any prior agreement that Claire's in its business judgment no longer considers appropriate or useful to the long term benefit of the Subsidiaries; provided however, that service costs shall not include the excluded costs defined below in Article 5.

5. **Excluded Costs** The term "Excluded Costs" mean the aggregate of costs related to shareholder activities in the meaning of the Article 7.10 of the Transfer Pricing Guidelines for Multinational

Enterprises and Tax Administrations issued by the Organization for Economic Co-Operation and Development ("OECD Guidelines") and duplicative services in the meaning of the Article 7.11 of the OECD Guidelines.

6. **Billing** Claire's shall submit to the Company on or before the 25th day after the end of each Claire's Quarter the Service Costs incurred with respect to such Claire's Quarter and the estimated fee payable by the Company with respect to such Claire's Quarter. The Company shall pay the amount within 45 days after the end of each Claire's Quarter.

For example, for the Claire's Quarter beginning February 2, 2003 and ending May 3, 2003, Claire's will submit the Service Costs and fee payable for such quarter to the Company by May 28, 2003. The Company will pay the amount due by June 17, 2003.

7. **Auditing** The Company has the right to examine Claire's's books and the calculation of Service Costs and Excluded Costs, and ask for clarification and further description of the services received in any quarter within 12 months of the end of that quarter. Such requests should be made as specified in Article 13 below and Claire's agrees to respond immediately to such requests and make necessary materials available to the Company.

8. **Limitation on Liability** Claire's will use commercially reasonable efforts, skill and judgment to discharge properly its duties hereunder, but shall have no liability with respect to, and shall not be obligated to indemnify or hold harmless the Company, or the officers, directors, employees, agents or other representatives of the Company from or against any cost, loss, expense, damage or liability arising out of or otherwise in respect of the performance of the services, except any such cost, loss, expense, damage or liability resulting from the gross negligence, willful misfeasance, willful malfeasance or fraud of Claire's or its officers, employees or agents.

9. **Not Employees of the Company** Employees of Claire's shall under no circumstances be considered to be employees of the Company.

10. **Independent Contractor** Claire's shall be an independent contractor and neither party hereto shall be deemed to be an agent, partner or co-venturer of the other due to the terms and provisions of this Agreement.

11. **Entire Agreement: Waivers and Amendments** This Agreement sets forth the entire understanding between the Company and Claire's relating to the subject matter hereof. Except as provided herein, this Agreement shall not be modified or amended, and no provision hereof shall be waived, except by an instrument in writing signed by both parties, or in the case of a waiver, by the party against whom such waiver is sought to be enforced.

12. **Governing Law** This Agreement shall be governed in all respects by the laws of the State of Florida, without regard to the conflict of laws principles thereof.

13. **Notices** All notices, demands and other communications given to or made by either party to the other in connection with this Agreement shall be given in writing and either personally served on an officer; or other authorized representative of the party to which it is given or mailed by registered first class mail, postage prepaid, to the headquarters of such party to the attention of its

chief financial officer, or to such other address and to the attention of such persons as the party in question may from time to time specify to the other by notice hereunder. All notices shall be deemed delivered and effective (i) if hand-delivered, upon delivery, or (ii) if mailed, three business days after mailing.

14. Headings The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

15. Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective as of the date first above written.

Claire's Stores, Inc.

By: 

Ira Kaplan; CFO/Treasurer

Claire's Stores Canada Corp.

By: 

David Ovis; Vice President

This is Exhibit “C” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.

A handwritten signature in black ink, appearing to read 'Andrew Rintoul', is positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

Claire's Holdings LLC

**For the Fiscal Years ended February 3, 2024, January 28, 2023,
and January 29, 2022**

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Certified Public Accountants	3
Consolidated Balance Sheets as of February 3, 2024 and January 28, 2023	5
Consolidated Statements of Operations and Comprehensive Income (Loss) for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	6
Consolidated Statements of Changes in Mezzanine Equity and Members' Equity for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022.....	7
Consolidated Statements of Cash Flows for the fiscal years ended February 3, 2024, January 28, 2023, and January 29, 2022	8
Notes to Consolidated Financial Statements.....	10

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers and Members
Claire's Holdings LLC

Opinion

We have audited the consolidated financial statements of Claire's Holdings LLC (a Delaware limited liability company) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of February 3, 2024 and January 28, 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in mezzanine equity and members' equity, and cash flows for each of the years ended February 3, 2024, January 28, 2023, and January 29, 2022, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for each of the years ended February 3, 2024, January 28, 2023, and January 29, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Chicago, Illinois
May 1, 2024

CLAIRE'S HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit amounts)

	February 3, 2024	January 28, 2023
Current assets:		
Cash and cash equivalents	\$ 72,041	\$ 28,579
Restricted cash	450	1,660
Inventories	224,457	246,816
Prepaid expenses	17,534	14,101
Other current assets	36,480	38,218
Total current assets	350,962	329,374
Non-current assets:		
Property and equipment, net	162,105	172,479
Operating lease right-of-use assets	344,164	261,837
Finance lease right-of-use assets	11,774	13,736
Goodwill	521,670	719,670
Intangible assets, net	354,018	370,868
Other non-current assets	81,123	75,410
Total assets	1,825,816	1,943,374
Current liabilities:		
Revolving credit facility	20,000	20,000
Current portion of long-term debt, net	4,614	4,614
Current portion of long-term operating lease liabilities	94,265	81,782
Current portion of long-term finance lease liabilities	749	856
Trade accounts payable	120,515	113,397
Income taxes payable	3,040	741
Accrued expenses and other current liabilities	75,629	93,804
Total current liabilities	318,812	315,194
Non-current liabilities:		
Long-term debt, net	477,784	482,398
Derivative liability	115,140	209,500
Long-term operating lease liabilities	253,804	182,845
Long-term finance lease liabilities	10,703	11,756
Other non-current liabilities	40,949	45,874
Total liabilities	1,217,192	1,247,567
Commitments and contingencies (Note 9)		
Mezzanine equity:		
Redeemable Series A Preferred Equity, \$1,000 stated value: 679,812 and 590,970 units issued and outstanding, respectively	458,696	392,708
Members' equity:		
Common equity: 782,738 and 782,557 units issued and outstanding, respectively	790,212	790,212
Additional paid-in capital	27,561	24,609
Accumulated other comprehensive income (loss), net of tax	(7,188)	(7,251)
Accumulated deficit	(660,657)	(504,471)
Total members' equity	149,928	303,099
Total liabilities, mezzanine equity and members' equity	\$ 1,825,816	\$ 1,943,374

See accompanying notes to consolidated financial statements.

CLAIRE'S HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per unit amounts)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	\$ 1,454,106	\$ 1,497,184	\$ 1,394,676
Cost of sales, occupancy and buying expenses (exclusive of depreciation and amortization shown separately below)	638,449	634,429	585,615
Gross profit	815,657	862,755	809,061
Selling, general and administrative expenses	675,305	663,663	572,256
Depreciation and amortization	71,719	73,861	70,569
Goodwill impairment losses	198,000	-	-
Other income, net	(3,865)	(8,269)	(4,486)
Operating income (loss) before reorganization items, loss (gain) on derivative liability, interest and income taxes	(125,502)	133,500	170,722
Reorganization items, net	232	187	200
Loss (gain) on derivative liability	(117,213)	(226,691)	134,846
Interest expense, net	46,904	39,762	36,887
Income (loss) before income tax (benefit) expense	(55,425)	320,242	(1,211)
Income tax (benefit) expense	11,411	44,185	(9,395)
Net income (loss)	(66,836)	276,057	8,184
Less: Redeemable Series A Preferred Unit dividends	88,692	75,766	71,955
Less: Redeemable Series A Preferred Unit redemptions	-	-	124,327
Net income (loss) attributable to common units	\$ (155,528)	\$ 200,291	\$ (188,098)
Net income (loss) per Common Unit:			
Basic	\$ (194.65)	\$ 253.40	\$ (238.87)
Diluted	\$ (194.65)	\$ 36.89	\$ (238.87)
Weighted average units outstanding:			
Basic	799	790	787
Diluted	799	1,338	787
Other comprehensive income (loss):			
Foreign currency translation adjustments	(205)	(1,141)	516
Net gain (loss) on intra-entity foreign currency transactions net of income tax (benefit) expense of \$(116); \$184; and \$149	268	(4,523)	(7,816)
Other comprehensive income (loss)	63	(5,664)	(7,300)
Comprehensive income (loss)	\$ (66,773)	\$ 270,393	\$ 884

See accompanying notes to consolidated financial statements.

CLAIRE'S HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND MEMBERS' EQUITY
(in thousands, except unit amounts)

	Preferred Units	Preferred Equity	Common Units	Common Equity	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss), Net Of Tax	Accumulated Deficit	Total Members' Equity
Balance: January 30, 2021	501,381	\$ 349,739	782,376	\$ 790,212	\$ 3,903	\$ 5,713	\$ (509,617)	\$ 290,211
Net income (loss)	-	-	-	-	-	-	8,184	8,184
Redeemable Series A Preferred Units issued for paid-in-kind dividend	89,450	29,205	-	-	-	-	(71,955)	(71,955)
Restricted stock unit expense	161	-	130	-	7,748	-	-	7,748
Preferred return on vested RSUs	-	-	-	-	-	-	(2,825)	(2,825)
Forfeitures of units	(177)	-	-	-	-	-	-	-
Redemption of Redeemable Series A Preferred Units	(75,672)	(26,171)	-	-	-	-	(124,327)	(124,327)
Foreign currency translation adjustments	-	-	-	-	-	516	-	516
Net gain (loss) on intra-entity foreign currency transactions, net of income tax (benefit) expense	-	-	-	-	-	(7,816)	-	(7,816)
Balance: January 29, 2022	515,143	352,773	782,506	790,212	11,651	(1,587)	(700,540)	99,736
Net income (loss)	-	-	-	-	-	-	276,057	276,057
Redeemable Series A Preferred Units issued for paid-in-kind dividend	75,766	39,935	-	-	-	-	(75,766)	(75,766)
Restricted stock unit expense	128	-	181	-	12,958	-	-	12,958
Preferred return on vested RSUs	-	-	-	-	-	-	(4,222)	(4,222)
Forfeitures of units	(67)	-	(130)	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	(1,141)	-	(1,141)
Net gain (loss) on intra-entity foreign currency transactions, net of income tax (benefit) expense	-	-	-	-	-	(4,523)	-	(4,523)
Balance: January 28, 2023	590,970	392,708	782,557	790,212	24,609	(7,251)	(504,471)	303,099
Net income (loss)	-	-	-	-	-	-	(66,836)	(66,836)
Redeemable Series A Preferred Units issued for paid-in-kind dividend	88,692	65,886	-	-	-	-	(88,692)	(88,692)
Restricted stock unit expense	150	102	181	-	2,952	-	(150)	2,802
Preferred return on vested RSUs	-	-	-	-	-	-	(508)	(508)
Foreign currency translation adjustments	-	-	-	-	-	(205)	-	(205)
Net gain (loss) on intra-entity foreign currency transactions, net of income tax (benefit) expense	-	-	-	-	-	268	-	268
Balance: February 3, 2024	<u>679,812</u>	<u>\$ 458,696</u>	<u>782,738</u>	<u>\$ 790,212</u>	<u>\$ 27,561</u>	<u>\$ (7,188)</u>	<u>\$ (660,657)</u>	<u>\$ 149,928</u>

See accompanying notes to consolidated financial statements.

CLAIRE'S HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cash flows from operating activities:			
Net income (loss)	\$ (66,836)	\$ 276,057	\$ 8,184
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	71,719	73,861	70,569
Reorganization items, net	232	187	200
Amortization of debt issuance costs	1,029	1,055	1,040
Loss (gain) on derivative liability	(117,213)	(226,691)	134,846
Goodwill impairment losses	198,000	-	-
Loss on sale/retirement of property and equipment, net	1,523	1,191	873
Non-cash inventory write-off	21,222	-	-
Non-cash stock compensation expense	2,952	12,958	7,748
Deferred income taxes	(5,829)	25,169	(56,941)
Changes in operating assets and liabilities:			
Inventories	1,098	(39,701)	(77,114)
Prepaid expenses	(3,240)	(4,683)	4,890
Other assets	(8,343)	(34,333)	2,304
Trade accounts payable	14,559	(15,027)	64,201
Income taxes payable	7,269	(8,655)	11,333
Accrued expenses and other liabilities	(19,339)	(22,933)	(14,627)
Operating lease right-of-use assets and liabilities	1,048	(9,662)	13,087
Net cash provided by (used in) operating activities	99,851	28,793	170,593
Cash flows from investing activities:			
Acquisition of property and equipment	(52,125)	(78,835)	(63,681)
Net cash provided by (used in) investing activities	(52,125)	(78,835)	(63,681)
Cash flows from financing activities:			
Principal payments on Term Loan	(5,024)	(5,024)	(5,024)
Payments of debt issuance costs	-	(1,406)	-
Principal payments on finance leases	(1,160)	(907)	(1,366)
Proceeds from revolving credit facilities	20,000	136,000	-
Principal payments on revolving credit facilities	(20,000)	(116,000)	-
Redemption of Redeemable Series A Preferred Units	-	-	(199,999)
Net cash provided by (used in) financing activities	(6,184)	12,663	(206,389)
Effect of foreign currency exchange rate changes on cash	710	(4,081)	(7,970)
Net increase (decrease) in cash, cash equivalents and restricted cash	42,252	(41,460)	(107,447)
Cash, cash equivalents and restricted cash, at beginning of period	30,239	71,699	179,146
Cash, cash equivalents and restricted cash, at end of period	\$ 72,491	\$ 30,239	\$ 71,699

See accompanying notes to consolidated financial statements.

CLAIRE'S HOLDINGS LLC AND SUBSIDIARIES
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Supplemental disclosure of cash flow information:			
Interest paid	\$ 46,440	\$ 37,783	\$ 32,676
Income taxes paid	14,697	30,111	16,739
Income tax refunds	(4,318)	(2,791)	(3,344)
Non-cash supplemental investing activities:			
Acquisitions of property and equipment with accounts payable	\$ 1,202	\$ 8,989	\$ 16,250
Non-cash supplemental financing activities:			
Redeemable Series A Preferred Units issued for paid-in-kind dividend	\$ 65,886	\$ 39,935	\$ 29,205

See accompanying notes to consolidated financial statements.

CLAIRE’S HOLDINGS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations - Claire’s Holdings LLC, a Delaware Limited Liability Company, and subsidiaries (collectively the “Company”), is a leading retailer of value-priced fashion accessories targeted towards young women, teens, tweens and kids. The Company has company-operated stores throughout the United States (“U.S.”), Puerto Rico, Canada and the U.S. Virgin Islands (collectively, “North America”), as well as the United Kingdom (“U.K.”), Switzerland, Austria, Germany, France, Ireland, Spain, Portugal, Netherlands, Belgium, Poland, Czech Republic, Hungary, Italy and Luxembourg (collectively, “Europe”). The following table summarizes company-operated stores by geography as of the dates presented:

	February 3, 2024	January 28, 2023
North America	1,774	1,792
Europe	905	901
Total company-operated stores	2,679	2,693

The Company’s products are also available to customers through stores operated by franchise partners, stores operated by the Company’s broad base of consumer product goods partners, and online through Company-owned websites. The Company’s franchised stores are primarily located in the Middle East and South Africa, with smaller presences in Latin America and Europe. Franchised stores carry a similar assortment and brand experience as company-operated stores, with some localized changes that reflect the fashion and consumer experience preferences of those countries.

Principles of Consolidation – The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Fiscal Year – The Company’s fiscal year ends on the Saturday closest to January 31. The fiscal year ended February 3, 2024 (“Fiscal 2023”) consisted of a total of 53 weeks. The fiscal years ended January 28, 2023 (“Fiscal 2022”) and January 29, 2022 (“Fiscal 2021”) each consisted of a total of 52 weeks. References to years within the Notes to Consolidated Financial Statements relate to fiscal years rather than calendar years.

Basis of Presentation and Use of Estimates – The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require management to make certain estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures regarding contingent assets and liabilities and reported amounts of revenues and expenses. Such estimates include, but are not limited to, the value of inventories, goodwill, intangible assets and other long-lived assets, legal contingencies and assumptions used in the calculation of income taxes, stock compensation, residual values and other items. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management believes its estimates and assumptions to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in those future periods when the changes occur.

Certain reclassifications were made to the Consolidated Balance Sheet as of January 28, 2023, to conform with the classifications of such amounts on the Consolidated Balance Sheet as of February 3, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents – The Company considers all highly liquid instruments purchased with an original maturity of 90 days or less to be cash equivalents. At times, cash balances may exceed federally insured limits.

Restricted Cash – The Company’s restricted cash consists of cash that the Company is contractually obligated to maintain in an escrow account for the purpose of paying bankruptcy secured claims in accordance with the Company’s reorganization in October 2018.

Inventories – Merchandise inventories in North America are valued at the lower of cost or market, with cost determined using the retail method. Inherent in the retail inventory calculation are certain significant management judgments and estimates including, among others, merchandise markups, markdowns and shrinkage, which impact the ending inventory valuation at cost as well as resulting gross margins. The methodologies used to value merchandise inventories include the development of cost-to-retail ratios, the groupings of homogeneous classes of merchandise, the development of shrinkage reserves and the accounting for retail price changes. Merchandise inventories in Europe are accounted for under the lower of cost or net realizable value method, with cost determined using the average cost method at an individual item level. Net realizable value is generally the merchandise selling price. Inventory valuation is impacted by the estimation of slow moving goods, shrinkage and markdowns. The estimate for the shrinkage reserve is based on historical results and can be affected by changes in merchandise mix and changes in actual shrinkage trends.

The Company recorded a one-time inventory write-off of \$21.2 million in Fiscal 2023. The inventory write-off was included as a component of “Cost of sales, occupancy and buying expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Other Current Assets - Other current assets consisted of the following components as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Consumer product goods receivables	\$ 10,602	\$ 8,060
Credit card receivables	7,956	8,690
Store supplies	7,927	7,420
Income tax receivable	4,390	9,311
Franchise receivables	1,066	1,731
Gift card receivables	335	1,576
Other	4,204	1,430
Total other current assets	<u>\$ 36,480</u>	<u>\$ 38,218</u>

The Company’s agreements with consumer product goods partners typically provide for the Company’s merchandise to be delivered and displayed in designated areas within stores operated by consumer product goods partners. In consideration for selling the Company’s merchandise at their stores, consumer product goods partners retain a portion of the net sales as a commission and remit the remaining balance to the Company. The Company classifies these outstanding balances as consumer product goods receivables.

As part of the normal course of business, the Company has approximately three to four days of proceeds from sales transactions outstanding with its third-party credit card vendors at any point. The Company classifies these outstanding balances as credit card receivables.

Income tax receivables represent refunds of certain tax payments along with net operating loss and credit carryback claims for which the Company expects to receive refunds within the next 12 months.

The Company also sells merchandise to franchise partners and charges franchise fees, which may include fees equal to a percentage of merchandise sales by the franchise partners, under its franchising agreements. Franchise receivables represent outstanding balances due from franchise partners in the normal course of business for shipments of merchandise and franchise fees.

In the normal course of business, the Company's gift cards are sold at company-operated stores and by third-party gift card distributors through a retail distribution network that principally consists of grocery, convenience, and specialty retailers. Gift card receivables represent outstanding amounts owed to the Company by third-party gift card distributors for funds loaded onto gift cards but not yet remitted to the Company. Gift card receivables are net of commissions or fees due to the third-party gift card distributors.

Property and Equipment – Property and equipment are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Amortization of leasehold improvements is computed using the straight-line method based upon the shorter of the estimated useful lives of the assets or the terms of the respective leases. Maintenance and repair costs are charged to earnings while expenditures for major improvements are capitalized. Upon the disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, with any resulting gain or loss included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company's property and equipment are considered long-lived assets.

Refer to Note 3, “Property and Equipment, Net” for further detail.

Leases – In accordance with ASC 842, *Leases* (“ASC 842”), the Company determines if an agreement contains a lease at inception based on the Company's right to the economic benefits of the underlying assets and its right to direct the use of those assets. The Company records lease liabilities for its finance and operating leases, which are initially recognized at the lease commencement date based on the present value of fixed future lease payments over the term of the lease. Lease terms include the non-cancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. Lease agreements with lease and non-lease components are combined as a single lease component for all classes of underlying assets. Therefore, lease payments included in the measurement of the lease liability include all fixed payments in the lease arrangement.

The Company's leases do not provide information about the interest rate implicit in the lease. Therefore, the Company utilizes an incremental borrowing rate to calculate the present value of its future fixed lease payments over the term of the lease. The incremental borrowing rate represents an estimate of the rate of interest the Company would pay to borrow an amount equal to the lease payments on a fully collateralized basis over the term of a lease within a particular currency environment. Significant judgment is used in determining the incremental borrowing rate related to estimates for credit rating, credit spread and the impact of collateral. The Company developed its incremental borrowing rates at a lease portfolio level.

The Company also records right-of-use (“ROU”) assets for finance and operating leases, which are initially measured based on the value of the lease liability adjusted for any prepayments, initial direct costs from executing the leases, and/or amounts received from the lessor as incentives or tenant improvement allowances. The Company has elected not to recognize ROU assets and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. The Company's ROU assets are considered long-lived assets.

Refer to Note 4, “Leases” for further detail.

Goodwill and Intangible Assets – Goodwill represents the excess of reorganization value over fair value of identified tangible and intangible assets as of the date of the Company's reorganization in October 2018. Components within the same operating segment are aggregated and deemed a single reporting unit if the

components have similar economic characteristics. As of February 3, 2024 and January 28, 2023, the Company's reporting units consisted of North America and Europe.

In accordance with ASC 350, *Intangibles – Goodwill and Other*, the carrying value of goodwill and intangible assets with indefinite lives are not amortized; rather, they are evaluated for possible impairment on an annual basis, at the beginning of the fiscal month of November, or more frequently when events or circumstances may make it more likely than not that an impairment has occurred.

The Company may perform a qualitative goodwill impairment assessment to determine if a quantitative assessment is necessary. The qualitative impairment assessment evaluates macroeconomic conditions, current and projected cash flows, and other events or changes in circumstances. A quantitative assessment is required if, based on results of the qualitative assessment, management determines that the fair value of a reporting unit or an indefinite-lived intangible asset is more-likely-than-not less than its carrying amount. The quantitative assessment is performed by determining and comparing fair value of the Company's reporting units to their respective carrying values. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recorded to reduce the reporting unit's carrying value to its fair value.

The Company generally determines the fair value of its reporting units using a combination of two valuation methods: the "Income Approach — Discounted Cash Flow Analysis" method, and the "Market Approach — Guideline Public Company Method." Key assumptions under the "Income Approach — Discounted Cash Flow Analysis" method include projected sales, cost of sales, operating expenses, capital expenditures, working capital, taxes and discount rates. These assumptions were primarily determined by management based on internal operating plans, growth rates for sales and operating expenses, and margin assumptions. Discount rates are determined based on current risk-free rates of capital, current market interest rates, and the evaluation of a risk premium relevant to each reporting unit. If assumptions relative to growth rates were to change or were incorrect, the fair value calculation may change, which could result in impairment. The "Market Approach — Guideline Public Company Method," values each reporting unit based on market multiples derived from publicly traded companies that are similar to the Company. The steps taken in applying the Guideline Public Company Method include identifying comparable public companies, adjusting the guideline public company multiples for differences in the size and risk of these companies compared to the Company, and then applying the adjusted multiples from the representative companies. Key assumptions under the "Market Approach — Guideline Public Company Method" include sales, cost of sales, operating expenses, growth rates, and market prices of the guideline public companies. The results of these valuation methods are weighted based upon management's evaluation of the relevance of the two approaches.

The Company conducted its most recent annual goodwill impairment test as of October 29, 2023 and concluded that the fair values of its North America and Europe reporting units were less than their respective carrying values. As such, the Company recognized a \$198.0 million goodwill impairment loss in Fiscal 2023. The impairment loss resulted from decreased sales and cash flow projections in both reporting units. No goodwill impairment losses were recognized in Fiscal 2022 or Fiscal 2021. Adverse changes to the Company's business environment and future cash flows could lead to goodwill impairment losses in future periods, which could be material.

Like goodwill, indefinite-lived intangible assets are tested for impairment by comparing the fair value of each asset to its respective carrying value. As of February 3, 2024, indefinite-lived intangible assets primarily consisted of trade names. To determine fair value of each trade name, we use the relief-from-royalty method, which estimates what a third-party would be willing to pay in royalties to receive a benefit from use of the asset. If an asset's fair value is less than its carrying value, an impairment charge is recorded to reduce the asset's carrying value to its fair value. The Company conducted a quantitative impairment assessment as of October 29, 2023 and concluded that the estimated fair values of all indefinite-lived intangible assets were substantially higher than their respective carrying values. No impairment losses were recognized in Fiscal 2023, Fiscal 2022, or Fiscal 2021.

Definite-lived intangible assets are recorded on the basis of cost with amortization computed utilizing the straight-line method over the assets' estimated useful lives. The Company's definite-lived intangible assets, which consist primarily of franchising and consumer product goods agreements, are considered long-lived assets. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which generally range from 5 to 18 years.

Refer to Note 5, "Goodwill and Intangible Assets" for further detail.

Capitalized Software – The Company capitalizes certain implementation costs related to hosting arrangements that are service contracts (cloud computing arrangements). Capitalized implementation costs of hosting arrangements that are service contracts are included as a component of "Other assets" on the Consolidated Balance Sheets and were as follows as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Capitalized software, at cost	\$ 60,072	\$ 50,010
Less: Accumulated amortization	(5,450)	(2,244)
Capitalized software, net	\$ 54,622	\$ 47,766

Amortization expense is computed using the straight-line method over the term of the hosting arrangement and is included as a component of "Selling, general and administrative expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Amortization expense was \$3.2 million, \$2.1 million and \$0.1 million in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively.

Impairment of Long-Lived Assets – In accordance with ASC 360, *Property, Plant and Equipment*, the Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the net book value of an asset or asset group to the future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that the asset or asset group is not recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of the asset or asset group. The fair value is estimated based on discounted future cash flows expected to result from the use and eventual disposition of the asset or asset group using a rate that reflects the operating segment's average cost of capital. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell and are no longer depreciated. No impairment charges related to long-lived assets were recorded during any of the periods presented in the Consolidated Financial Statements.

Asset Retirement Obligations – An asset retirement obligation ("ARO") represents a legal obligation associated with the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development or normal operation of that long-lived asset. In accordance with ASC 410, *Asset Retirement and Environmental Obligations*, the Company recognizes AROs at fair value during the period in which they are incurred if a reasonable estimate of fair value can be made. AROs are capitalized as part of the carrying amount of the long-lived asset to which they relate, and are depreciated on a straight-line basis over the estimated useful life of the long-lived asset.

The Company's AROs are primarily associated with the retirement of leasehold improvements under store and warehouse leases. The Company had AROs of \$3.6 million and \$3.7 million as of February 3, 2024 and January 28, 2023, respectively, which are included as a component of "Other non-current liabilities" on the Company's Consolidated Balance Sheets.

Self-Insurance Liabilities – The Company uses a combination of insurance and self-insurance mechanisms for certain losses related to employee medical benefits and worker's compensation. Costs for self-insurance claims filed and claims incurred but not reported are accrued based on known claims and historical experience

and are included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Management believes that it has adequately reserved for its self-insurance liability, which is capped by stop loss contracts with insurance companies. However, any significant variation of future claims from historical trends could cause actual results to differ from the accrued liability.

Accrued Expenses and Other Current Liabilities – Accrued expenses and other current liabilities included the following components as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Compensation and benefits	\$ 27,989	\$ 24,863
Gift cards and certificates	15,235	22,596
Sales and local taxes	13,879	18,173
Store rent ⁽¹⁾	2,245	4,027
Accrued professional fees	2,762	3,771
Accrued interest payable	705	3,031
Accrued litigation fees	1,796	2,178
Other	11,018	15,165
Total accrued expenses and other current liabilities	<u>\$ 75,629</u>	<u>\$ 93,804</u>

(1) Represents variable lease payments outside the scope of ASC 842.

The Company recorded a one-time adjustment to gift card liabilities of \$(7.8) million in Fiscal 2023 related to gift card breakage revenue not recognized in prior years.

Derivative Instruments – The Company evaluates any convertible debt or equity contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815, *Derivatives and Hedging*. If an embedded derivative is required to be bifurcated, it is recognized as a liability on the Consolidated Balance Sheets and measured at fair value on a recurring basis. Changes in fair value are recorded as “Loss (gain) on Derivative Liability” on the Consolidated Statements of Operations and Comprehensive Income (Loss). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then reclassified to equity.

In circumstances where an embedded conversion option in a convertible instrument is required to be bifurcated and/or there are multiple embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

Refer to Note 6, “Redeemable Series A Preferred Units” for further detail.

Revenue Recognition – The Company recognizes revenue pursuant to ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when performance obligations are satisfied through the transfer of control of promised goods to the customer. Transfer of control occurs once a customer has the ability to direct the use of and obtain substantially all of the benefits from the product. This includes the transfer of legal title, physical possession, the risks and rewards of ownership, and customer acceptance.

Merchandise

The majority of the Company's revenue is generated from the sale of products in company-operated or consumer product goods retail partner stores. These sales generally have one single performance obligation and revenue is recognized at the point of sale. However, discounts and incentives issued at the point of sale to entice a customer to a future purchase are treated as a separate performance obligation. As such, the Company allocates a portion of revenue generated from the point of sale to each of the additional performance obligations separately using explicitly stated amounts or best estimates using historical data.

The Company also sells merchandise online ("e-commerce") and to franchise partners. These sales generally have one single performance obligation and revenue is recognized upon shipment of the merchandise. Any shipping and handling fees charged to the customer are recognized as revenue, while any shipping and handling costs are recognized as cost of sales. Shipping and handling costs include shipping supplies, related labor costs and third-party shipping costs. Franchise fees the Company charges under franchising agreements are included as a component of "Other income, net" on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Revenue does not include taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and concurrent with revenue-producing activities. Sales-related taxes are included as a component of "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets. Revenue is also recognized net of estimated merchandise returns. The Company generally provides refunds, issued in the form of original payment, for merchandise returns within 60 days from the original purchase date in North America and within 28 days from the original purchase date in Europe. Payment for merchandise is tendered primarily by cash, check, credit card, debit card, gift card or alternative payment methods.

Merchandise returns

The Company estimates merchandise returns using historical data and recognizes an allowance which reduces net sales and cost of sales. The liability for merchandise returns is included as a component of "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets and was \$0.3 million and \$0.6 million as of February 3, 2024 and January 28, 2023, respectively.

Gift cards

The Company only offers no-fee, non-expiring gift cards to its customers. The Company does not recognize revenue at the time gift cards are sold or issued; rather, the Company records a liability for the cash value of gift cards sold or issued within "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets. Revenue from the sale or issuance of gift cards is recognized at the time the gift card is redeemed for products or services. Based on historical experience, a certain amount of gift cards will not be redeemed (also referred to as "breakage"). The Company estimates gift card breakage revenue over time in proportion to actual gift card redemptions. Gift card breakage revenue was \$11.1 million, \$2.3 million and \$1.8 million in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, and is included as a component of "Net sales" on the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company recognized \$7.8 million of gift card breakage revenue in Fiscal 2023 as part of a one-time adjustment to gift card liabilities.

Loyalty program

The *Claire's*® Rewards loyalty program (the "rewards loyalty program") allows customers to accumulate points based upon purchase activity and earn rewards by reaching certain point thresholds. The Company issues redeemable certificates to customers as certain point thresholds are achieved. Based on the rewards loyalty program policies, points expire twelve months after the date earned and certificates expire ninety days after the date of issuance. Certificates generated from the rewards loyalty program provide a material right to customers and represent a separate performance obligation. Rewards loyalty program points are accrued

at the standalone value per point, net of estimated breakage, and are included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Revenue from the rewards loyalty program is recognized when customers redeem certificates or when certificates or points expire.

Cost of Sales, Buying and Occupancy Expenses – Cost of sales consists of merchandise costs, inbound and outbound freight charges, purchasing costs and inspection costs. Cost of sales also includes merchandise markdowns and provisions for inventory obsolescence and shrinkage. Buying and occupancy expenses consist of compensation, employee benefit expenses and travel and entertainment for buyers and certain senior merchandising executives; shipping and handling costs; and rent and utilities related to stores, corporate headquarters and other office space. Gross profit is the difference between total net sales and cost of sales, buying and occupancy expenses.

Selling, General, and Administrative Expenses – Selling, general and administrative expenses primarily consist of compensation and employee benefit expenses, including salaries, incentives and related benefits associated with stores and corporate headquarters. Selling, general and administrative expenses also include distribution center costs, marketing and advertising costs, supplies for stores and offices, communication costs, travel and entertainment, commissions paid to consumer product goods retail partners, and services purchased. The cost of the Company’s distribution centers was \$26.9 million, \$24.3 million, and \$17.6 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

Advertising Costs - Advertising costs, which primarily relate to in-store marketing, mall association dues and digital interactive media, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss). Advertising costs were \$15.9 million, \$17.2 million, and \$16.2 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

Store Opening Costs – Store opening costs, which primarily consist of advertising, supplies, and payroll expenses, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Interest Expense – Interest expense primarily consists of interest expense related to the Company’s long-term debt and finance leases, as well as interest income from cash and cash equivalents.

Income Taxes - The Company accounts for income taxes under the provisions of ASC 740, *Income Taxes*, which generally requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in the period during which the new legislation is enacted. Valuation allowances are established to reduce the carrying amounts of deferred tax assets to the amounts expected to be realized unless it is more likely than not that such assets will be realized in full. The Company considers projected future taxable income and the availability of tax planning strategies in determining the need for valuation allowances.

The Company is subject to tax audits in numerous jurisdictions, including the United States, individual states and localities, and internationally. Tax audits by their very nature are often complex and can require several years to complete. In the normal course of business, the Company is subject to challenges from the Internal Revenue Service (“IRS”) and other tax authorities regarding amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. Income tax benefits related to uncertain tax positions are recognized only when it is more likely than not that the position will be sustained upon examination by the tax authorities. This determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant tax authority that has full knowledge of all relevant information. Penalties and interest related

to unrecognized tax benefits are included as a component of “Interest expense, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The calculation of deferred tax assets and liabilities, as well as the decisions to establish valuation allowances and recognize an income tax benefit from an uncertain tax position requires management to make estimates and assumptions. The Company believes that its estimates and assumptions are reasonable, although actual results may have a positive or negative material impact on the balances of deferred tax assets and liabilities, valuation allowances or net income (loss).

Refer to Note 11, “Income Taxes” for further detail.

Stock Compensation – The Company recognizes stock compensation expense in accordance with ASC 718, *Compensation – Stock Compensation*. The Company measures the cost of services received from employees and directors in exchange for an award of equity instruments based on the fair value of the award on the date of grant. For service-based awards, stock compensation expense is recorded on a straight-line basis over the requisite service period. For performance-based awards, stock compensation expense is recorded based upon the number of shares expected to be issued when it becomes probable that performance targets required to receive the awards would be achieved. The Company recognizes the impact of forfeitures as they occur. Stock compensation expense is included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Refer to Note 12, “Stock Compensation” for further detail.

Foreign Currency Translation – The functional currency of each of the Company’s foreign operations is generally the respective local currency. In accordance with ASC 830, *Foreign Currency Matters*, the Company translates assets and liabilities denominated in foreign currencies into United States dollars (“USD”) (the reporting currency) at fiscal year-end exchange rates while income and expense accounts are translated at the average rates in effect during the year. Equity accounts are translated at historical exchange rates. Translation adjustments are not included in determining net income but are included as a component of “Accumulated other comprehensive income (loss), net of tax” on the Consolidated Balance Sheets. Transaction gains and losses resulting from intercompany loans of a long-term investment nature are also included as a component of “Accumulated other comprehensive income (loss), net of tax” on the Consolidated Balance Sheets. Gains and losses that arise from exchange rate fluctuations on transactions denominated in foreign currencies other than the local functional currency are included as a component of “Other income, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Foreign currency transaction (gains) losses were \$1.2 million, \$(2.0) million, and \$2.7 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, and are included as a component of “Other income, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Comprehensive Income (Loss) – Comprehensive income (loss) represents a measure of all changes in stockholder’s accumulated earnings (deficit) except for changes resulting from transactions with stockholders in their capacity as stockholders. The Company’s total comprehensive income (loss) consists of net income (loss), foreign currency translation adjustments and gain (loss) on intra-entity foreign currency transactions. Amounts included in “Comprehensive income (loss)” are recorded net of income taxes.

Recent Accounting Pronouncements – The Company considers the applicability and impact of all Accounting Standards Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”) on its Consolidated Financial Statements. ASUs not listed below were either not applicable, did not have a significant impact when adopted, or are not expected to have a significant impact on the Consolidated Financial Statements upon adoption.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, subsequently amended by various standard updates. ASU 2016-13 replaced the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information when determining credit loss estimates. ASU 2016-13 also requires financial assets to be measured net of expected credit losses at the time of initial recognition. ASU 2019-10, issued in November 2019, delayed the effective date of ASU 2016-13. ASU 2016-13 was effective for non-SEC filers for fiscal years beginning after December 15, 2022. The Company adopted ASU 2016-13 in Fiscal 2023. Given that a significant majority of revenue transactions are point of sale transactions whereby the Company does not extend credit to the customer, the adoption of ASU 2016-13 did not have a significant impact on the Company's Consolidated Financial Statements.

Recently Issued Accounting Standards

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which will require the Company to disclose segment expenses that are significant and regularly provided to the Company's chief operating decision maker ("CODM"). In addition, ASU 2023-07 will require the Company to disclose the title and position of its CODM and how the CODM uses segment profit or loss information in assessing segment performance and deciding how to allocate resources. The Company will adopt ASU 2023-07 in the fiscal year beginning February 4, 2024 and is currently evaluating the potential impact of ASU 2023-07 on its consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 will also require the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. ASU 2023-09 allows for adoption using either a prospective or retrospective transition method. The Company expects to adopt ASU 2023-09 in the fiscal year beginning February 2, 2025 and is currently evaluating the potential impact of ASU 2023-09 on its consolidated financial statements.

3. PROPERTY AND EQUIPMENT, NET

The major classes of property and equipment, net were as follows as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Furniture, fixtures and equipment	\$ 196,485	\$ 180,660
Leasehold improvements	177,891	159,028
Property and equipment, at cost	374,376	339,688
Less: Accumulated depreciation and amortization	(212,271)	(167,209)
Property and equipment, net	\$ 162,105	\$ 172,479

Depreciation and amortization expense related to property and equipment was \$53.3 million, \$50.3 million, and \$44.4 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

4. LEASES

The Company leases its retail stores, certain offices and warehouse space, and certain equipment throughout the U.S. and internationally. These leases are generally classified as operating leases.

Most lease agreements covering retail store space contain minimum base rental payments and lessor incentives such as tenant improvement allowances and rent holidays. Additionally, the Company is typically responsible for tenant occupancy costs including maintenance costs, common area charges, real estate taxes, and certain other expenses. Certain leases may contain variable lease payments, such as rent based on a percentage of net sales, and may be subject to a breakpoint threshold of fixed rent. Variable lease payments, other than those that depend on an index or a rate, are not included in the measurement of lease liabilities.

Operating and finance lease costs (including short-term lease costs) are recognized on a straight-line basis over the lease term, while variable lease costs are recognized as incurred. Lease costs are principally included as a component of “Cost of Sales, Occupancy and Buying Expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Total lease costs consisted of the following components for the periods presented:

<u>(in thousands)</u>	Statement of Operations and Comprehensive Income (Loss) Classification	Fiscal Year Ended		
		February 3, 2024	January 28, 2023	January 29, 2022
Operating lease costs	Cost of sales, buying and occupancy expenses	\$ 163,980	\$ 141,857	\$ 167,291
Finance lease costs:				
Amortization of ROU assets	Depreciation and amortization	1,962	1,962	1,962
Interest on lease liabilities	Interest expense, net	1,887	1,911	2,140
Variable lease costs	Cost of sales, buying and occupancy expenses	79,302	91,312	50,985
Short-term lease costs	Cost of sales, buying and occupancy expenses	1,778	2,343	1,255
Total lease costs		\$ 248,909	\$ 239,385	\$ 223,633

Other information related to leases was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 166,621	\$ 142,294	166,961
Financing cash flows from finance leases	1,160	907	1,366
Supplemental non-cash information on lease liabilities:			
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 148,839	\$ 69,714	42,223

Some leases include renewal or extension options, which the Company can exercise at its discretion and are not reasonably certain at the lease commencement date. Some leases also include early termination options, which can be exercised under specific conditions. When measuring ROU assets and lease liabilities, the Company only includes future fixed lease payments related to options to extend or terminate leases when

those options are reasonably certain to be exercised. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The average remaining lease term and discount rate, weighted by outstanding lease liability were as follows as of the dates presented:

	February 3, 2024	January 28, 2023
Weighted average remaining lease term (in years)⁽¹⁾:		
Operating leases	4.6	4.2
Finance leases	6.0	7.0
Weighted average discount rate:		
Operating leases	8.0%	8.5%
Finance leases	12.6%	12.6%

⁽¹⁾ Excludes leases with no outstanding lease liability, which primarily consist of: (a) leases with a term of less than 12 months; and (b) leases containing only variable lease payments that do not depend on an index or rate.

As of February 3, 2024, future minimum lease payments under the Company's lease liabilities were as follows:

<u>(in thousands)</u>	Operating Leases	Finance Leases
2024	\$ 113,611	\$ 3,108
2025	106,690	3,170
2026	81,979	3,234
2027	57,200	3,299
2028	30,711	3,364
Thereafter	28,212	2,574
Total undiscounted future minimum lease payments	418,403	18,749
Less: imputed interest	(70,334)	(7,297)
Present value of lease liabilities	348,069	11,452
Less: current portion of lease liabilities	(94,265)	(749)
Long-term lease liabilities	\$ 253,804	\$ 10,703

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amounts of goodwill were as follows for the periods presented:

<u>(in thousands)</u>	<u>North America</u>	<u>Europe</u>	<u>Total</u>
Balance: January 29, 2022	\$ 618,277	\$ 101,393	\$ 719,670
Impairment losses	-	-	-
Balance: January 28, 2023	\$ 618,277	\$ 101,393	\$ 719,670
Impairment losses	(130,000)	(68,000)	(198,000)
Balance: February 3, 2024 ⁽¹⁾	\$ 488,277	\$ 33,393	\$ 521,670

(1) Amounts include accumulated impairment losses of \$(130,000) and \$(68,000) in North America and Europe, respectively.

The carrying values and accumulated amortization of identifiable intangible assets were as follows as of the dates presented:

		February 3, 2024		
(in thousands)	Estimated Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:				
Consumer product goods agreements	5	74,743	(74,743)	-
Franchising agreements	10 to 18	44,100	(18,016)	26,084
Other ⁽¹⁾	5 to 10	36,757	(19,689)	17,068
Total definite-lived intangible assets		155,600	(112,448)	43,152
Indefinite-lived intangible assets:				
Trade names		310,866	-	310,866
Total intangible assets, net		\$ 466,466	\$ (112,448)	\$ 354,018

		January 28, 2023		
(in thousands)	Estimated Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:				
Consumer product goods agreements	5	73,992	(64,072)	9,920
Franchising agreements	10 to 18	44,100	(15,408)	28,692
Other ⁽¹⁾	5 to 10	37,765	(16,376)	21,389
Total definite-lived intangible assets		155,857	(95,856)	60,001
Indefinite-lived intangible assets:				
Trade names		310,867	-	310,867
Total intangible assets, net		\$ 466,724	\$ (95,856)	\$ 370,868

(1) Amounts include estimated residual values related to key money arrangements and not subject to amortization of \$9,959 and \$14,149 as of February 3, 2024 and January 28, 2023, respectively.

Amortization expense related to definite-lived intangible assets was \$16.5 million, \$21.6 million, and \$24.2 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.

As of February 3, 2024, the remaining net amortization of definite-lived intangible assets by fiscal year was as follows:

<u>(in thousands)</u>		
2024	\$	4,865
2025		4,388
2026		3,944
2027		3,351
2028		3,116
Thereafter		13,529
Total	\$	33,193

6. REDEEMABLE SERIES A PREFERRED UNITS

On October 12, 2018 (the “effective date”), in conjunction with its corporate reorganization, the Company issued 400,000 units of Series A Participating Preferred Units (“Redeemable Series A Preferred Units”) to certain holders of first lien debt obligations of Claire’s Stores, Inc. in exchange for \$250.0 million in cash. The Redeemable Preferred Series A Units had a stated value of \$400.0 million or \$1,000 per unit.

Dividend Rights

The Redeemable Series A Preferred Units rank senior to units of the Company’s common equity, with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The Redeemable Series A Preferred Units have a liquidation preference of \$1,000 per unit. Holders of Redeemable Series A Preferred Units are entitled to a cumulative dividend at the rate of 14% per annum (“Series A Preferred Return”), payable within 30 days of each fiscal quarter end through October 12, 2038. The Series A Preferred Return continues to accrue on each Redeemable Series A Preferred Unit regardless of whether or not the Company declares and pays a dividend. Holders of Redeemable Series A Preferred Units can collectively elect to receive payment of the Series A Preferred Return in cash. If no such election is made, the Series A Preferred Return is paid in-kind through the issuance of additional Redeemable Series A Preferred Units. The Company issued 88,692, 75,766, and 89,450 Redeemable Series A Preferred Units in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, as in-kind payments of the Series A Preferred Return. There were no cash dividends declared or paid on Redeemable Series A Preferred Units during Fiscal 2023, Fiscal 2022 or Fiscal 2021.

Conversion Features

The Redeemable Series A Preferred Units are convertible, at the option of the holders at any time, into Common Units at a conversion price of \$1,000 per unit and a conversion rate of 1 Common Unit per Redeemable Series A Preferred Unit. The Company determined that the nature of the Redeemable Series A Preferred Units was more akin to an equity instrument and that the economic characteristics and risks of the embedded conversion options were clearly and closely related to the Redeemable Series A Preferred Units. As such, the conversion options were not required to be bifurcated from the host under ASC 815, *Derivatives and Hedging*.

Redemption Features

Upon a qualified initial public offering (“Qualified IPO”) or certain change of control events involving the Company, the Redeemable Series A Preferred Units are mandatorily redeemable at an amount in cash equal

to the sum of the liquidation preference of the Redeemable Series A Preferred Units, all accrued but unpaid dividends, and the present value of any remaining Series A Preferred Return through the twentieth anniversary of the effective date, assuming the Company chose to pay such dividends in cash (the "make-whole premium"). A Qualified IPO is defined as any firm, committed IPO of Units pursuant to an effective registration statement on the Nasdaq Global Market, the New York Stock Exchange or other agreed internationally recognized exchange resulting in (i) at least \$200 million of gross proceeds to the Company and (ii) pre-money equity value of at least \$1.4 billion.

Since redemption of the Redeemable Series A Preferred Units is contingently or optionally redeemable and therefore not certain to occur, the Redeemable Series A Preferred Units are not required to be classified as a liability under ASC 480, *Distinguishing Liabilities from Equity*. As the Redeemable Series A Preferred Units are redeemable in certain circumstances at the option of the holder and redeemable in certain circumstances upon the occurrence of an event that is not solely within the Company's control, the Company has classified the Redeemable Series A Preferred Units in mezzanine equity on the Consolidated Balance Sheets.

As noted above, the Company determined that the nature of the Redeemable Series A Preferred Units was more akin to an equity instrument. However, the Company determined that the economic characteristics and risks of the embedded make-whole premium was not clearly and closely related to the Redeemable Series A Preferred Units. Therefore, the Company assessed the make-whole premium further and determined that it met the definition of a derivative under ASC 815, *Derivatives and Hedging*. Accordingly, the Company bifurcated the embedded make-whole premium from the host contract and accounts for it as a freestanding derivative liability. The Company measures and records its derivative liability at fair value on a recurring basis. Refer to Note 8, "Fair Value Measurements" for further detail.

On April 9, 2021, the Company redeemed 28,691 Redeemable Series A Preferred Units at a redemption price of \$2,614 per unit for a total redemption amount of \$75.0 million. On December 14, 2021, the Company redeemed 46,981 Redeemable Series A Preferred Units at a redemption price of \$2,661 per unit for a total redemption amount of \$125.0 million. The redemption prices were equal to the stated value of each unit plus a redemption premium based upon the present value, as of the redemption date, of the remaining Series A Preferred Return due through October 12, 2038.

Voting Rights

Common and preferred units may be issued by the Company as full-voting or reduced-voting units. Holders of full-voting Redeemable Series A Preferred Units are entitled to vote with holders of full-voting Common Units on an as-converted basis. Holders of reduced-voting Common Units and reduced-voting Redeemable Series A Preferred Units are entitled to one-tenth of a vote for each unit held.

Registration Rights

Holders of Redeemable Series A Preferred Units have certain customary registration rights with respect to the Redeemable Series A Preferred Units and the Common Units into which they are converted, pursuant to the terms of a registration rights agreement.

7. DEBT

Revolving credit facilities

On January 24, 2019, the Company and certain of its U.S. and U.K. subsidiaries entered into a five-year ABL Credit Agreement (“2019 ABL Credit Agreement”) with Citibank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2019 ABL Credit Agreement provided senior secured revolving credit for loans and letters of credit up to \$75.0 million (“2019 Revolving Credit Facility”), subject to a borrowing base comprised of the Company’s eligible accounts receivable and inventory. The 2019 Revolving Credit Facility included a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$50.0 million.

On September 30, 2022, the Company and certain of its U.S. and U.K. subsidiaries refinanced the 2019 ABL Credit Agreement by entering into a new five-year ABL Credit Agreement (“2022 ABL Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2022 ABL Credit Agreement provides senior secured revolving credit for loans and letters of credit up to \$150.0 million (“2022 Revolving Credit Facility”), subject to a borrowing base comprised of the Company’s eligible cash, accounts receivable and inventory. The Revolving Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$75.0 million. The funds available under the Revolving Credit Facility can be used for working capital and other general corporate purposes.

The refinancing resulted in an increase of the outstanding borrowings under revolving credit facilities, from \$55.0 million to \$56.0 million. The additional borrowings were used in part to repay all amounts outstanding under the existing 2019 Revolving Credit Facility and pay fees and expenses associated with the refinancing transaction. The refinancing also resulted in the recognition of \$2.2 million of additional deferred financing fees, which are included as a component of “Other non-current assets” on the Consolidated Balance Sheets and will be amortized on a straight-line basis over the five-year term of the 2022 ABL Credit Agreement.

The 2022 Revolving ABL Facility provides for interest on borrowings, at the Company’s option, at either (i) adjusted SOFR, SONIA, SARON, CDOR or EURIBOR, or (ii) an adjusted ABR plus an applicable margin. Depending on the type of borrowing, interest on the 2022 Revolving ABL Facility is payable monthly, quarterly or at the end of the interest period. A commitment fee of 0.25% to 0.375% per annum is payable quarterly on the unused portion of the 2022 Revolving ABL Facility.

All obligations under the 2022 Revolving ABL Facility are unconditionally guaranteed by the Company and certain of its U.S. and U.K. subsidiaries. The obligations under the 2022 Revolving ABL Facility are secured by a first-priority security interest in inventory, accounts receivable and certain other assets of the Company and certain of its U.S. and U.K. subsidiaries. The 2022 ABL Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

The Company was in compliance with the terms of the 2022 ABL Credit Agreement as of February 3, 2024 and expects to remain in compliance for the next twelve months. The Company had \$20.0 million in outstanding borrowings under the 2022 Revolving Credit Facility as of February 3, 2024. The weighted average interest rate on all outstanding borrowings under the 2022 Revolving Credit Facility was 6.68% as of February 3, 2024. The Company also had \$5.8 million outstanding in standby letters of credit, which reduce the funds available under the 2022 Revolving Credit Facility, as of February 3, 2024.

Interest expense on the ABL Credit Facility was \$2.1 million, \$1.2 million, and \$0.0 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, and is included as a component of “Interest expense, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company also maintains multiple agreements with third parties that make unsecured revolving credit facilities available for the Company's non-U.S. subsidiaries (the "Foreign Facilities"). The Foreign Facilities are uncommitted and had a total capacity of \$2.4 million as of February 3, 2024. The Foreign Facilities are used for working capital requirements, letters of credit and various guarantees, and have been arranged in accordance with customary lending practices in the respective country of operation. As of February 3, 2024, there were no borrowings under the Foreign Facilities. There were \$1.4 million in bank guarantees issued and outstanding, which reduced the borrowing availability to \$1.0 million as of February 3, 2024.

Long-term debt

Long-term debt consisted of the following as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Current portion of long-term debt:		
Term Loan	\$ 5,024	\$ 5,024
Unamortized debt issuance cost	(410)	(410)
Total current portion of long-term debt, net	<u>\$ 4,614</u>	<u>\$ 4,614</u>
Long-term debt:		
Term Loan	\$ 478,571	\$ 483,595
Unamortized debt issuance cost	(787)	(1,197)
Total long-term debt, net	<u>\$ 477,784</u>	<u>\$ 482,398</u>

On December 18, 2019, the Company entered into a term loan credit agreement (the "Term Loan Credit Agreement"), among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, providing for a \$502.4 million aggregate principal loan (the "Term Loan") maturing on December 18, 2026. Principal repayments are due on the last business day of each March, June, September and December in an amount per payment equal to 0.25% of the principal amount.

In September 2020, the Company entered into an interest rate cap agreement to manage a significant portion of the interest rate risk related to the floating interest rate on the Term Loan. The interest rate cap agreement expired on October 31, 2023. The premium paid as part of the interest rate cap agreement was amortized as a component of interest expense over term of the interest rate cap agreement.

On March 5, 2021, the Financial Conduct Authority announced that ICE Benchmark Administration Limited, the administrator for LIBOR, would permanently cease to publish the overnight, one-month, three-month, six-month and twelve-month USD LIBOR settings after June 30, 2023. The Company's Term Loan Credit Agreement provides that, in the event the Administrative Agent receives notice from the Company that the administrator for LIBOR has made a public statement identifying a specific date after which LIBOR shall no longer be made available, or used for determining the interest rate of loans, then the Administrative Agent and the Company may amend the Term Loan Credit Agreement to replace LIBOR with an alternative benchmark rate.

On March 17, 2023, the Company entered into an amended term loan credit agreement (the "Amended Term Loan Credit Agreement"), among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent. The Amended Term Loan Credit Agreement replaced LIBOR with the Secured Overnight Financing Rate ("SOFR"). Under the Amended Term Loan Credit Agreement, the Company's Term Loan continued as a LIBOR Loan until March 31, 2023, whereby it was converted to a Term SOFR Loan. The Amended Term Loan Credit Agreement did not limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or the lenders under the Term Loan Credit

Agreement and did not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Term Loan Credit Agreement. The Company elected to apply the optional expedient under ASC 848, *Reference Rate Reform*, and accounted for this modification as a continuation of the existing Term Loan (i.e., by prospectively adjusting the effective interest rate). Each borrowing under the Term Loan Agreement bears interest at a rate equal to a base rate plus a margin. The Company has the option to choose from two base rates: the Adjusted Term SOFR Rate and the Alternate Base Rate (“ABR”). The margin under the Term Loan Agreement is 6.50% for Adjusted Term SOFR Rate borrowings and 5.50% for ABR borrowings.

Interest expense on the Term Loan was \$42.0 million, \$34.9 million, and \$33.0 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, and is included as a component of “Interest expense, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss). Accrued interest payable on the Term Loan was \$0.6 million and \$2.9 million as of February 3, 2024 and January 28, 2023, respectively, and is included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets.

Refer to Note 8, “Fair Value Measurements” for fair value disclosures on long-term debt.

As of February 3, 2024, principal maturities of long-term debt were as follows for each of the following fiscal years:

(in thousands)

2024	\$	5,024
2025		5,024
2026		473,547
2027		-
2028		-
Thereafter		-
Total	\$	483,595

8. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with US GAAP, and expands disclosures about fair value measurements. Fair value is defined under ASC 820 as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date.

US GAAP requires classification of fair value measurements into a three-level hierarchy based on the priority of inputs to the valuation technique. If the inputs used to measure fair value fall within different levels of the hierarchy, the categorization is based on the lowest priority input that is significant to the fair value measurement of the instrument. Financial instruments recorded at fair value on the Consolidated Balance Sheets or disclosed in the related notes are categorized based on inputs to the valuation techniques as follows:

- *Level 1* — Quoted prices (unadjusted) for identical assets and liabilities in active markets.
- *Level 2* — Quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instrument.

Financial instruments recorded at fair value on a recurring basis

The Company measures the fair value of its derivative liability on a recurring basis on the Consolidated Balance Sheets. Using a Black-Scholes option pricing model, the Company estimates the probability of equity appreciating above the Qualified IPO pre-money equity value of \$1.4 billion based on an estimated equity value as of the valuation date and a volatility assumption derived from implied volatilities for a group of publicly-traded comparable companies. The probability of being eligible for a Qualified IPO is then multiplied by the probability of an IPO occurring during each remaining period through October 12, 2038. The Company also estimates the probabilities of a change in control event occurring during each remaining period through October 12, 2038. The present value of the make-whole premium is estimated for each potential prepayment period over the remaining term through October 12, 2038 and then multiplied by the probability of a Qualified IPO or change in control event occurring during each prepayment period over the remaining term through October 12, 2038. The total estimated derivative liability is the probability-weighted sum of the present value of the make-whole premium, discounted to present value using the Company's cost of borrowing. The derivative liability is classified as level 3 on the fair value hierarchy.

The following tables shows the derivative liability, measured at fair value on a recurring basis, by level within the fair value hierarchy as of the dates presented:

		Fair Value Measurements at February 3, 2024		
<u>(in thousands)</u>	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Derivative liability	\$ 115,140	\$ -	\$ -	\$ 115,140

		Fair Value Measurements at January 28, 2023		
<u>(in thousands)</u>	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Derivative liability	\$ 209,500	\$ -	\$ -	\$ 209,500

There were no transfers between levels of the fair value hierarchy during Fiscal 2023, Fiscal 2022 or Fiscal 2021.

Qualitative and quantitative information about Level 3 fair value measurements

The Company considers unobservable inputs to be those for which market data is not available and that are developed using the best information available to management about the assumptions that market participants would use when pricing the asset or liability. The table below presents information about the significant unobservable inputs used for recurring fair value measurements of the derivative liability:

	February 3, 2024	January 28, 2023
Implied volatility	55.00%	50.00%
Risk-free rates	3.99% to 5.41%	3.52% to 4.81%
Discount rate	12.77%	12.35%

In general, increases in the discount or risk-free rates or implied volatility in isolation would result in a lower fair value measurement of the derivative liability. The effect of a change in a particular assumption above is considered independently from changes in any other assumptions.

The following table summarizes changes in the Company's derivative liability, measured at fair value on a recurring basis, in the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Fair value, beginning of period	\$ 209,500	\$ 400,360	\$ 254,772
Redeemable Series A Preferred Units issued for paid-in-kind dividend	22,853	35,831	60,243
Redemptions of Redeemable Series A Preferred Units	-	-	(49,501)
Changes in estimated fair value ⁽¹⁾	(117,213)	(226,691)	134,846
Fair value, end of period	<u>\$ 115,140</u>	<u>\$ 209,500</u>	<u>\$ 400,360</u>

(1) Changes in estimated fair value are driven by changes in valuation inputs or assumptions, are presented as "Loss on derivative liability" on the Consolidated Statements of Comprehensive Income (Loss).

Financial instruments not recorded at fair value on a recurring basis

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, receivables, trade accounts payable, accrued liabilities and other current liabilities, and long-term debt. With the exception of long-term debt, the carrying amounts of other financial instruments not measured at fair value on a recurring basis approximate their fair values due to the relatively short maturities of these instruments.

The following tables show the Company's long-term debt measured at its notional value, carrying value and estimated fair value, as of the dates presented:

<u>(in thousands)</u>	February 3, 2024		
	Notional Amount	Carrying Value	Fair Value
Long-term debt	\$ 483,595	\$ 482,398	\$ 489,216

<u>(in thousands)</u>	January 28, 2023		
	Notional Amount	Carrying Value	Fair Value
Long-term debt	\$ 488,619	\$ 487,012	\$ 464,064

The fair value of long-term debt is generally based on quoted market prices for similar instruments and is classified as Level 2 in the fair value hierarchy.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

The Company's non-financial assets, which include goodwill, intangible assets, and long-lived tangible assets, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur and the Company is required to evaluate non-financial assets for impairment, any resulting impairment would require that non-financial assets be recorded at their estimated fair values.

As a result of its most recent annual goodwill impairment test as of October 29, 2023, the Company recognized a \$198.0 million goodwill impairment loss in Fiscal 2023. Refer to Note 2, "Summary of Significant Accounting Policies" for further detail.

9. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in litigation incidental to the conduct of its business, including personal injury litigation, litigation regarding merchandise sold, including product and safety concerns regarding heavy metal and chemical content in merchandise, litigation with respect to various employment matters, including litigation with present and former employees, wage and hour litigation and litigation regarding intellectual property rights.

In accordance with ASC 450, *Contingencies*, the Company records a reserve for estimated losses when the loss is probable and the amount can be reasonably estimated. If a range of possible loss exists and no anticipated loss within the range is more likely than any other anticipated loss, the Company records the accrual at the low end of the range in accordance with ASC 450.

The Company believes that the ultimate outcome of any currently pending litigation will not materially affect the Consolidated Financial Statements taken as a whole. However, the Company's assessment of any litigation or other legal claims could potentially change in light of the discovery of facts not presently known or determinations by judges, juries, or other finders of fact that are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

10. EMPLOYEE BENEFIT PLANS

Full and part-time U.S. based employees who are at least 21 years of age are eligible after three months of employment to participate in the Claire's Stores, Inc. 401(k) Savings and Retirement Plan (the "401(k) Plan"). Under the 401(k) Plan, employees can contribute 1% to 50% of their eligible compensation on a pre-tax basis, up to the maximum limits allowable under the Internal Revenue Code. The Company matches a portion of employee contributions on a discretionary basis; in Fiscal 2023, the Company matched 50% of the first 6% of employee contributions. Employee contributions are 100% vested while the Company's matching contributions vest at 20% per year of employee service. The Company's matching contributions were \$1.5 million, \$1.5 million, and \$1.3 million in Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, and are included as a component of "Selling, general and administrative expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Associates in international countries who are not U.S. citizens are covered by various defined contribution post-employment benefit arrangements. These plans are administered based upon the legislative and tax requirements in the countries in which they are established.

11. INCOME TAXES

Total income (loss) before income tax (benefit) expense consisted of the following in the periods presented:

(in thousands)	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
U.S.	\$ 4,754	\$ 314,309	\$ (8,390)
Foreign	(60,179)	5,933	7,179
Total income (loss) before income tax (benefit) expense	\$ (55,425)	\$ 320,242	\$ (1,211)

Total income tax (benefit) expense consisted of the following in the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Current:			
Federal	\$ 9,324	\$ 16,010	\$ 17,022
State	2,175	3,341	3,745
Foreign	4,643	(119)	1,680
Total current	16,142	19,232	22,447
Deferred:			
Federal	(6,588)	28,249	(25,315)
State	2,929	(4,387)	(5,669)
Foreign	(1,072)	1,091	(858)
Total deferred	(4,731)	24,953	(31,842)
Total income tax (benefit) expense	\$ 11,411	\$ 44,185	\$ (9,395)

The following table summarizes the differences between the U.S. statutory federal income tax rate and the Company's effective income tax rates in the periods presented:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
U.S. income taxes at statutory federal rate	21.0%	21.0%	21.0%
Non-deductible goodwill impairment losses	(75.1)	-	-
Change in valuation allowance, net	64.0	7.1	3,685.1
Deferred tax impact of intellectual property transfer	(56.3)	-	-
Foreign rate differential	17.0	(1.0)	398.8
Permanent differences	16.4	(15.7)	(2,118.7)
Earnings of foreign subsidiaries	(5.4)	0.8	(450.7)
State and local income taxes, net of federal tax benefit	(3.0)	1.3	(416.1)
Change in unrecognized tax benefits	1.2	(0.1)	(8.6)
Federal tax credits	0.9	-	-
Withholding and other taxes	(0.8)	-	(34.5)
Prior year adjustments	(0.5)	0.4	(306.8)
Effective income tax rate	(20.6%)	13.8%	769.5%

The tax effects of temporary differences that gave rise to the Company's deferred tax assets and liabilities as of the dates presented were as follows:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Deferred tax assets attributable to:		
Operating lease liabilities	\$ 89,516	\$ 72,123
Debt related	49,860	47,615
Tax carryforwards	32,741	42,023
Inventory	7,898	8,316
Compensation and benefits	7,130	6,573
Intangible assets – other	3,555	2,955
Accrued expenses	1,414	1,814
Gift cards	1,019	1,252
Other	3,152	-
Total deferred tax assets	196,285	182,671
Valuation allowance	(28,916)	(65,467)
Total deferred tax assets, net	167,369	117,204
Deferred tax liabilities attributable to:		
Operating lease right-of-use assets	85,320	68,738
Intangible assets – trade names	81,442	50,194
Depreciation	13,718	13,714
Unremitted foreign earnings	1,473	1,101
Intangible assets – consumer product goods agreements	215	2,713
Other	-	1,372
Total deferred tax liabilities	182,168	137,832
Net deferred tax asset (liability)	\$ (14,799)	\$ (20,628)

Deferred tax assets and liabilities were presented as follows within the Consolidated Balance Sheets as of the dates presented:

<u>(in thousands)</u>	Balance Sheet Classification	February 3, 2024	January 28, 2023
Non-current deferred tax assets	Other non-current assets	\$ 5,010	\$ 3,869
Non-current deferred tax liabilities, net of valuation allowance	Other non-current liabilities	(19,809)	(24,497)
Net deferred tax asset (liability)		\$ (14,799)	\$ (20,628)

The tax effected amounts and expiration dates of tax carryforwards as of February 3, 2024, were as follows:

<u>(in thousands)</u>	<u>Amount</u>	<u>Expiration Date</u>
Non-U.S. net operating loss carryforwards	\$ 18,938	Indefinite
State net operating loss carryforwards	11,087	2024 – 2043
Non-U.S. net operating loss carryforwards	2,415	2024 – 2043
Federal foreign tax credit carryforward	301	2028 – 2031
Total	<u>\$ 32,741</u>	

Valuation allowances against deferred tax assets in the U.S. decreased by \$(31.0) million in Fiscal 2023, primarily attributable to reversals of existing temporary differences (primarily relating to interest expense deferrals under §163(j)). Valuation allowances against deferred tax assets in foreign tax jurisdictions decreased by \$(5.6) million in Fiscal 2023, primarily as the result of an increase in taxable income and therefore the realizability of deferred tax assets in select jurisdictions where there is expectation of recognizing future tax benefits of those tax attributes.

The Company’s conclusion regarding the need for a valuation allowance against U.S. deferred tax assets could change in the future based on improvements in operating performance, which may result in the full or partial reversal of the valuation allowance. The foreign valuation allowances relate to net operating loss carryforwards and other deferred tax assets that, in the opinion of management, are more likely than not to expire unutilized.

The following table represents a reconciliation of the beginning and ending amounts of unrecognized tax benefits in the periods presented:

<u>(in thousands)</u>	<u>Fiscal Year Ended</u>		
	<u>February 3, 2024</u>	<u>January 28, 2023</u>	<u>January 29, 2022</u>
Beginning balance	\$ 7,964	\$ 7,990	\$ 7,962
Increases related to current year tax positions	814	1,436	955
Lapse in statute of limitations	(1,444)	(1,462)	(927)
Settlements	(68)	-	-
Ending balance	<u>\$ 7,266</u>	<u>\$ 7,964</u>	<u>\$ 7,990</u>

If recognized, these positions would favorably affect the Company’s effective tax rate.

The Company accrues interest and penalties related to unrecognized tax benefits and had \$2.4 million accrued for the payment of interest and penalties as of February 3, 2024 and January 28, 2023, respectively. Unrecognized tax benefits and accrued interest and penalties related to unrecognized tax benefits are included as a component of “Other non-current liabilities” on the Consolidated Balance Sheets. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for tax years before 2020, and with few exceptions, for state, and local, or non-U.S. income tax examinations for tax years before 2019. The Company has concluded tax examinations in significant foreign tax jurisdictions including France through 2020; Austria through 2015; U.K. through 2014; Switzerland through 2014; Netherlands through 2013; Germany through 2018; Spain through 2018; Italy through 2016; and Canada through 2014. A tax examination is currently in process in Switzerland for the 2020 - 2021 tax years.

12. STOCK COMPENSATION

In October 2018, the Company's Board of Managers (the "Board") approved the Claire's Holdings LLC 2018 Management Equity Incentive Plan (the "2018 Plan"), authorizing the issuance of awards for employees, directors and consultants that can be in the form of Common or Preferred Restricted Stock Units ("RSUs"), options, or other equity-based awards. RSUs granted under the 2018 Plan include service- and performance-based RSUs. Service-based RSUs generally vest over a five-year period with 20% vesting on each anniversary of the grant date; however, the Board is permitted to issue RSUs with different vesting schedules. Performance-based RSUs are subject to a five-year cumulative financial profitability target (the "performance criteria") and vesting terms specified by the Board. Service- and performance-based Preferred RSUs receive dividend equivalents in the form of additional Preferred RSUs, which are subject to the same restrictions and forfeiture provisions as the original award.

The fair value of Common and Preferred RSUs is estimated on the grant date using a Black-Scholes Option Pricing Model where each class of stock is modeled as a call option with a distinct claim on the equity value of the Company. The option's exercise price is based on a comparison with the Company's assumed equity value. The characteristics of each class of stock, including the conversion ratio and any liquidation preference of the Preferred RSUs, determine the class of stock's claim on the Company's equity value. The Black-Scholes Option Pricing Model uses assumptions including the risk-free rate of interest which is based on the U.S. Treasury yield curve in effect at the time of the grant, expected volatility of the Company's stock price which is based on volatilities observed from comparable publicly-traded companies, and expected life of the awards which represents the period of time the RSUs are expected to remain outstanding. The following assumptions were used in the Black-Scholes Option Pricing Model to estimate the fair value of RSUs at the date of grant during the periods presented:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Risk-free rate	3.90% to 4.76%	1.38% to 4.25%	0.52% - 1.32%
Volatility	50.0% - 75.0%	55.0%	40.5% - 55.0%
Expected life, in years	3.1 - 3.9	3.0	4.0 - 5.0

The Company redeemed approximately 9.6% of its outstanding Redeemable Series A Preferred Units on November 2, 2020. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on November 2, 2020, 1,142 Preferred RSUs were converted into an aggregate cash value of \$3.6 million based on a redemption price of \$2,837 per Redeemable Series A Preferred Unit. In January 2024, an additional 129 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.4 million based on a redemption price of \$2,837 per Redeemable Series A Preferred Unit. As of February 3, 2024, \$2.4 million of the aggregate cash value had vested, \$0.9 million of the aggregate cash value had been forfeited, and \$0.3 million of the aggregate cash value remained unvested.

The Company redeemed approximately 5.5% of its outstanding Redeemable Series A Preferred Units on April 9, 2021. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on April 9, 2021, 649 Preferred RSUs were converted into an aggregate cash value of \$1.7 million based on a redemption price of \$2,614 per Redeemable Series A Preferred Unit. In January 2024, an additional 68 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.2 million based on a redemption price of \$2,614 per Redeemable Series A Preferred Unit. As of February 3, 2024, \$1.3 million of the aggregate cash value had vested, \$0.4 million of the aggregate cash value had been forfeited, and \$0.2 million of the aggregate cash value remained unvested.

The Company redeemed approximately 8.6% of its outstanding Redeemable Series A Preferred Units on December 14, 2021. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on December 14, 2021, 1,165 Preferred RSUs were converted into an aggregate cash value of \$3.1 million based on a redemption price of \$2,661 per Redeemable Series A Preferred Unit. In January 2024, an additional 96 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.3 million based on a redemption price of \$2,661 per Redeemable Series A Preferred Unit. As of February 3, 2024, \$2.2 million of the aggregate cash value had vested, \$0.9 million of the aggregate cash value had been forfeited, and \$0.3 million of the aggregate cash value remained unvested.

Activity related to service-based RSUs in Fiscal 2023 was as follows:

	Common RSUs	Weighted Average Grant Date Fair Value Per Unit	Preferred RSUs	Weighted Average Grant Date Fair Value Per Unit
Unvested as of January 28, 2023	6,865	\$ 196	4,922	\$ 1,624
Granted	679	218	2,208	1,586
Effects of Exchange Offer	(437)	149	84	1,537
Redeemed	-	-	(156)	1,537
Settled	(181)	149	(150)	1,537
Forfeited	(897)	171	(499)	1,591
Vested	(3,788)	204	(4,460)	1,611
Unvested as of February 3, 2024	2,241	\$ 216	1,949	\$ 1,637

The weighted-average grant date fair values of service-based Common RSUs granted and vested in Fiscal 2022 was \$346 and \$183 per unit, respectively. The weighted-average grant date fair values of service-based Common RSUs granted and vested in Fiscal 2021 was \$182 and \$149 per unit, respectively. The weighted-average grant date fair values of service-based Preferred RSUs granted and vested in Fiscal 2022 was \$1,998 and \$1,630 per unit, respectively. The weighted-average grant date fair values of service-based Preferred RSUs granted and vested in Fiscal 2021 was \$1,594 and \$1,538 per unit, respectively.

Activity related to performance-based RSUs in Fiscal 2023 was as follows:

	Common RSUs	Weighted Average Grant Date Fair Value Per Unit	Preferred RSUs	Weighted Average Grant Date Fair Value Per Unit
Unvested as of January 28, 2023	12,337	\$ 170	8,786	\$ 1,584
Granted	672	218	1,681	1,571
Effects of Exchange Offer	(439)	149	83	1,537
Redeemed	-	-	(154)	1,537
Forfeited	(7,227)	170	(5,686)	1,578
Vested	(5,343)	179	(4,710)	1,590
Unvested as of February 3, 2024	-	\$ -	-	\$ -

The weighted-average grant date fair values of performance-based Common RSUs granted in Fiscal 2022 and Fiscal 2021 was \$358 and \$163 per unit, respectively. The weighted-average grant date fair values of

performance-based Preferred RSUs granted in Fiscal 2022 and Fiscal 2021 was \$2,032 and \$1,563 per unit, respectively.

Non-cash stock compensation expense for service- and performance-based RSUs was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Non-cash stock compensation expense	\$ 2,952	\$ 12,958	\$ 7,748

As of February 3, 2024, there was \$2.3 million of unrecognized stock compensation expense related to unvested service-based RSUs, which is expected to be recognized over a weighted-average period of approximately 0.6 years.

13. NET INCOME (LOSS) PER UNIT

Basic net income (loss) per unit is computed as net income (loss) attributable to common units divided by the basic weighted-average number of common units outstanding for the period. Net income (loss) attributable to common units includes dividends issued on Redeemable Series A Preferred Units, as well as the excess of any redemptions over the carrying value of Redeemable Series A Preferred Units during the period.

Diluted net income (loss) per unit is computed as net income (loss) divided by the diluted weighted-average number of common units outstanding for the period, including common unit equivalents. Common unit equivalents consist of Redeemable Series A Preferred Units and service-based RSUs to the extent their inclusion would be dilutive. Performance-based RSUs are included in the computation of diluted weighted-average number of common units outstanding only to the extent that the underlying performance conditions are satisfied prior to the end of the reporting period or would be considered satisfied if the end of the reporting period were the end of the related contingency period and the results would be dilutive.

Dilution from Redeemable Series A Preferred Units and RSUs is based on the treasury stock method. Proceeds equal to the unearned compensation are assumed to be used to repurchase units at their market price.

The following table sets forth the computations of basic and diluted net income (loss) per unit attributable to common unit holders for the periods presented:

<u>(in thousands, except for per unit amounts)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Basic net income (loss) per unit:			
Net income (loss)	\$ (66,836)	\$ 276,057	\$ 8,184
Less: Redeemable Series A Preferred Unit dividends	88,692	75,766	71,955
Less: Redeemable Series A Preferred Unit redemptions	-	-	124,327
Net income (loss) attributable to common units	\$ (155,528)	\$ 200,291	\$ (188,098)
Weighted average units outstanding, basic	799	790	787
Basic net income (loss) per unit	\$ (194.65)	\$ 253.40	\$ (238.87)
Diluted net income (loss) per unit:			
Net income (loss)	\$ (66,836)	\$ 276,057	\$ 8,184
Less: Redeemable Series A Preferred Unit dividends	88,692	-	71,955
Less: Redeemable Series A Preferred Unit redemptions	-	-	124,327
Less: Gain (loss) on derivative liability	-	226,691	-
Net income (loss) attributable to common units	\$ (155,528)	\$ 49,366	\$ (188,098)
Weighted average units outstanding, basic	799	790	787
Dilutive effect of common unit equivalents	-	548	-
Weighted average units outstanding, diluted	799	1,338	787
Diluted net income (loss) per unit	\$ (194.65)	\$ 36.89	\$ (238.87)

The following table summarizes common unit equivalents excluded from the calculation of diluted net income (loss) per unit for the periods presented because their inclusion would have been antidilutive:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Redeemable Series A Preferred Units	624	-	514
Service-based RSUs	17	10	20
Performance-based RSUs	5	22	21
Weighted average units outstanding, basic	646	32	555

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents changes in “Accumulated other comprehensive loss, net of tax,” by component, for the periods presented:

<u>(in thousands)</u>	Foreign Currency Translation Adjustments	Net Gain (Loss) On Intra-entity Foreign Currency Transactions, Net Of Income Tax (Benefit) Expense	Total
Balance: January 30, 2021	\$ 769	\$ 4,944	\$ 5,713
Other comprehensive income (loss)	516	(7,816)	(7,300)
Balance: January 29, 2022	\$ 1,285	\$ (2,872)	\$ (1,587)
Other comprehensive income (loss)	(1,141)	(4,523)	(5,664)
Balance: January 28, 2023	\$ 144	\$ (7,395)	\$ (7,251)
Other comprehensive income (loss)	(205)	268	63
Balance: February 3, 2024	\$ (61)	\$ (7,127)	\$ (7,188)

15. SEGMENT REPORTING

The Company is organized based on the geographic markets in which it operates. Under this structure, the Company currently has two reportable segments: North America and Europe. The North America segment includes company-operated stores throughout Canada, Puerto Rico, the U.S. Virgin Islands and the United States. The Europe segment includes company-operated stores in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, Switzerland and the United Kingdom, as well as franchise-operated stores.

The performance of each of reportable segment is primarily evaluated based on net sales and operating income. Expenses for each segment are based on the direct costs incurred by and within the operating segments. Each segment has its own distribution center and store network, and maintains a separate administrative function. Certain operating expenses for shared information technology products and services are allocated between the segments based upon relative usage. Operating expenses associated with the Company’s global corporate headquarters located in North America are included in the North America segment. Net sales and franchise fees charged to third parties under franchising and licensing agreements are included in the Europe segment. Substantially all interest expense on the Company’s outstanding debt is included in the North America segment.

Within each segment there are two net sales categories: Retail and Consumer Product Goods. The Retail net sales category consists of net sales by company-operated stores and the e-commerce business, and, in the Europe segment, net sales to third parties under franchising and licensing agreements. The Consumer Product Goods sales category consists of net sales by consumer product goods retail partners.

The accounting policies of both reportable segments are the same as described in Note 2, “Summary of Significant Accounting Policies.” Sales between segments are eliminated in consolidation and were not material in Fiscal 2023, Fiscal 2022, or Fiscal 2021.

Reportable segment information was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales:			
North America	\$ 1,022,515	\$ 1,076,054	\$ 1,017,068
Europe	431,591	421,130	377,608
Total net sales	<u>\$ 1,454,106</u>	<u>\$ 1,497,184</u>	<u>\$ 1,394,676</u>
Depreciation and amortization:			
North America	\$ 49,396	\$ 51,591	\$ 45,670
Europe	22,323	22,270	24,899
Total depreciation and amortization	<u>\$ 71,719</u>	<u>\$ 73,861</u>	<u>\$ 70,569</u>
Operating income (loss) before reorganization items, loss (gain) on derivative liability, interest and income taxes:			
North America	\$ (59,418)	\$ 118,767	\$ 159,997
Europe	(66,084)	14,733	10,725
Total operating income (loss) before reorganization items, loss (gain) on derivative liability, interest and income taxes	<u>\$ (125,502)</u>	<u>\$ 133,500</u>	<u>\$ 170,722</u>
Interest expense, net:			
North America	\$ 46,925	\$ 39,808	\$ 36,802
Europe	(21)	(46)	85
Total interest expense, net	<u>\$ 46,904</u>	<u>\$ 39,762</u>	<u>\$ 36,887</u>
Income (loss) before income tax (benefit) expense:			
North America	\$ 10,638	\$ 305,463	\$ (11,851)
Europe	(66,063)	14,779	10,640
Total income (loss) before income tax (benefit) expense	<u>\$ (55,425)</u>	<u>\$ 320,242</u>	<u>\$ (1,211)</u>
Income tax (benefit) expense:			
North America	\$ 7,725	\$ 43,236	\$ (10,437)
Europe	3,686	949	1,042
Total income tax (benefit) expense	<u>\$ 11,411</u>	<u>\$ 44,185</u>	<u>\$ (9,395)</u>
Net income (loss):			
North America	\$ 2,913	\$ 262,227	\$ (1,414)
Europe	(69,749)	13,830	9,598
Net income (loss)	<u>\$ (66,836)</u>	<u>\$ 276,057</u>	<u>\$ 8,184</u>
Capital expenditures:			
North America	\$ 34,692	\$ 51,887	\$ 44,991
Europe	17,433	26,948	18,690
Total capital expenditures	<u>\$ 52,125</u>	<u>\$ 78,835</u>	<u>\$ 63,681</u>

Identifiable assets are those that are identified with the operations of each reportable segment. Corporate assets are included within the North America segment and primarily consist of cash and cash equivalents, restricted cash and other assets.

Reportable segment information was as follows as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Goodwill:		
North America	\$ 488,277	\$ 618,277
Europe	33,393	101,393
Total goodwill	\$ 521,670	\$ 719,670
Long-lived assets⁽¹⁾:		
North America	\$ 372,942	\$ 294,905
Europe	188,253	213,148
Total long-lived assets	\$ 561,195	\$ 508,053
Total assets:		
North America	\$ 1,469,590	\$ 1,394,225
Europe	356,226	549,149
Total assets	\$ 1,825,816	\$ 1,943,374

⁽¹⁾Long-lived assets are comprised of net property and equipment, ROU assets, and definite-lived intangible assets.

The following table shows, for the periods presented, net sales for each reportable segment disaggregated by Retail and Consumer Product Goods:

	Fiscal Year Ended					
<u>(in thousands, except for percentages)</u>	February 3, 2024	% of Total	January 28, 2023	% of Total	January 29, 2022	% of Total
North America:						
Retail	\$ 856,353	58.9%	\$ 944,316	63.1%	\$ 956,503	68.6%
Consumer Product Goods	166,162	11.4%	131,738	8.8%	60,565	4.3%
Total North America	1,022,515	70.3%	1,076,054	71.9%	1,017,068	72.9%
Europe:						
Retail	380,636	26.2%	367,771	24.6%	340,162	24.4%
Consumer Product Goods	50,955	3.5%	53,359	3.5%	37,446	2.7%
Total Europe	431,591	29.7%	421,130	28.1%	377,608	27.1%
Total net sales	\$ 1,454,106	100.0%	\$ 1,497,184	100.0%	\$ 1,394,676	100.0%

The following table shows, for the periods presented, a comparison of the percentage of net sales by product category for each reportable segment:

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Jewelry:			
North America	35.5%	37.4%	40.4%
Europe	11.5%	10.6%	10.4%
Total jewelry	47.0%	48.0%	50.8%
Accessories:			
North America	34.8%	34.4%	33.4%
Europe	18.2%	17.6%	15.8%
Total accessories	53.0%	52.0%	49.2%
Total net sales	100.0%	100.0%	100.0%

The following table provides net sales data for selected geographical areas for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales:			
United States	\$ 932,609	\$ 992,781	\$ 953,274
United Kingdom	171,427	168,991	159,182
France	106,653	106,949	88,513
Canada	89,906	83,272	63,794
Other	153,511	145,190	129,913
Total net sales	\$ 1,454,106	\$ 1,497,184	\$ 1,394,676

The following table compares the Company's long-lived assets by significant geographic market as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Long-lived assets⁽¹⁾:		
United States	\$ 346,611	\$ 271,343
United Kingdom	33,780	25,377
France	63,089	67,047
Canada	26,270	23,396
Other	91,445	120,890
Total long-lived assets	\$ 561,195	\$ 508,053

(1) Long-lived assets are comprised of net property and equipment, ROU assets and definite-lived intangible assets.

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

JPMorgan Chase Bank, N.A. is the beneficial owner of approximately 13% of the Company's outstanding equity and serves as the administrative agent, collateral agent, and is a lender thereto the Term Loan and the 2022 Revolving Credit Facility. Refer to Note 7, "Debt," for further detail.

17. SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 1, 2024, the date the financial statements were available to be issued, and determined that no events have occurred which would require recognition or disclosure in the Consolidated Financial Statements other than the event discussed below.

In March 2024, the Company received proceeds of \$50.0 million from borrowings under the 2022 Revolving Credit Facility in order to finance short-term working capital needs. As of May 1, 2024, there was \$70.0 million outstanding on this facility.

18. PARENT COMPANY FINANCIAL STATEMENTS

Claire's Holdings LLC is a holding company that conducts all of its business operations through its subsidiaries. There are restrictions on Claire's Holdings LLC's ability to obtain funds from its subsidiaries through dividends. All of Claire's Holdings LLC's consolidated net assets were subject to restrictions on payment of dividends as of February 3, 2024 and January 28, 2023. Accordingly, the financial statements below have been presented on a "parent-only" basis. Under a parent-only presentation, Claire's Holdings LLC's investments in its consolidated subsidiaries are presented under the equity method of accounting. These parent company financial statements should be read in conjunction with the Consolidated Financial Statements.

BALANCE SHEETS – CLAIRE'S HOLDINGS LLC (UNAUDITED)

(in thousands, except unit amounts)

	February 3, 2024	January 28, 2023
Current assets:		
Cash and cash equivalents	\$ 10	\$ 10
Other current assets	267	27
Total current assets	277	37
Non-current assets:		
Investment in advances to subsidiary	757,472	914,063
Total assets	757,749	914,100
Current liabilities:		
Trade accounts payable	-	250
Accrued expenses and other current liabilities	-	296
Total current liabilities	-	546
Non-current liabilities:		
Derivative liability	115,140	209,500
Other non-current liabilities	33,985	8,247
Total liabilities	149,125	218,293
Mezzanine equity:		
Redeemable Series A Preferred Equity, \$1,000 stated value: 679,812 and 590,970 units issued and outstanding, respectively	458,696	392,708
Members' equity:		
Common equity: 782,738 and 782,557 units issued and outstanding, respectively	790,212	790,212
Additional paid-in capital	27,561	24,609
Accumulated other comprehensive income (loss), net of tax	(7,188)	(7,251)
Accumulated deficit	(660,657)	(504,471)
Total members' equity	149,928	303,099
Total liabilities, mezzanine equity and members' equity	\$ 757,749	\$ 914,100

STATEMENTS OF OPERATIONS – CLAIRE’S HOLDINGS LLC (UNAUDITED)
(in thousands)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	\$ -	\$ -	\$ -
Loss (gain) in equity investment in subsidiary	170,841	(18,498)	(145,223)
Selling, general and administrative	-	4	15
Operating income (loss) before loss on derivative liability, interest and income taxes	(170,841)	18,494	145,208
Loss (gain) on derivative liability	(117,213)	(226,691)	134,846
Interest income, net	(11,781)	(10,619)	(18,947)
Income (loss) before income tax (benefit) expense	(41,847)	255,804	29,309
Income tax (benefit) expense	24,989	(20,253)	21,125
Net income (loss)	<u>\$ (66,836)</u>	<u>\$ 276,057</u>	<u>\$ 8,184</u>

STATEMENTS OF CASH FLOWS – CLAIRE’S HOLDINGS LLC (UNAUDITED)
(in thousands)

	Fiscal Year Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cash flows from operating activities:			
Net income (loss)	\$ (66,836)	\$ 276,057	\$ 8,184
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Loss (gain) on equity investment in subsidiary	170,841	(18,498)	(145,223)
Loss (gain) on derivative liability	(117,213)	(226,691)	134,846
Subsidiary pay-in-kind interest income	(11,781)	(10,619)	(18,939)
Deferred income taxes	25,229	(20,302)	21,201
Changes in operating assets and liabilities:			
Accounts payable	(250)	-	-
Income taxes payable	(240)	49	(76)
Accrued expenses and other current liabilities	(296)	-	-
Net cash provided by (used in) operating activities	(546)	(4)	(8)
Cash flows from investing activities:			
Net cash provided by (used in) investing activities	-	-	-
Cash flows from financing activities:			
Redemption of Redeemable Series A Preferred Units	-	-	(199,999)
Remittance from (to) subsidiary	546	(1,493)	151,015
Net cash provided by (used in) financing activities	546	(1,493)	(48,984)
Net increase (decrease) in cash and cash equivalents	-	(1,497)	(48,992)
Cash and cash equivalents, at beginning of period	10	1,507	50,499
Cash and cash equivalents, at end of period	\$ 10	\$ 10	\$ 1,507

Claire's Stores, Inc.**For the Fiscal Years ended February 3, 2024 and January 28, 2023**

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Certified Public Accountants	3
Consolidated Balance Sheets as of February 3, 2024 and January 28, 2023	5
Consolidated Statements of Operations and Comprehensive Income (Loss) for the fiscal years ended February 3, 2024 and January 28, 2023.....	6
Consolidated Statements of Changes in Stockholder's Equity for the fiscal years ended February 3, 2024 and January 28, 2023.....	7
Consolidated Statements of Cash Flows for the fiscal years ended February 3, 2024 and January 28, 2023	8
Notes to Consolidated Financial Statements.....	10

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
Claire's Stores, Inc.

Opinion

We have audited the consolidated financial statements of Claire's Stores, Inc. (a Florida corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of February 3, 2024 and January 28, 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Chicago, Illinois
May 1, 2024

CLAIRE'S STORES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	February 3, 2024	January 28, 2023
Current assets:		
Cash and cash equivalents	\$ 72,031	\$ 28,569
Restricted cash	450	1,660
Inventories	224,457	246,816
Prepaid expenses	17,534	14,101
Other current assets	36,213	38,191
Total current assets	350,685	329,337
Non-current assets:		
Property and equipment, net	162,105	172,479
Operating lease right-of-use assets	344,164	261,837
Finance lease right-of-use assets	11,774	13,736
Goodwill	521,670	719,670
Intangible assets, net	354,018	370,868
Other non-current assets	89,358	75,410
Total assets	1,833,774	1,943,337
Current liabilities:		
Revolving credit facility	20,000	20,000
Current portion of long-term debt, net	4,614	4,614
Current portion of long-term operating lease liabilities	94,265	81,782
Current portion of long-term finance lease liabilities	749	856
Trade accounts payable	120,515	113,147
Income taxes payable	3,040	741
Accrued expenses and other current liabilities	75,629	93,508
Total current liabilities	318,812	314,648
Non-current liabilities:		
Long-term debt, net	477,784	482,398
Due to Parent	171,968	160,734
Long-term operating lease liabilities	253,804	182,845
Long-term finance lease liabilities	10,703	11,756
Other non-current liabilities	15,199	37,626
Total liabilities	1,248,270	1,190,007
Commitments and contingencies (Note 8)		
Stockholder's equity:		
Common shares; \$0.001 par value; 1,000 shares authorized; 100 shares issued and outstanding, respectively	-	-
Additional paid-in capital	817,773	814,821
Accumulated other comprehensive income (loss), net of tax	(7,188)	(7,251)
Accumulated deficit	(225,081)	(54,240)
Total stockholder's equity	585,504	753,330
Total liabilities and stockholder's equity	\$ 1,833,774	\$ 1,943,337

See accompanying notes to consolidated financial statements.

CLAIRE'S STORES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Net sales	\$ 1,454,106	\$ 1,497,184
Cost of sales, occupancy and buying expenses (exclusive of depreciation and amortization shown separately below)	638,449	634,429
Gross profit	815,657	862,755
Selling, general and administrative expenses	675,305	663,659
Depreciation and amortization	71,719	73,861
Goodwill impairment losses	198,000	
Other income, net	(3,865)	(8,269)
Operating income (loss) before reorganization items, interest and income taxes	(125,502)	133,504
Reorganization items, net	232	187
Interest expense, net	58,685	50,381
Income (loss) before income tax (benefit) expense	(184,419)	82,936
Income tax (benefit) expense	(13,578)	64,438
Net income (loss)	\$ (170,841)	\$ 18,498
Other comprehensive income (loss):		
Foreign currency translation adjustments	\$ (205)	\$ (1,141)
Net gain (loss) on intra-entity foreign currency transactions net of income tax (benefit) expense of \$(116) and \$184	268	(4,523)
Other comprehensive income (loss)	63	(5,664)
Comprehensive income (loss)	\$ (170,778)	\$ 12,834

See accompanying notes to consolidated financial statements.

CLAIRE'S STORES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

(in thousands, except share amounts)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss), Net Of Tax	Accumulated Earnings (Deficit)	Total Stockholder's Equity
Balance: January 29, 2022	100	-	801,863	(1,587)	(72,738)	727,538
Net income (loss)	-	-	-	-	18,498	18,498
Restricted stock unit expense	-	-	12,958	-	-	12,958
Foreign currency translation adjustments	-	-	-	(1,141)	-	(1,141)
Net gain (loss) on intra-entity foreign currency transactions, net of income tax (benefit) expense	-	-	-	(4,523)	-	(4,523)
Balance: January 28, 2023	100	-	814,821	(7,251)	(54,240)	753,330
Net income (loss)	-	-	-	-	(170,841)	(170,841)
Restricted stock unit expense	-	-	2,952	-	-	2,952
Foreign currency translation adjustments	-	-	-	(205)	-	(205)
Net gain (loss) on intra-entity foreign currency transactions, net of income tax (benefit) expense	-	-	-	268	-	268
Balance: February 3, 2024	100	\$ -	\$ 817,773	\$ (7,188)	\$ (225,081)	\$ 585,504

See accompanying notes to consolidated financial statements.

CLAIRE'S STORES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Cash flows from operating activities:		
Net income (loss)	\$ (170,841)	\$ 18,498
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	71,719	73,861
Reorganization items, net	232	187
Amortization of debt issuance costs	1,029	1,055
Goodwill impairment losses	198,000	-
Parent pay-in-kind interest expense and accrued interest payable	11,781	10,619
Loss on sale/retirement of property and equipment, net	1,523	1,191
Non-cash inventory write-off	21,222	-
Non-cash stock compensation expense	2,952	12,958
Deferred income taxes	(31,058)	45,471
Changes in operating assets and liabilities:		
Inventories	1,098	(39,701)
Prepaid expenses	(3,240)	(4,683)
Other assets	(8,343)	(34,333)
Trade accounts payable	14,809	(15,027)
Income taxes payable	7,509	(8,704)
Accrued expenses and other liabilities	(19,043)	(22,933)
Operating lease right-of-use assets and liabilities	1,048	(9,662)
Net cash provided by (used in) operating activities	100,397	28,797
Cash flows from investing activities:		
Acquisition of property and equipment	(52,125)	(78,835)
Net cash provided by (used in) investing activities	(52,125)	(78,835)
Cash flows from financing activities:		
Principal payments on Term Loan	(5,024)	(5,024)
Payments of debt issuance costs	-	(1,406)
Principal payments on finance leases	(1,160)	(907)
Proceeds from revolving credit facilities	20,000	136,000
Principal payments on revolving credit facilities	(20,000)	(116,000)
Remittance (to) from Parent	(546)	1,493
Net cash provided by (used in) financing activities	(6,730)	14,156
Effect of foreign currency exchange rate changes on cash	710	(4,081)
Net increase (decrease) in cash, cash equivalents and restricted cash	42,252	(39,963)
Cash, cash equivalents and restricted cash, at beginning of period	30,229	70,192
Cash, cash equivalents and restricted cash, at end of period	\$ 72,481	\$ 30,229

See accompanying notes to consolidated financial statements.

CLAIRE'S STORES, INC. AND SUBSIDIARIES
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS
(in thousands)

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Supplemental disclosure of cash flow information:		
Interest paid	\$ 46,440	\$ 37,783
Income taxes paid	14,697	30,111
Income tax refunds	(4,318)	(2,791)
Non-cash supplemental investing activities:		
Acquisition of property and equipment with accounts payable	\$ 1,202	\$ 8,989

See accompanying notes to consolidated financial statements.

CLAIRE’S STORES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations - Claire’s Stores, Inc., a Florida corporation, and subsidiaries (collectively, the “Company”), is wholly-owned by Claire’s Holdings LLC (“Parent”) and is a leading retailer of value-priced fashion accessories targeted towards young women, teens, tweens and kids. The Company has company-operated stores throughout the United States (“U.S.”), Puerto Rico, Canada and the U.S. Virgin Islands (collectively, “North America”), as well as the United Kingdom (“U.K.”), Switzerland, Austria, Germany, France, Ireland, Spain, Portugal, Netherlands, Belgium, Poland, Czech Republic, Hungary, Italy and Luxembourg (collectively, “Europe”). The following table summarizes company-operated stores by geography as of the dates presented:

	February 3, 2024	January 28, 2023
North America	1,774	1,792
Europe	905	901
Total company-operated stores	2,679	2,693

The Company’s products are also available to customers through stores operated by franchise partners, stores operated by the Company’s broad base of consumer product goods partners, and online through Company-owned websites. The Company’s franchised stores are primarily located in the Middle East and South Africa, with smaller presences in Latin America and Europe. Franchised stores carry a similar assortment and brand experience as company-operated stores, with some localized changes that reflect the fashion and consumer experience preferences of those countries.

Principles of Consolidation – The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Fiscal Year – The Company’s fiscal year ends on the Saturday closest to January 31. The fiscal year ended February 3, 2024 (“Fiscal 2023”) consisted of a total of 53 weeks. The fiscal year ended January 28, 2023 (“Fiscal 2022”) consisted of a total of 52 weeks. References to years within the Notes to Consolidated Financial Statements relate to fiscal years rather than calendar years.

Basis of Presentation and Use of Estimates – The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require management to make certain estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures regarding contingent assets and liabilities and reported amounts of revenues and expenses. Such estimates include, but are not limited to, the value of inventories, goodwill, intangible assets and other long-lived assets, legal contingencies and assumptions used in the calculation of income taxes, stock compensation, residual values and other items. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management believes its estimates and assumptions to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in those future periods when the changes occur.

Certain reclassifications were made to the Consolidated Balance Sheet as of January 28, 2023, to conform with the classifications of such amounts on the Consolidated Balance Sheet as of February 3, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents – The Company considers all highly liquid instruments purchased with an original maturity of 90 days or less to be cash equivalents. At times, cash balances may exceed federally insured limits.

Restricted Cash – The Company’s restricted cash consists of cash that the Company is contractually obligated to maintain in an escrow account for the purpose of paying bankruptcy secured claims in accordance with the Company’s reorganization in October 2018.

Inventories – Merchandise inventories in North America are valued at the lower of cost or market, with cost determined using the retail method. Inherent in the retail inventory calculation are certain significant management judgments and estimates including, among others, merchandise markups, markdowns and shrinkage, which impact the ending inventory valuation at cost as well as resulting gross margins. The methodologies used to value merchandise inventories include the development of cost-to-retail ratios, the groupings of homogeneous classes of merchandise, the development of shrinkage reserves and the accounting for retail price changes. Merchandise inventories in Europe are accounted for under the lower of cost or net realizable value method, with cost determined using the average cost method at an individual item level. Net realizable value is generally the merchandise selling price. Inventory valuation is impacted by the estimation of slow moving goods, shrinkage and markdowns. The estimate for the shrinkage reserve is based on historical results and can be affected by changes in merchandise mix and changes in actual shrinkage trends.

The Company recorded a one-time inventory write-off of \$21.2 million in Fiscal 2023. The inventory write-off was included as a component of “Cost of sales, occupancy and buying expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Other Current Assets - Other current assets consisted of the following components as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Consumer product goods receivables	\$ 10,602	\$ 8,060
Credit card receivables	7,956	8,690
Store supplies	7,927	7,420
Income tax receivable	4,123	9,284
Franchise receivables	1,066	1,731
Gift card receivables	335	1,576
Other	4,204	1,430
Total other current assets	<u>\$ 36,213</u>	<u>\$ 38,191</u>

The Company’s agreements with consumer product goods partners typically provide for the Company’s merchandise to be delivered and displayed in designated areas within stores operated by consumer product goods partners. In consideration for selling the Company’s merchandise at their stores, consumer product goods partners retain a portion of the net sales as a commission and remit the remaining balance to the Company. The Company classifies these outstanding balances as consumer product goods receivables.

As part of the normal course of business, the Company has approximately three to four days of proceeds from sales transactions outstanding with its third-party credit card vendors at any point. The Company classifies these outstanding balances as credit card receivables.

Income tax receivables represent refunds of certain tax payments along with net operating loss and credit carryback claims for which the Company expects to receive refunds within the next 12 months.

The Company also sells merchandise to franchise partners and charges franchise fees, which may include fees equal to a percentage of merchandise sales by the franchise partners, under its franchising agreements. Franchise receivables represent outstanding balances due from franchise partners in the normal course of business for shipments of merchandise and franchise fees.

In the normal course of business, the Company's gift cards are sold at company-operated stores and by third-party gift card distributors through a retail distribution network that principally consists of grocery, convenience, and specialty retailers. Gift card receivables represent outstanding amounts owed to the Company by third-party gift card distributors for funds loaded onto gift cards but not yet remitted to the Company. Gift card receivables are net of commissions or fees due to the third-party gift card distributors.

Property and Equipment – Property and equipment are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Amortization of leasehold improvements is computed using the straight-line method based upon the shorter of the estimated useful lives of the assets or the terms of the respective leases. Maintenance and repair costs are charged to earnings while expenditures for major improvements are capitalized. Upon the disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, with any resulting gain or loss included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company's property and equipment are considered long-lived assets.

Refer to Note 3, “Property and Equipment, Net” for further detail.

Leases – In accordance with ASC 842, *Leases* (“ASC 842”), the Company determines if an agreement contains a lease at inception based on the Company's right to the economic benefits of the underlying assets and its right to direct the use of those assets. The Company records lease liabilities for its finance and operating leases, which are initially recognized at the lease commencement date based on the present value of fixed future lease payments over the term of the lease. Lease terms include the non-cancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. Lease agreements with lease and non-lease components are combined as a single lease component for all classes of underlying assets. Therefore, lease payments included in the measurement of the lease liability include all fixed payments in the lease arrangement.

The Company's leases do not provide information about the interest rate implicit in the lease. Therefore, the Company utilizes an incremental borrowing rate to calculate the present value of its future fixed lease payments over the term of the lease. The incremental borrowing rate represents an estimate of the rate of interest the Company would pay to borrow an amount equal to the lease payments on a fully collateralized basis over the term of a lease within a particular currency environment. Significant judgment is used in determining the incremental borrowing rate related to estimates for credit rating, credit spread and the impact of collateral. The Company developed its incremental borrowing rates at a lease portfolio level.

The Company also records right-of-use (“ROU”) assets for finance and operating leases, which are initially measured based on the value of the lease liability adjusted for any prepayments, initial direct costs from executing the leases, and/or amounts received from the lessor as incentives or tenant improvement allowances. The Company has elected not to recognize ROU assets and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. The Company's ROU assets are considered long-lived assets.

Refer to Note 4, “Leases” for further detail.

Goodwill and Intangible Assets – Goodwill represents the excess of reorganization value over fair value of identified tangible and intangible assets as of the date of the Company’s reorganization in October 2018. Components within the same operating segment are aggregated and deemed a single reporting unit if the components have similar economic characteristics. As of February 3, 2024 and January 28, 2023, the Company’s reporting units consisted of North America and Europe.

In accordance with ASC 350, *Intangibles – Goodwill and Other*, the carrying value of goodwill and intangible assets with indefinite lives are not amortized; rather, they are evaluated for possible impairment on an annual basis, at the beginning of the fiscal month of November, or more frequently when events or circumstances may make it more likely than not that an impairment has occurred.

The Company may perform a qualitative goodwill impairment assessment to determine if a quantitative assessment is necessary. The qualitative impairment assessment evaluates macroeconomic conditions, current and projected cash flows, and other events or changes in circumstances. A quantitative assessment is required if, based on results of the qualitative assessment, management determines that the fair value of a reporting unit or an indefinite-lived intangible asset is more-likely-than-not less than its carrying amount. The quantitative assessment is performed by determining and comparing fair value of the Company’s reporting units to their respective carrying values. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recorded to reduce the reporting unit’s carrying value to its fair value.

The Company generally determines the fair value of its reporting units using a combination of two valuation methods: the “Income Approach — Discounted Cash Flow Analysis” method, and the “Market Approach — Guideline Public Company Method.” Key assumptions under the “Income Approach — Discounted Cash Flow Analysis” method include projected sales, cost of sales, operating expenses, capital expenditures, working capital, taxes and discount rates. These assumptions were primarily determined by management based on internal operating plans, growth rates for sales and operating expenses, and margin assumptions. Discount rates are determined based on current risk-free rates of capital, current market interest rates, and the evaluation of a risk premium relevant to each reporting unit. If assumptions relative to growth rates were to change or were incorrect, the fair value calculation may change, which could result in impairment. The “Market Approach — Guideline Public Company Method,” values each reporting unit based on market multiples derived from publicly traded companies that are similar to the Company. The steps taken in applying the Guideline Public Company Method include identifying comparable public companies, adjusting the guideline public company multiples for differences in the size and risk of these companies compared to the Company, and then applying the adjusted multiples from the representative companies. Key assumptions under the “Market Approach — Guideline Public Company Method” include sales, cost of sales, operating expenses, growth rates, and market prices of the guideline public companies. The results of these valuation methods are weighted based upon management’s evaluation of the relevance of the two approaches.

The Company conducted its most recent annual goodwill impairment test as of October 29, 2023 and concluded that the fair values of its North America and Europe reporting units were less than their respective carrying values. As such, the Company recognized a \$198.0 million goodwill impairment loss in Fiscal 2023. The impairment loss resulted from decreased sales and cash flow projections in both reporting units. No goodwill impairment losses were recognized in Fiscal 2022. Adverse changes to the Company’s business environment and future cash flows could lead to goodwill impairment losses in future periods, which could be material.

Like goodwill, indefinite-lived intangible assets are tested for impairment by comparing the fair value of each asset to its respective carrying value. As of February 3, 2024, indefinite-lived intangible assets primarily consisted of trade names. To determine fair value of each trade name, we use the relief-from-royalty method, which estimates what a third-party would be willing to pay in royalties to receive a benefit

from use of the asset. If an asset's fair value is less than its carrying value, an impairment charge is recorded to reduce the asset's carrying value to its fair value. The Company conducted a quantitative impairment assessment as of October 29, 2023 and concluded that the estimated fair values of all indefinite-lived intangible assets were substantially higher than their respective carrying values. No impairment losses were recognized in Fiscal 2023 or Fiscal 2022.

Definite-lived intangible assets are recorded on the basis of cost with amortization computed utilizing the straight-line method over the assets' estimated useful lives. The Company's definite-lived intangible assets, which consist primarily of franchising and consumer product goods agreements, are considered long-lived assets. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which generally range from 5 to 18 years.

Refer to Note 5, "Goodwill and Intangible Assets" for further detail.

Capitalized Software – The Company capitalizes certain implementation costs related to hosting arrangements that are service contracts (cloud computing arrangements). Capitalized implementation costs of hosting arrangements that are service contracts are included as a component of "Other assets" on the Consolidated Balance Sheets and were as follows as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Capitalized software, at cost	\$ 60,072	\$ 50,010
Less: Accumulated amortization	(5,450)	(2,244)
Capitalized software, net	\$ 54,622	\$ 47,766

Amortization expense is computed using the straight-line method over the term of the hosting arrangement and is included as a component of "Selling, general and administrative expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Amortization expense was \$3.2 million and \$2.1 million in Fiscal 2023 and Fiscal 2022, respectively.

Impairment of Long-Lived Assets – In accordance with ASC 360, *Property, Plant and Equipment*, the Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the net book value of an asset or asset group to the future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that the asset or asset group is not recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of the asset or asset group. The fair value is estimated based on discounted future cash flows expected to result from the use and eventual disposition of the asset or asset group using a rate that reflects the operating segment's average cost of capital. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell and are no longer depreciated. No impairment charges related to long-lived assets were recorded during any of the periods presented in the Consolidated Financial Statements.

Asset Retirement Obligations – An asset retirement obligation ("ARO") represents a legal obligation associated with the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development or normal operation of that long-lived asset. In accordance with ASC 410, *Asset Retirement and Environmental Obligations*, the Company recognizes AROs at fair value during the period in which they are incurred if a reasonable estimate of fair value can be made. AROs are capitalized as part of the carrying amount of the long-lived asset to which they relate, and are depreciated on a straight-line basis over the estimated useful life of the long-lived asset.

The Company's AROs are primarily associated with the retirement of leasehold improvements under store and warehouse leases. The Company had AROs of \$3.6 million and \$3.7 million as of February 3, 2024

and January 28, 2023, respectively, which are included as a component of “Other non-current liabilities” on the Company’s Consolidated Balance Sheets.

Self-Insurance Liabilities – The Company uses a combination of insurance and self-insurance mechanisms for certain losses related to employee medical benefits and worker’s compensation. Costs for self-insurance claims filed and claims incurred but not reported are accrued based on known claims and historical experience and are included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Management believes that it has adequately reserved for its self-insurance liability, which is capped by stop loss contracts with insurance companies. However, any significant variation of future claims from historical trends could cause actual results to differ from the accrued liability.

Accrued Expenses and Other Current Liabilities – Accrued expenses and other current liabilities included the following components as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Compensation and benefits	\$ 27,989	\$ 24,863
Gift cards and certificates	15,235	22,596
Sales and local taxes	13,879	18,173
Store rent ⁽¹⁾	2,245	4,027
Accrued professional fees	2,762	3,771
Accrued interest payable	705	3,031
Accrued litigation fees	1,796	2,178
Other	11,018	14,869
Total accrued expenses and other current liabilities	<u>\$ 75,629</u>	<u>\$ 93,508</u>

(1) Represents variable lease payments outside the scope of ASC 842.

The Company recorded a one-time adjustment to gift card liabilities of \$(7.8) million in Fiscal 2023 related to gift card breakage revenue not recognized in prior years.

Revenue Recognition – The Company recognizes revenue pursuant to ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when performance obligations are satisfied through the transfer of control of promised goods to the customer. Transfer of control occurs once a customer has the ability to direct the use of and obtain substantially all of the benefits from the product. This includes the transfer of legal title, physical possession, the risks and rewards of ownership, and customer acceptance.

The majority of the Company’s revenue is generated from the sale of products in company-operated or consumer product goods retail partner stores. These sales generally have one single performance obligation and revenue is recognized at the point of sale. However, discounts and incentives issued at the point of sale to entice a customer to a future purchase are treated as a separate performance obligation. As such, the Company allocates a portion of revenue generated from the point of sale to each of the additional performance obligations separately using explicitly stated amounts or best estimates using historical data.

The Company also sells merchandise online (“e-commerce”) and to franchise partners. These sales generally have one single performance obligation and revenue is recognized upon shipment of the merchandise. Any shipping and handling fees charged to the customer are recognized as revenue, while any shipping and handling costs are recognized as cost of sales. Shipping and handling costs include shipping supplies, related labor costs and third-party shipping costs. Franchise fees the Company charges under

franchising agreements are included as a component of “Other income, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Revenue does not include taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and concurrent with revenue-producing activities. Sales-related taxes are included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Revenue is also recognized net of estimated merchandise returns. The Company generally provides refunds, issued in the form of original payment, for merchandise returns within 60 days from the original purchase date in North America and within 28 days from the original purchase date in Europe. Payment for merchandise is tendered primarily by cash, check, credit card, debit card, gift card or alternative payment methods.

Merchandise returns

The Company estimates merchandise returns using historical data and recognizes an allowance which reduces net sales and cost of sales. The liability for merchandise returns is included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets and was \$0.3 million and \$0.6 million as of February 3, 2024 and January 28, 2023, respectively.

Gift cards

The Company only offers no-fee, non-expiring gift cards to its customers. The Company does not recognize revenue at the time gift cards are sold or issued; rather, the Company records a liability for the cash value of gift cards sold or issued within “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Revenue from the sale or issuance of gift cards is recognized at the time the gift card is redeemed for products or services. Based on historical experience, a certain amount of gift cards will not be redeemed (also referred to as “breakage”). The Company estimates gift card breakage revenue over time in proportion to actual gift card redemptions. Gift card breakage revenue was \$11.1 million and \$2.3 million in Fiscal 2023 and Fiscal 2022, respectively, and is included as a component of “Net sales” on the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company recognized \$7.8 million of gift card breakage revenue in Fiscal 2023 as part of a one-time adjustment to gift card liabilities.

Loyalty program

The *Claire’s®* Rewards loyalty program (the “rewards loyalty program”) allows customers to accumulate points based upon purchase activity and earn rewards by reaching certain point thresholds. The Company issues redeemable certificates to customers as certain point thresholds are achieved. Based on the rewards loyalty program policies, points expire twelve months after the date earned and certificates expire ninety days after the date of issuance. Certificates generated from the rewards loyalty program provide a material right to customers and represent a separate performance obligation. Rewards loyalty program points are accrued at the standalone value per point, net of estimated breakage, and are included as a component of “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. Revenue from the rewards loyalty program is recognized when customers redeem certificates or when certificates or points expire.

Cost of Sales, Buying and Occupancy Expenses – Cost of sales consists of merchandise costs, inbound and outbound freight charges, purchasing costs and inspection costs. Cost of sales also includes merchandise markdowns and provisions for inventory obsolescence and shrinkage. Buying and occupancy expenses consist of compensation, employee benefit expenses and travel and entertainment for buyers and certain senior merchandising executives; shipping and handling costs; and rent and utilities related to stores, corporate headquarters and other office space. Gross profit is the difference between total net sales and cost of sales, buying and occupancy expenses.

Selling, General, and Administrative Expenses – Selling, general and administrative expenses primarily consist of compensation and employee benefit expenses, including salaries, incentives and related benefits associated with stores and corporate headquarters. Selling, general and administrative expenses also include distribution center costs, marketing and advertising costs, supplies for stores and offices, communication costs, travel and entertainment, commissions paid to consumer product goods retail partners, and services purchased. The cost of the Company’s distribution centers was \$26.9 million and \$24.3 million in Fiscal 2023 and Fiscal 2022, respectively.

Advertising Costs - Advertising costs, which primarily relate to in-store marketing, mall association dues and digital interactive media, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss). Advertising costs were \$15.9 million and \$17.2 million in Fiscal 2023 and Fiscal 2022, respectively.

Store Opening Costs – Store opening costs, which primarily consist of advertising, supplies, and payroll expenses, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Interest Expense – Interest expense primarily consists of interest expense related to the Company’s long-term debt, Intercompany Promissory Note, and finance leases, as well as interest income from cash and cash equivalents.

Income Taxes - The Company accounts for income taxes under the provisions of ASC 740, *Income Taxes*, which generally requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in the period during which the new legislation is enacted. Valuation allowances are established to reduce the carrying amounts of deferred tax assets to the amounts expected to be realized unless it is more likely than not that such assets will be realized in full. The Company considers projected future taxable income and the availability of tax planning strategies in determining the need for valuation allowances.

The Company is subject to tax audits in numerous jurisdictions, including the United States, individual states and localities, and internationally. Tax audits by their very nature are often complex and can require several years to complete. In the normal course of business, the Company is subject to challenges from the Internal Revenue Service (“IRS”) and other tax authorities regarding amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. Income tax benefits related to uncertain tax positions are recognized only when it is more likely than not that the position will be sustained upon examination by the tax authorities. This determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant tax authority that has full knowledge of all relevant information. Penalties and interest related to unrecognized tax benefits are included as a component of “Interest expense, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The calculation of deferred tax assets and liabilities, as well as the decisions to establish valuation allowances and recognize an income tax benefit from an uncertain tax position requires management to make estimates and assumptions. The Company believes that its estimates and assumptions are reasonable, although actual results may have a positive or negative material impact on the balances of deferred tax assets and liabilities, valuation allowances or net income (loss).

Refer to Note 10, “Income Taxes” for further detail.

Stock Compensation – The Company recognizes stock compensation expense in accordance with ASC 718, *Compensation – Stock Compensation*. The Company measures the cost of services received from employees and directors in exchange for an award of equity instruments based on the fair value of the award on the date of grant. For service-based awards, stock compensation expense is recorded on a straight-line basis over the requisite service period. For performance-based awards, stock compensation expense is recorded based upon the number of shares expected to be issued when it becomes probable that performance targets required to receive the awards would be achieved. The Company recognizes the impact of forfeitures as they occur. Stock compensation expense is included as a component of “Selling, general and administrative expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Refer to Note 11, “Stock Compensation” for further detail.

Foreign Currency Translation – The functional currency of each of the Company’s foreign operations is generally the respective local currency. In accordance with ASC 830, *Foreign Currency Matters*, the Company translates assets and liabilities denominated in foreign currencies into United States dollars (“USD”) (the reporting currency) at fiscal year-end exchange rates while income and expense accounts are translated at the average rates in effect during the year. Equity accounts are translated at historical exchange rates. Translation adjustments are not included in determining net income but are included as a component of “Accumulated other comprehensive income (loss), net of tax” on the Consolidated Balance Sheets. Transaction gains and losses resulting from intercompany loans of a long-term investment nature are also included as a component of “Accumulated other comprehensive income (loss), net of tax” on the Consolidated Balance Sheets. Gains and losses that arise from exchange rate fluctuations on transactions denominated in foreign currencies other than the local functional currency are included as a component of “Other income, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Foreign currency transaction (gains) losses were \$1.2 million and \$(2.0) million in Fiscal 2023 and Fiscal 2022, respectively, and are included as a component of “Other income, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Comprehensive Income (Loss) – Comprehensive income (loss) represents a measure of all changes in stockholder’s accumulated earnings (deficit) except for changes resulting from transactions with stockholders in their capacity as stockholders. The Company’s total comprehensive income (loss) consists of net income (loss), foreign currency translation adjustments and gain (loss) on intra-entity foreign currency transactions. Amounts included in “Comprehensive income (loss)” are recorded net of income taxes.

Recent Accounting Pronouncements – The Company considers the applicability and impact of all Accounting Standards Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”) on its Consolidated Financial Statements. ASUs not listed below were either not applicable, did not have a significant impact when adopted, or are not expected to have a significant impact on the Consolidated Financial Statements upon adoption.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, subsequently amended by various standard updates. ASU 2016-13 replaced the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information when determining credit loss estimates. ASU 2016-13 also requires financial assets to be measured net of expected credit losses at the time of initial recognition. ASU 2019-10, issued in November 2019, delayed the effective date of ASU 2016-13. ASU 2016-13 was effective for non-SEC filers for fiscal years beginning after December 15, 2022. The Company adopted ASU 2016-13 in Fiscal

2023. Given that a significant majority of revenue transactions are point of sale transactions whereby the Company does not extend credit to the customer, the adoption of ASU 2016-13 did not have a significant impact on the Company's Consolidated Financial Statements.

Recently Issued Accounting Standards

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which will require the Company to disclose segment expenses that are significant and regularly provided to the Company's chief operating decision maker ("CODM"). In addition, ASU 2023-07 will require the Company to disclose the title and position of its CODM and how the CODM uses segment profit or loss information in assessing segment performance and deciding how to allocate resources. The Company will adopt ASU 2023-07 in the fiscal year beginning February 4, 2024 and is currently evaluating the potential impact of ASU 2023-07 on its consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 will also require the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. ASU 2023-09 allows for adoption using either a prospective or retrospective transition method. The Company expects to adopt ASU 2023-09 in the fiscal year beginning February 2, 2025 and is currently evaluating the potential impact of ASU 2023-09 on its consolidated financial statements.

3. PROPERTY AND EQUIPMENT, NET

The major classes of property and equipment, net were as follows as of the dates presented:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Furniture, fixtures and equipment	\$ 196,485	\$ 180,660
Leasehold improvements	177,891	159,028
Property and equipment, at cost	374,376	339,688
Less: Accumulated depreciation and amortization	(212,271)	(167,209)
Property and equipment, net	<u>\$ 162,105</u>	<u>\$ 172,479</u>

Depreciation and amortization expense related to property and equipment was \$53.3 million and \$50.3 million in Fiscal 2023 and Fiscal 2022, respectively.

4. LEASES

The Company leases its retail stores, certain offices and warehouse space, and certain equipment throughout the U.S. and internationally. These leases are generally classified as operating leases.

Most lease agreements covering retail store space contain minimum base rental payments and lessor incentives such as tenant improvement allowances and rent holidays. Additionally, the Company is typically responsible for tenant occupancy costs including maintenance costs, common area charges, real estate taxes, and certain other expenses. Certain leases may contain variable lease payments, such as rent

based on a percentage of net sales, and may be subject to a breakpoint threshold of fixed rent. Variable lease payments, other than those that depend on an index or a rate, are not included in the measurement of lease liabilities.

Operating and finance lease costs (including short-term lease costs) are recognized on a straight-line basis over the lease term, while variable lease costs are recognized as incurred. Lease costs are principally included as a component of “Cost of Sales, Occupancy and Buying Expenses” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Total lease costs consisted of the following components for the periods presented:

<u>(in thousands)</u>	Statement of Operations and Comprehensive Income (Loss) Classification	Fiscal Year Ended	
		February 3, 2024	January 28, 2023
Operating lease costs	Cost of sales, buying and occupancy expenses	\$ 163,980	\$ 141,857
Finance lease costs:			
Amortization of ROU assets	Depreciation and amortization	1,962	1,962
Interest on lease liabilities	Interest expense, net	1,887	1,911
Variable lease costs	Cost of sales, buying and occupancy expenses	79,302	91,312
Short-term lease costs	Cost of sales, buying and occupancy expenses	1,778	2,343
Total lease costs		\$ 248,909	\$ 239,385

Other information related to leases was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 166,621	\$ 142,294
Financing cash flows from finance leases	1,160	907
Supplemental non-cash information on lease liabilities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 148,839	\$ 69,714

Some leases include renewal or extension options, which the Company can exercise at its discretion and are not reasonably certain at the lease commencement date. Some leases also include early termination options, which can be exercised under specific conditions. When measuring ROU assets and lease liabilities, the Company only includes future fixed lease payments related to options to extend or terminate leases when those options are reasonably certain to be exercised. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The average remaining lease term and discount rate, weighted by outstanding lease liability were as follows as of the dates presented:

	February 3, 2024	January 28, 2023
Weighted average remaining lease term (in years)⁽¹⁾:		
Operating leases	4.6	4.2
Finance leases	6.0	7.0
Weighted average discount rate:		
Operating leases	8.0%	8.5%
Finance leases	12.6%	12.6%

⁽¹⁾ Excludes leases with no outstanding lease liability, which primarily consist of: (a) leases with a term of less than 12 months; and (b) leases containing only variable lease payments that do not depend on an index or rate.

As of February 3, 2024, future minimum lease payments under the Company's lease liabilities were as follows:

(in thousands)	Operating Leases	Finance Leases
2024	\$ 113,611	\$ 3,108
2025	106,690	3,170
2026	81,979	3,234
2027	57,200	3,299
2028	30,711	3,364
Thereafter	28,212	2,574
Total undiscounted future minimum lease payments	418,403	18,749
Less: imputed interest	(70,334)	(7,297)
Present value of lease liabilities	348,069	11,452
Less: current portion of lease liabilities	(94,265)	(749)
Long-term lease liabilities	\$ 253,804	\$ 10,703

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amounts of goodwill were as follows for the periods presented:

<u>(in thousands)</u>	<u>North America</u>	<u>Europe</u>	<u>Total</u>
Balance: January 29, 2022	\$ 618,277	\$ 101,393	\$ 719,670
Impairment losses	-	-	-
Balance: January 28, 2023	\$ 618,277	\$ 101,393	\$ 719,670
Impairment losses	(130,000)	(68,000)	(198,000)
Balance: February 3, 2024 ⁽¹⁾	\$ 488,277	\$ 33,393	\$ 521,670

(1) Amounts include accumulated impairment losses of \$(130,000) and \$(68,000) in North America and Europe, respectively.

The carrying values and accumulated amortization of identifiable intangible assets were as follows as of the dates presented:

		February 3, 2024		
<u>(in thousands)</u>	<u>Estimated Life in Years</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Definite-lived intangible assets:				
Consumer product goods agreements	5	74,743	(74,743)	-
Franchising agreements	10 to 18	44,100	(18,016)	26,084
Other ⁽¹⁾	5 to 10	36,757	(19,689)	17,068
Total definite-lived intangible assets		155,600	(112,448)	43,152
Indefinite-lived intangible assets:				
Tradenames		310,866	-	310,866
Total intangible assets, net		\$ 466,466	\$ (112,448)	\$ 354,018

		January 28, 2023		
<u>(in thousands)</u>	<u>Estimated Life in Years</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Definite-lived intangible assets:				
Consumer product goods agreements	5	73,992	(64,072)	9,920
Franchising agreements	10 to 18	44,100	(15,408)	28,692
Other ⁽¹⁾	5 to 10	37,765	(16,376)	21,389
Total definite-lived intangible assets		155,857	(95,856)	60,001
Indefinite-lived intangible assets:				
Tradenames		310,867	-	310,867
Total intangible assets, net		\$ 466,724	\$ (95,856)	\$ 370,868

(1) Amounts include estimated residual values related to key money arrangements and not subject to amortization of \$9,959 and \$14,149 as of February 3, 2024 and January 28, 2023, respectively.

Amortization expense related to definite-lived intangible assets was \$16.5 million and \$21.6 million in Fiscal 2023 and Fiscal 2022, respectively.

As of February 3, 2024, the remaining net amortization of definite-lived intangible assets by fiscal year was as follows:

<u>(in thousands)</u>		
2024	\$	4,865
2025		4,388
2026		3,944
2027		3,351
2028		3,116
Thereafter		13,529
Total	\$	33,193

6. DEBT

Revolving credit facilities

On January 24, 2019, the Company and certain of its U.S. and U.K. subsidiaries entered into a five-year ABL Credit Agreement (“2019 ABL Credit Agreement”) with Citibank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2019 ABL Credit Agreement provided senior secured revolving credit for loans and letters of credit up to \$75.0 million (“2019 Revolving Credit Facility”), subject to a borrowing base comprised of the Company’s eligible accounts receivable and inventory. The 2019 Revolving Credit Facility included a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$50.0 million.

On September 30, 2022, the Company and certain of its U.S. and U.K. subsidiaries refinanced the 2019 ABL Credit Agreement by entering into a new five-year ABL Credit Agreement (“2022 ABL Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2022 ABL Credit Agreement provides senior secured revolving credit for loans and letters of credit up to \$150.0 million (“2022 Revolving Credit Facility”), subject to a borrowing base comprised of the Company’s eligible cash, accounts receivable and inventory. The Revolving Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$75.0 million. The funds available under the Revolving Credit Facility can be used for working capital and other general corporate purposes.

The refinancing resulted in an increase of the outstanding borrowings under revolving credit facilities, from \$55.0 million to \$56.0 million. The additional borrowings were used in part to repay all amounts outstanding under the existing 2019 Revolving Credit Facility and pay fees and expenses associated with the refinancing transaction. The refinancing also resulted in the recognition of \$2.2 million of additional deferred financing fees, which are included as a component of “Other non-current assets” on the Consolidated Balance Sheets and will be amortized on a straight-line basis over the five-year term of the 2022 ABL Credit Agreement.

The 2022 Revolving ABL Facility provides for interest on borrowings, at the Company’s option, at either (i) adjusted SOFR, SONIA, SARON, CDOR or EURIBOR, or (ii) an adjusted ABR plus an applicable margin. Depending on the type of borrowing, interest on the 2022 Revolving ABL Facility is payable

monthly, quarterly or at the end of the interest period. A commitment fee of 0.25% to 0.375% per annum is payable quarterly on the unused portion of the 2022 Revolving ABL Facility.

All obligations under the 2022 Revolving ABL Facility are unconditionally guaranteed by the Company and certain of its U.S. and U.K. subsidiaries. The obligations under the 2022 Revolving ABL Facility are secured by a first-priority security interest in inventory, accounts receivable and certain other assets of the Company and certain of its U.S. and U.K. subsidiaries. The 2022 ABL Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

The Company was in compliance with the terms of the 2022 ABL Credit Agreement as of February 3, 2024 and expects to remain in compliance for the next twelve months. The Company had \$20.0 million in outstanding borrowings under the 2022 Revolving Credit Facility as of February 3, 2024. The weighted average interest rate on all outstanding borrowings under the 2022 Revolving Credit Facility was 6.68% as of February 3, 2024. The Company also had \$5.8 million outstanding in standby letters of credit, which reduce the funds available under the 2022 Revolving Credit Facility, as of February 3, 2024.

Interest expense on the ABL Credit Facility was \$2.1 million and \$1.2 million in Fiscal 2023 and Fiscal 2022, respectively, and is included as a component of “Interest expense, net” on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company also maintains multiple agreements with third parties that make unsecured revolving credit facilities available for the Company’s non-U.S. subsidiaries (the “Foreign Facilities”). The Foreign Facilities are uncommitted and had a total capacity of \$2.4 million as of February 3, 2024. The Foreign Facilities are used for working capital requirements, letters of credit and various guarantees, and have been arranged in accordance with customary lending practices in the respective country of operation. As of February 3, 2024, there were no borrowings under the Foreign Facilities. There were \$1.4 million in bank guarantees issued and outstanding, which reduced the borrowing availability to \$1.0 million as of February 3, 2024.

Long-term debt

Long-term debt consisted of the following as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Current portion of long-term debt:		
Term Loan	\$ 5,024	\$ 5,024
Unamortized debt issuance cost	(410)	(410)
Total current portion of long-term debt, net	<u>\$ 4,614</u>	<u>\$ 4,614</u>
Long-term debt:		
Term Loan	\$ 478,571	\$ 483,595
Unamortized debt issuance cost	(787)	(1,197)
Total long-term debt, net	<u>\$ 477,784</u>	<u>\$ 482,398</u>

On December 18, 2019, the Company entered into a term loan credit agreement (the “Term Loan Credit Agreement”), among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, providing for a \$502.4 million aggregate principal loan (the “Term Loan”) maturing on December 18, 2026. Principal repayments are due on the last business day of

each March, June, September and December in an amount per payment equal to 0.25% of the principal amount.

In September 2020, the Company entered into an interest rate cap agreement to manage a significant portion of the interest rate risk related to the floating interest rate on the Term Loan. The interest rate cap agreement expired on October 31, 2023. The premium paid as part of the interest rate cap agreement was amortized as a component of interest expense over term of the interest rate cap agreement.

On March 5, 2021, the Financial Conduct Authority announced that ICE Benchmark Administration Limited, the administrator for LIBOR, would permanently cease to publish the overnight, one-month, three-month, six-month and twelve-month USD LIBOR settings after June 30, 2023. The Company's Term Loan Credit Agreement provides that, in the event the Administrative Agent receives notice from the Company that the administrator for LIBOR has made a public statement identifying a specific date after which LIBOR shall no longer be made available, or used for determining the interest rate of loans, then the Administrative Agent and the Company may amend the Term Loan Credit Agreement to replace LIBOR with an alternative benchmark rate.

On March 17, 2023, the Company entered into an amended term loan credit agreement (the "Amended Term Loan Credit Agreement"), among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as Administrative Agent. The Amended Term Loan Credit Agreement replaced LIBOR with the Secured Overnight Financing Rate ("SOFR"). Under the Amended Term Loan Credit Agreement, the Company's Term Loan continued as a LIBOR Loan until March 31, 2023, whereby it was converted to a Term SOFR Loan. The Amended Term Loan Credit Agreement did not limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or the lenders under the Term Loan Credit Agreement and did not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Term Loan Credit Agreement. The Company elected to apply the optional expedient under ASC 848, *Reference Rate Reform*, and accounted for this modification as a continuation of the existing Term Loan (i.e., by prospectively adjusting the effective interest rate). Each borrowing under the Term Loan Agreement bears interest at a rate equal to a base rate plus a margin. The Company has the option to choose from two base rates: the Adjusted Term SOFR Rate and the Alternate Base Rate ("ABR"). The margin under the Term Loan Agreement is 6.50% for Adjusted Term SOFR Rate borrowings and 5.50% for ABR borrowings.

Interest expense on the Term Loan was \$42.0 million and \$34.9 million in Fiscal 2023 and Fiscal 2022, respectively, and is included as a component of "Interest expense, net" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Accrued interest payable on the Term Loan was \$0.6 million and \$2.9 million as of February 3, 2024 and January 28, 2023, respectively, and is included as a component of "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets.

Refer to Note 7, "Fair Value Measurements" for fair value disclosures on long-term debt.

As of February 3, 2024, principal maturities of long-term debt were as follows for each of the following fiscal years:

<u>(in thousands)</u>		
2024	\$	5,024
2025		5,024
2026		473,547
2027		-
2028		-
Thereafter		-
Total	\$	483,595

Intercompany Promissory Note

On October 12, 2018, in conjunction with its corporate reorganization, the Company executed a promissory note with the Parent in an aggregate principal amount of \$400.0 million (the “Intercompany Promissory Note”), maturing January 4, 2039. The Intercompany Promissory Note bears interest at 8.5% per annum payable on the last calendar day of March, June, September, and December. Interest on the Promissory Note is payable in kind. The Promissory Note principal and accrued interest is presented as “Due to Parent” on the Consolidated Balance Sheets. Refer to Note 14, “Related Party Transactions” for further detail.

7. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. Fair value is defined under ASC 820 as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date.

GAAP requires classification of fair value measurements into a three-level hierarchy based on the priority of inputs to the valuation technique. If the inputs used to measure fair value fall within different levels of the hierarchy, the categorization is based on the lowest priority input that is significant to the fair value measurement of the instrument. Financial instruments recorded at fair value on the Consolidated Balance Sheets or disclosed in the Notes to the Consolidated Financial Statements are categorized based on inputs to the valuation techniques as follows:

- *Level 1* — Quoted prices (unadjusted) for identical assets and liabilities in active markets.
- *Level 2* — Quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instrument.

Financial instruments not recorded at fair value on a recurring basis

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, receivables, trade accounts payable, accrued liabilities and other current liabilities, and long-term debt. With the exception of long-term debt, the carrying amounts of other financial instruments not measured at fair value on a recurring basis approximate their fair values due to the relatively short maturities of these instruments.

The following tables show the Company's long-term debt measured at its notional value, carrying value and estimated fair value, as of the dates presented:

February 3, 2024			
<u>(in thousands)</u>	<u>Notional Amount</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Long-term debt	\$ 483,595	\$ 482,398	\$ 489,216

January 28, 2023			
<u>(in thousands)</u>	<u>Notional Amount</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Long-term debt	\$ 488,619	\$ 487,012	\$ 464,064

The fair value of long-term debt is generally based on quoted market prices for similar instruments and is classified as Level 2 in the fair value hierarchy.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

The Company's non-financial assets, which include goodwill, intangible assets, and long-lived tangible assets, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur and the Company is required to evaluate non-financial assets for impairment, any resulting impairment would require that non-financial assets be recorded at their estimated fair values.

As a result of its most recent annual goodwill impairment test as of October 29, 2023, the Company recognized a \$198.0 million goodwill impairment loss in Fiscal 2023. Refer to Note 1, "Nature of Operations and Basis of Presentation" for further detail.

8. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in litigation incidental to the conduct of its business, including personal injury litigation, litigation regarding merchandise sold, including product and safety concerns regarding heavy metal and chemical content in merchandise, litigation with respect to various employment matters, including litigation with present and former employees, wage and hour litigation and litigation regarding intellectual property rights.

In accordance with ASC 450, *Contingencies*, the Company records a reserve for estimated losses when the loss is probable and the amount can be reasonably estimated. If a range of possible loss exists and no anticipated loss within the range is more likely than any other anticipated loss, the Company records the accrual at the low end of the range in accordance with ASC 450.

The Company believes that the ultimate outcome of any currently pending litigation will not materially affect the Consolidated Financial Statements taken as a whole. However, the Company's assessment of any litigation or other legal claims could potentially change in light of the discovery of facts not presently known or determinations by judges, juries, or other finders of fact that are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

9. EMPLOYEE BENEFIT PLANS

Full and part-time U.S. based employees who are at least 21 years of age are eligible after three months of employment to participate in the Claire's Stores, Inc. 401(k) Savings and Retirement Plan (the "401(k) Plan"). Under the 401(k) Plan, employees can contribute 1% to 50% of their eligible compensation on a pre-tax basis, up to the maximum limits allowable under the Internal Revenue Code. The Company matches a portion of employee contributions on a discretionary basis; in Fiscal 2023, the Company matched 50% of the first 6% of employee contributions. Employee contributions are 100% vested while the Company's matching contributions vest at 20% per year of employee service. The Company's matching contributions were \$1.5 million in Fiscal 2023 and Fiscal 2022, respectively, and are included as a component of "Selling, general and administrative expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Associates in international countries who are not U.S. citizens are covered by various defined contribution post-employment benefit arrangements. These plans are administered based upon the legislative and tax requirements in the countries in which they are established.

10. INCOME TAXES

Total income (loss) before income tax (benefit) expense consisted of the following in the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
U.S.	\$ (124,240)	\$ 77,003
Foreign	(60,179)	5,933
Total income (loss) before income tax (benefit) expense	<u>\$ (184,419)</u>	<u>\$ 82,936</u>

Total income tax (benefit) expense consisted of the following in the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Current:		
Federal	\$ 9,324	\$ 15,736
State	2,443	3,326
Foreign	4,643	(119)
Total current	<u>16,410</u>	<u>18,943</u>
Deferred:		
Federal	(30,010)	46,980
State	1,095	(2,576)
Foreign	(1,073)	1,091
Total deferred	<u>(29,988)</u>	<u>45,495</u>
Total income tax (benefit) expense	<u>\$ (13,578)</u>	<u>\$ 64,438</u>

The following table summarizes the differences between the U.S. statutory federal income tax rate and the Company's effective income tax rates in the periods presented:

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
U.S. income taxes at statutory federal rate	21.0%	21.0%
Change in valuation allowance, net	31.7	54.9
Non-deductible goodwill impairment losses	(22.6)	-
Deferred tax impact of intellectual property transfer	(16.9)	
Foreign rate differential	5.1	(4.0)
Permanent differences	(8.4)	(3.4)
Earnings of foreign subsidiaries	(1.6)	3.8
State and local income taxes, net of federal tax benefit	(1.0)	4.5
Change in unrecognized tax benefits	0.3	(0.3)
Federal tax credits	0.3	-
Withholding and other taxes	(0.2)	0.0
Prior year adjustments	(0.3)	1.2
Effective income tax rate	7.4%	77.7%

The tax effects of temporary differences that gave rise to the Company's deferred tax assets and liabilities as of the dates presented were as follows:

<u>(in thousands)</u>	February 3, 2024	January 28, 2023
Deferred tax assets attributable to:		
Operating lease liabilities	\$ 89,516	\$ 72,117
Debt related	75,147	70,728
Tax carryforwards	33,336	42,560
Inventory	7,898	8,316
Compensation and benefits	7,130	6,573
Intangible assets - other	3,555	2,955
Accrued expenses	1,414	1,814
Gift cards	1,019	1,252
Other	3,399	-
Total deferred tax assets	222,414	206,315
Valuation allowance	(28,916)	(88,501)
Total deferred tax assets, net	193,498	117,814
Deferred tax liabilities attributable to:		
Operating lease right-of-use assets	\$ 85,320	\$ 68,733
Intangible assets - tradenames	81,442	50,187
Depreciation	13,718	13,712
Unremitted foreign earnings	1,473	1,101
Intangible assets – consumer product goods agreements	215	2,713
Other	-	1,096
Total deferred tax liabilities	182,168	137,542
Net deferred tax asset (liability)	\$ 11,330	\$ (19,728)

Deferred tax assets and liabilities were presented as follows on the Consolidated Balance Sheets as of the dates presented:

(in thousands)	Balance Sheet Classification	February 3, 2024	January 28, 2023
Non-current deferred tax assets	Other non-current assets	\$ 13,245	\$ 3,869
Non-current deferred tax liabilities, net of valuation allowance	Other non-current liabilities	(1,915)	(23,597)
Net deferred tax asset (liability)		<u>\$ 11,330</u>	<u>\$ (19,728)</u>

The tax effected amounts and expiration dates of tax carryforwards as of February 3, 2024, were as follows:

(in thousands)	Amount	Expiration Date
Non-U.S. net operating loss carryforwards	\$ 18,938	Indefinite
State net operating loss carryforwards	11,087	2024 – 2043
Non-U.S. net operating loss carryforwards	2,415	2024 – 2043
Federal foreign tax credit carryforward	301	2028 – 2031
Total	<u>\$ 32,741</u>	

Valuation allowances against deferred tax assets in the U.S. decreased by \$(53.9) million in Fiscal 2023, primarily attributable to reversals of existing temporary differences (primarily relating to interest expense deferrals under §163(j)). Valuation allowances against deferred tax assets in foreign tax jurisdictions decreased by \$(5.7) million in Fiscal 2023, primarily as the result of an increase in taxable income and therefore the realizability of deferred tax assets in select jurisdictions where there is expectation of recognizing future tax benefits of those tax attributes.

The Company's conclusion regarding the need for a valuation allowance against U.S. deferred tax assets could change in the future based on improvements in operating performance, which may result in the full or partial reversal of the valuation allowance. The foreign valuation allowances relate to net operating loss carryforwards and other deferred tax assets that, in the opinion of management, are more likely than not to expire unutilized.

The following table represents a reconciliation of the beginning and ending amounts of unrecognized tax benefits in the periods presented:

	Fiscal Year Ended	
(in thousands)	February 3, 2024	January 28, 2023
Beginning balance	\$ 7,964	\$ 7,990
Increases related to current year tax positions	814	1,436
Lapse in statute of limitations	(1,444)	(1,462)
Settlements	(68)	-
Ending balance	<u>\$ 7,266</u>	<u>\$ 7,964</u>

If recognized, these positions would favorably affect the Company's effective tax rate.

The Company accrues interest and penalties related to unrecognized tax benefits and had \$2.4 million accrued for the payment of interest and penalties as of February 3, 2024 and January 28, 2023, respectively. Unrecognized tax benefits and accrued interest and penalties related to unrecognized tax benefits are included as a component of "Other non-current liabilities" on the Consolidated Balance Sheets. The

Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for tax years before 2020, and with few exceptions, for state, and local, or non-U.S. income tax examinations for tax years before 2019. The Company has concluded tax examinations in significant foreign tax jurisdictions including France through 2020; Austria through 2015; U.K. through 2014; Switzerland through 2014; Netherlands through 2013; Germany through 2018; Spain through 2018; Italy through 2016; and Canada through 2014. A tax examination is currently in process in Switzerland for the 2020 - 2021 tax years.

11. STOCK COMPENSATION

In October 2018, the Company's Board of Managers (the "Board") approved the Claire's Holdings LLC 2018 Management Equity Incentive Plan (the "2018 Plan"), authorizing the issuance of awards for employees, directors and consultants that can be in the form of Common or Preferred Restricted Stock Units ("RSUs"), options, or other equity-based awards. RSUs granted under the 2018 Plan include service- and performance-based RSUs. Service-based RSUs generally vest over a five-year period with 20% vesting on each anniversary of the grant date; however, the Board is permitted to issue RSUs with different vesting schedules. Performance-based RSUs are subject to a five-year cumulative financial profitability target (the "performance criteria") and vesting terms specified by the Board. Service- and performance-based Preferred RSUs receive dividend equivalents in the form of additional Preferred RSUs, which are subject to the same restrictions and forfeiture provisions as the original award.

The fair value of Common and Preferred RSUs is estimated on the grant date using a Black-Scholes Option Pricing Model where each class of stock is modeled as a call option with a distinct claim on the equity value of the Company. The option's exercise price is based on a comparison with the Company's assumed equity value. The characteristics of each class of stock, including the conversion ratio and any liquidation preference of the Preferred RSUs, determine the class of stock's claim on the Company's equity value. The Black-Scholes Option Pricing Model uses assumptions including the risk-free rate of interest which is based on the U.S. Treasury yield curve in effect at the time of the grant, expected volatility of the Company's stock price which is based on volatilities observed from comparable publicly-traded companies, and expected life of the awards which represents the period of time the RSUs are expected to remain outstanding. The following assumptions were used in the Black-Scholes Option Pricing Model to estimate the fair value of RSUs at the date of grant during the periods presented:

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Risk-free rate	3.90% – 4.76%	1.38% – 4.25%
Volatility	50.0% – 75.0%	55.0%
Expected life, in years	3.1 – 3.9	3.0

The Company redeemed approximately 9.6% of its outstanding Redeemable Series A Preferred Units on November 2, 2020. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on November 2, 2020, 1,142 Preferred RSUs were converted into an aggregate cash value of \$3.6 million based on a redemption price of \$2,837 per Redeemable Series A Preferred Unit. In January 2024, an additional 129 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.4 million based on a redemption price of \$2,837 per Redeemable Series A Preferred Unit. As of February 3,

2024, \$2.4 million of the aggregate cash value had vested, \$0.9 million of the aggregate cash value had been forfeited, and \$0.3 million of the aggregate cash value remained unvested.

The Company redeemed approximately 5.5% of its outstanding Redeemable Series A Preferred Units on April 9, 2021. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on April 9, 2021, 649 Preferred RSUs were converted into an aggregate cash value of \$1.7 million based on a redemption price of \$2,614 per Redeemable Series A Preferred Unit. In January 2024, an additional 68 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.2 million based on a redemption price of \$2,614 per Redeemable Series A Preferred Unit. As of February 3, 2024, \$1.3 million of the aggregate cash value had vested, \$0.4 million of the aggregate cash value had been forfeited, and \$0.2 million of the aggregate cash value remained unvested.

The Company redeemed approximately 8.6% of its outstanding Redeemable Series A Preferred Units on December 14, 2021. As of that date, a corresponding percentage of Preferred RSUs were converted into a cash value that remains subject to the vesting and settlement provisions of the underlying Preferred RSUs. Accordingly, on December 14, 2021, 1,165 Preferred RSUs were converted into an aggregate cash value of \$3.1 million based on a redemption price of \$2,661 per Redeemable Series A Preferred Unit. In January 2024, an additional 96 Preferred RSUs were retroactively converted into an aggregate cash value of \$0.3 million based on a redemption price of \$2,661 per Redeemable Series A Preferred Unit. As of February 3, 2024, \$2.2 million of the aggregate cash value had vested, \$0.9 million of the aggregate cash value had been forfeited, and \$0.3 million of the aggregate cash value remained unvested.

Activity related to service-based RSUs in Fiscal 2023 was as follows:

	Common RSUs	Weighted Average Grant Date Fair Value Per Unit	Preferred RSUs	Weighted Average Grant Date Fair Value Per Unit
Unvested as of January 28, 2023	6,865	\$ 196	4,922	\$ 1,624
Granted	679	218	2,208	1,586
Effects of Exchange Offer	(437)	149	84	1,537
Redeemed	-	-	(156)	1,537
Settled	(181)	149	(150)	1,537
Forfeited	(897)	171	(499)	1,591
Vested	(3,788)	204	(4,460)	1,611
Unvested as of February 3, 2024	2,241	\$ 216	1,949	\$ 1,637

The weighted-average grant date fair values of service-based Common RSUs granted and vested in Fiscal 2022 was \$346 and \$183 per unit, respectively. The weighted-average grant date fair values of service-based Preferred RSUs granted and vested in Fiscal 2022 was \$1,998 and \$1,630 per unit, respectively.

Activity related to performance-based RSUs in Fiscal 2023 was as follows:

	Common RSUs	Weighted Average Grant Date Fair Value Per Unit	Preferred RSUs	Weighted Average Grant Date Fair Value Per Unit
Unvested as of January 28, 2023	12,337	\$ 170	8,786	\$ 1,584
Granted	672	218	1,681	1,571
Effects of Exchange Offer	(439)	149	83	1,537
Redeemed	-	-	(154)	1,537
Forfeited	(7,227)	170	(5,686)	1,578
Vested	(5,343)	179	(4,710)	1,590
Unvested as of February 3, 2024	-	\$ -	-	\$ -

The weighted-average grant date fair values of performance-based Common and Preferred RSUs granted in Fiscal 2022 was \$358 and \$2,032 per unit, respectively.

Non-cash stock compensation expense for service- and performance-based RSUs was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Non-cash stock compensation expense	\$ 2,952	\$ 12,958

As of February 3, 2024, there was \$2.3 million of unrecognized stock compensation expense related to unvested service-based RSUs, which is expected to be recognized over a weighted-average period of approximately 0.6 years.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents changes in “Accumulated other comprehensive loss, net of tax,” by component, for the periods presented:

<u>(in thousands)</u>	Foreign Currency Translation Adjustments	Net Gain (Loss) On Intra-entity Foreign Currency Transactions, Net Of Income Tax (Benefit) Expense	Total
Balance: January 29, 2022	\$ 1,285	\$ (2,872)	\$ (1,587)
Other comprehensive income (loss)	(1,141)	(4,523)	(5,664)
Balance: January 28, 2023	\$ 144	\$ (7,395)	\$ (7,251)
Other comprehensive income (loss)	(205)	268	63
Balance: February 3, 2024	\$ (61)	\$ (7,127)	\$ (7,188)

13. SEGMENT REPORTING

The Company is organized based on the geographic markets in which it operates. Under this structure, the Company currently has two reportable segments: North America and Europe. The North America segment includes company-operated stores throughout Canada, Puerto Rico, the U.S. Virgin Islands and the United States. The Europe segment includes company-operated stores in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, Switzerland and the United Kingdom, as well as franchise-operated stores.

The performance of each of reportable segment is primarily evaluated based on net sales and operating income. Expenses for each segment are based on the direct costs incurred by and within the operating segments. Each segment has its own distribution center and store network, and maintains a separate administrative function. Certain operating expenses for shared information technology products and services are allocated between the segments based upon relative usage. Operating expenses associated with the Company's global corporate headquarters located in North America are included in the North America segment. Net sales and franchise fees charged to third parties under franchising and licensing agreements are included in the Europe segment. Substantially all interest expense on the Company's outstanding debt is included in the North America segment.

Within each segment there are two net sales categories: Retail and Consumer Product Goods. The Retail net sales category consists of net sales by company-operated stores and the e-commerce business, and, in the Europe segment, net sales to third parties under franchising and licensing agreements. The Consumer Product Goods sales category consists of net sales by consumer product goods retail partners.

The accounting policies of both reportable segments are the same as described in Note 2, "Summary of Significant Accounting Policies." Sales between segments are eliminated in consolidation and were not material in Fiscal 2023 or Fiscal 2022.

Reportable segment information was as follows for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Net sales:		
North America	\$ 1,022,515	\$ 1,076,054
Europe	431,591	421,130
Total net sales	<u>\$ 1,454,106</u>	<u>\$ 1,497,184</u>
Depreciation and amortization:		
North America	\$ 49,396	\$ 51,591
Europe	22,323	22,270
Total depreciation and amortization	<u>\$ 71,719</u>	<u>\$ 73,861</u>
Operating income (loss) before reorganization items, interest and income taxes:		
North America	\$ (59,418)	\$ 118,771
Europe	(66,084)	14,733
Total operating income (loss) before reorganization items, interest and income taxes	<u>\$ (125,502)</u>	<u>\$ 133,504</u>
Interest expense, net:		
North America	\$ 58,706	\$ 50,427
Europe	(21)	(46)
Total interest expense, net	<u>\$ 58,685</u>	<u>\$ 50,381</u>
Income (loss) before income tax (benefit) expense:		
North America	\$ (118,356)	\$ 68,157
Europe	(66,063)	14,779
Total income (loss) before income tax (benefit) expense	<u>\$ (184,419)</u>	<u>\$ 82,936</u>
Income tax (benefit) expense:		
North America	\$ (17,264)	\$ 63,489
Europe	3,686	949
Total income tax (benefit) expense	<u>\$ (13,578)</u>	<u>\$ 64,438</u>
Net income (loss):		
North America	\$ (101,092)	\$ 4,668
Europe	(69,749)	13,830
Net income (loss)	<u>\$ (170,841)</u>	<u>\$ 18,498</u>
Capital expenditures:		
North America	\$ 34,692	\$ 51,887
Europe	17,433	26,948
Total capital expenditures	<u>\$ 52,125</u>	<u>\$ 78,835</u>

Identifiable assets are those that are identified with the operations of each reportable segment. Corporate assets are included within the North America segment and primarily consist of cash and cash equivalents, restricted cash and other assets.

Reportable segment information was as follows as of the dates presented:

<u>(in thousands)</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>
Goodwill:		
North America	\$ 488,277	\$ 618,277
Europe	33,393	101,393
Total goodwill	<u>\$ 521,670</u>	<u>\$ 719,670</u>
Long-lived assets⁽¹⁾:		
North America	\$ 372,942	\$ 294,905
Europe	188,253	213,148
Total long-lived assets	<u>\$ 561,195</u>	<u>\$ 508,053</u>
Total assets:		
North America	\$ 1,477,548	\$ 1,394,188
Europe	356,226	549,149
Total assets	<u>\$ 1,833,774</u>	<u>\$ 1,943,337</u>

(1) Long-lived assets are comprised of net property and equipment, ROU assets, and definite-lived intangible assets.

The following table shows, for the periods presented, net sales for each reportable segment disaggregated by Retail and Consumer Product Goods:

	<u>Fiscal Year Ended</u>			
<u>(in thousands, except for percentages)</u>	<u>February 3, 2024</u>	<u>% of Total</u>	<u>January 28, 2023</u>	<u>% of Total</u>
North America:				
Retail	\$ 856,353	58.9%	\$ 944,316	63.1%
Consumer Product Goods	166,162	11.4%	131,738	8.8%
Total North America	<u>1,022,515</u>	<u>70.3%</u>	<u>1,076,054</u>	<u>71.9%</u>
Europe:				
Retail	380,636	26.2%	367,771	24.6%
Consumer Product Goods	50,955	3.5%	53,359	3.5%
Total Europe	<u>431,591</u>	<u>29.7%</u>	<u>421,130</u>	<u>28.1%</u>
Total net sales	<u>\$ 1,454,106</u>	<u>100.0%</u>	<u>\$ 1,497,184</u>	<u>100.0%</u>

The following table shows, for the periods presented, a comparison of the percentage of net sales by product category for each reportable segment:

	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Jewelry:		
North America	35.5%	37.4%
Europe	11.5%	10.6%
Total jewelry	47.0%	48.0%
Accessories:		
North America	34.8%	34.4%
Europe	18.2%	17.6%
Total accessories	53.0%	52.0%
Total net sales	100.0%	100.0%

The following table provides net sales data for selected geographical areas for the periods presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Net sales:		
United States	\$ 932,609	\$ 992,781
United Kingdom	171,427	168,991
France	106,653	106,949
Canada	89,906	83,272
Other	193,511	145,190
Total net sales	\$ 1,454,106	\$ 1,497,184

The following table compares the Company's long-lived assets by significant geographic market as of the dates presented:

<u>(in thousands)</u>	Fiscal Year Ended	
	February 3, 2024	January 28, 2023
Long-lived assets⁽¹⁾:		
United States	\$ 346,611	\$ 271,343
United Kingdom	33,780	25,377
France	63,089	67,047
Canada	26,270	23,396
Other	91,445	120,890
Total long-lived assets	\$ 561,195	\$ 508,053

(1) Long-lived assets are comprised of net property and equipment, ROU assets and definite-lived intangible assets.

14. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

JPMorgan Chase Bank, N.A. is the beneficial owner of approximately 13% of the Parent's outstanding equity and serves as the administrative agent, collateral agent, and is a lender thereto the Term Loan and the 2022 Revolving Credit Facility. Refer to Note 6, "Debt" for further detail.

On October 12, 2018, in conjunction with its corporate reorganization, the Company incurred a \$426.2 million obligation to the Parent that included a promissory note in an aggregate principal amount of \$400.0 million, maturing January 4, 2039 and an unsecured obligation of \$26.2 million. As of January 28, 2023, the principal balance outstanding and accrued but unpaid interest on the Intercompany Promissory Note were \$131.1 million and \$0.9 million, respectively.

As of February 3, 2024, the principal balance outstanding and accrued but unpaid interest on the Promissory Note were \$142.6 million and \$1.1 million respectively. Interest expense on the Promissory Note was \$11.8 million and \$10.6 million in Fiscal 2023 and Fiscal 2022, respectively.

15. SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 1, 2024, the date the financial statements were available to be issued, and determined that no events have occurred which would require recognition or disclosure in the Consolidated Financial Statements other than the event discussed below.

In March 2024, the Company received proceeds of \$50.0 million from borrowings under the 2022 Revolving Credit Facility in order to finance short-term working capital needs. As of May 1, 2024, there was \$70.0 million outstanding on this facility.

This is Exhibit “D” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

Balance Sheet	Claire's Stores Canada Corp. (USD)												
	Jun 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025
SCAD in Millions													
Assets:													
Cash & Cash Equivalents	2.0	0.6	0.3	1.4	2.2	2.1	3.3	2.2	0.5	1.2	1.1	1.7	1.3
Inventories	9.3	9.4	8.3	8.7	8.1	7.8	5.4	6.3	6.7	5.7	5.3	4.9	4.7
Prepaid Expenses	0.0	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—	—	0.0	0.0
Other Current Assets	1.9	1.9	2.0	1.8	1.7	2.6	2.7	1.3	1.2	1.3	0.9	0.9	0.9
Total Current Assets	(19.7)	(19.9)	(20.7)	(22.5)	(23.5)	(22.4)	(19.0)	(36.0)	(38.4)	(40.4)	(43.5)	(42.9)	(43.6)
Net Property, Plant & Equipment	7.0	6.8	6.8	6.6	6.3	6.2	5.8	5.8	5.7	5.7	6.0	5.9	5.8
Deferred Tax Asset	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.5	4.5	4.6
Operating Lease ROU Assets	17.6	17.0	17.5	17.4	16.3	16.3	15.8	17.5	17.6	17.9	19.6	19.8	20.0
Total Assets	5.5	4.5	4.2	2.1	(0.3)	0.6	3.2	(12.1)	(14.5)	(16.2)	(13.4)	(12.7)	(13.2)
Trade Accounts Payable	0.3	0.1	0.3	0.2	0.3	0.4	0.4	0.6	0.1	0.1	0.2	0.2	0.5
Income Taxes Payable	1.1	1.0	0.6	0.5	0.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	—	—	0.3
Accrued Expenses & Other Liabilities	3.8	4.3	4.4	3.6	3.9	4.1	5.0	5.2	4.4	4.4	4.8	5.2	4.9
Intercompany payable	12.1	12.6	13.0	13.3	13.6	13.9	14.1	1.0	1.1	1.2	1.4	1.6	1.8
Current Portion of Long Term Operating Lease Liab	3.4	3.4	3.5	3.4	3.2	3.2	3.1	3.3	3.4	3.4	3.8	4.8	4.9
Current Liabilities	20.7	21.5	21.7	21.0	21.5	21.6	22.6	10.0	9.0	9.1	10.2	11.8	12.4
Deferred Tax Liability	—	—	—	—	—	—	—	—	—	—	—	4.5	4.6
Long Term Operating Lease Liabilities	14.6	14.0	14.4	14.3	13.5	13.4	13.0	14.5	14.5	14.8	15.7	15.8	16.0
Long Term Liabilities	14.6	14.0	14.4	14.3	13.5	13.4	13.0	14.5	14.5	14.8	20.2	20.3	20.5
Additional paid-in capital	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)	(29.6)
Accumulated comprehensive income (loss)	2.0	2.4	1.5	1.7	2.6	2.8	3.8	4.0	3.9	3.2	1.0	0.7	0.3
Retained earnings	(2.1)	(3.7)	(3.6)	(5.3)	(8.3)	(7.5)	(6.6)	(10.9)	(12.3)	(13.7)	(15.2)	(16.0)	(16.8)
Total Equity	(29.7)	(31.0)	(31.8)	(33.2)	(35.3)	(34.4)	(32.4)	(36.5)	(38.1)	(40.1)	(43.8)	(44.9)	(46.1)
Total Liabilities & Stockholder's Equity	5.5	4.5	4.2	2.1	(0.3)	0.6	3.2	(12.1)	(14.5)	(16.2)	(13.4)	(12.7)	(13.2)

EOM. FX→

Claire's Stores Canada Corp. (SCAD)													Claire's Stores Canada Corp.												
Jun 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jun 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025
1.37	1.39	1.35	1.36	1.40	1.40	1.44	1.45	1.45	1.42	1.38	1.37	1.36													
2.7	0.9	0.4	1.9	3.0	2.9	4.8	3.2	0.7	1.8	1.6	2.4	1.8	2.7	0.9	0.4	1.9	3.0	2.9	4.8	3.2	0.7	1.8	1.6	2.4	1.8
12.8	13.0	11.2	11.9	11.3	10.9	7.8	9.2	9.7	8.0	7.3	6.8	6.4	12.8	13.0	11.2	11.9	11.3	10.9	7.8	9.2	9.7	8.0	7.3	6.8	6.4
0.0	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—	0.0	0.0
2.6	2.7	2.6	2.4	2.4	3.7	3.9	1.9	1.8	1.8	1.2	1.3	1.2	2.6	2.7	2.6	2.4	2.4	3.7	3.9	1.9	1.8	1.8	1.2	1.3	1.2
(27.0)	(27.6)	(27.9)	(30.6)	(32.9)	(31.4)	(27.4)	(52.3)	(55.6)	(57.5)	(60.1)	(59.0)	(59.3)	18.1	16.6	14.3	16.2	16.8	17.5	16.5	14.3	12.1	11.7	10.1	10.5	9.4
9.6	9.4	9.2	9.0	8.8	8.7	8.4	8.5	8.3	8.2	8.2	8.1	7.9	9.6	9.4	9.2	9.0	8.8	8.7	8.4	8.5	8.3	8.2	8.2	8.1	7.9
0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	6.2	6.2	6.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	6.2	6.2	6.2
24.2	23.6	23.6	23.6	22.8	22.8	22.9	25.5	25.5	25.5	27.1	27.2	27.2	24.3	23.7	23.7	23.7	22.9	22.9	22.9	25.6	25.6	25.6	27.2	27.2	27.2
7.6	6.3	5.7	2.8	(0.4)	0.9	4.6	(17.5)	(21.0)	(23.0)	(18.5)	(17.5)	(18.0)	52.7	50.4	47.9	49.6	49.2	48.8	48.6	49.1	46.7	46.1	51.7	52.0	50.7
0.5	0.2	0.4	0.2	0.4	0.6	0.6	0.8	0.2	0.2	0.2	0.3	0.7	0.5	0.2	0.4	0.2	0.4	0.6	0.6	0.8	0.2	0.2	0.3	0.7	
1.5	1.5	0.8	0.7	0.7	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	—	—	0.4	1.5	1.5	0.8	0.7	0.7	(0.0)	(0.0)	(0.0)	(0.0)	—	—	0.4	
6.0	5.9	4.9	5.2	6.4	6.4	6.4	6.4	6.4	6.2	6.7	7.1	6.7	6.0	5.9	4.9	5.2	6.4	6.4	6.4	6.4	6.4	6.7	7.1	6.7	
16.6	17.5	17.5	18.0	19.0	19.5	20.4	1.4	1.6	1.7	2.0	2.2	2.5	61.7	61.7	59.7	64.8	68.7	68.4	64.3	68.0	69.3	70.8	72.2	71.6	71.2
4.6	4.7	4.7	4.7	4.4	4.5	4.4	4.9	4.9	4.9	5.2	6.6	6.6	4.6	4.7	4.7	4.7	4.4	4.5	4.4	4.9	4.9	4.9	5.2	6.6	6.6
28.4	29.8	29.2	28.6	30.0	30.3	32.7	14.6	13.0	12.9	14.1	16.2	16.8	73.5	74.0	71.5	75.4	79.7	79.2	76.6	81.2	80.7	82.1	84.3	85.7	85.5
—	—	—	—	—	—	—	—	—	—	6.2	6.2	6.2	—	—	—	—	—	—	—	—	—	—	6.2	6.2	6.2
20.0	19.4	19.4	19.4	18.8	18.8	18.8	21.0	21.0	21.0	21.7	21.7	21.7	20.0	19.4	19.4	19.4	18.8	18.8	18.8	18.8	21.0	21.0	21.0	21.7	21.7
20.0	19.4	19.4	19.4	18.8	18.8	18.8	21.0	21.0	21.0	28.0	28.0	28.0	20.0	19.4	19.4	19.4	18.8	18.8	18.8	18.8	21.0	21.0	21.0	28.0	28.0
(40.7)	(41.1)	(40.0)	(40.2)	(41.4)	(41.5)	(42.8)	(43.1)	(42.9)	(42.2)	(40.9)	(40.7)	(40.3)	(40.7)	(41.1)	(40.0)	(40.2)	(41.4)	(41.5)	(42.8)	(42.2)	(40.9)	(40.7)	(40.3)	(40.7)	(41.1)
2.8	3.3	2.0	2.3	3.7	3.9	5.5	5.9	5.6	4.6	1.4	1.0	0.4	2.8	3.3	2.0	2.3	3.7	3.9	5.5	5.9	5.6	4.6	1.4	1.0	0.4
(2.9)	(5.1)	(4.9)	(7.2)	(11.6)	(10.6)	(9.5)	(15.9)	(17.8)	(19.4)	(21.0)	(22.0)	(22.8)	(2.9)	(5.1)	(4.9)	(7.2)	(11.6)	(10.6)	(9.5)	(15.9)	(17.8)	(19.4)	(21.0)	(22.0)	(22.8)
(40.8)	(43.0)	(42.9)	(45.1)	(49.3)	(48.2)	(46.9)	(53.1)	(55.1)	(57.0)	(60.5)	(61.7)	(62.7)	(40.8)	(43.0)	(42.9)	(45.1)	(49.3)	(48.2)	(46.9)	(53.1)	(55.1)	(57.0)	(60.5)	(61.7)	(62.7)
7.6	6.3	5.7	2.8	(0.4)	0.9	4.6	(17.5)	(21.0)	(23.0)	(18.5)	(17.5)	(18.0)	52.7	50.4	47.9	49.6	49.2	48.8	48.6	49.1	46.7	46.1	51.7	52.0	50.7

This is Exhibit “E” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

SECURED PROMISSORY NOTE

Principal Sum: \$50,000,000

Effective Date: February 1, 2020

1. Promise to Pay

For value received, the receipt and sufficiency of which is hereby acknowledged, **CLAIRE'S STORES CANADA CORP.** (the "**Maker**"), a company incorporated under the laws of Canada with an address at 100 King Street West, Suite 6600, 1 First Place, Toronto, Ontario, Canada, promises to pay to **CLAIRE'S CANADA CORP.** (the "**Holder**"), a corporation incorporated under the laws of Delaware with an address at 1209 Orange Street, Wilmington, Delaware, U.S., its successors and permitted assigns, or to its order, in lawful money of Canada, the Principal Amount (as defined below), with interest and costs, as set out herein, subject to and in accordance with the terms and conditions set forth herein. All payments shall be credited first to accrued interest. All references in this Note to dollar amounts shall be in Canadian funds.

2. Definitions

In this Note, unless the context otherwise requires, all capitalized terms and terms having initial capital letters shall have the **following** meanings:

- (a) "**Business Day**" means a day when banks are open for normal retail banking business in Ontario and New York (excluding Saturday and Sunday);
- (b) "**Capital Support Agreement**" means the capital support agreement effective as of the effective date hereof between Claire's Canada Corp. and the LLC (as hereinafter defined);
- (c) "**Collateral**" has the meaning ascribed to it in Section 5;
- (d) "**Common Share**" means a common share in the capital of the Maker, as a common share is described in the Maker's Articles of Association, and "Common Shares" has a corresponding meaning;
- (e) "**Equity Securities**" means any and all shares in Maker's capital, whether outstanding on the effective date hereof or issued after the effective date hereof, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing;
- (f) "**Events of Default**" has the meaning ascribed to it in Section 6;
- (g) "**Fair Market Value**" at a particular time means a value for all of the outstanding Common Shares that represents the amount at which all outstanding Common Shares would be sold to a willing buyer by a willing seller, in an open and unrestricted market, and under no compulsion to act, at that time divided by the number of outstanding Common Shares at that time;

- (h) **"Final Determination"** means the earliest to occur of:
 - i. the concurring decision of each of the Parties and the Taxing Authority;
 - ii. a final determination of the Taxing Authority in respect of which either no objection or appeal has been instituted within the time prescribed by applicable legislation or all objections and appeals have been withdrawn or discontinued before delivery of any judgment by the court of first instance;
 - iii. the decision of a court of competent jurisdiction in respect of which either no appeal has been instituted within the time prescribed by applicable legislation or all appeals have been discontinued before delivery of any judgment by the appellate court; or
 - iv. the decision of a court of competent jurisdiction from which no further appeal may be taken;
- (i) **"Guaranty"** means the guaranty of Claire's Canada Corp. in favour of the Maker effective as of the effective date hereof;
- (j) **"Interest Payment Date"** means January 31 of each year and the Maturity Date. Where any such day is not a Business Day, the relevant Interest Payment Date shall be the immediately preceding Business Day;
- (k) **"LLC"** means CSI Canada LLC, a limited liability company organized under the laws of Delaware;
- (l) **"Maturity Date"** means January 31, 2030, or if that day is not a Business Day, the next following Business Day, or such date as is accelerated in accordance with Section 7;
- (m) **"Note"** means this unsecured promissory note;
- (n) **"Payment Obligations"** has the meaning ascribed to it in Section 4(c);
- (o) **"Parties"** means the Maker and the Holder;
- (p) **"Principal Amount"** means fifty million dollars (\$50,000,000);
- (q) **"Related"** or **"person Related"** to any other person means a person who is a **"related person"** in relation to that other person, within the meaning of subsection 251(2) of the Act;
- (r) **"Specified Number of Common Shares"** has the meaning ascribed to it in Section 4(c);
- (s) **"Subscription Agreement"** means the subscription agreement effective as of the effective date hereof between LLC and the Maker;
- (t) **"Taxing Authority"** means the Canada Revenue Agency or any successor thereto or any other taxing authority having jurisdiction; and
- (u) **"Withholding Tax"** has the meaning ascribed to it in Section 4(b).

3. Terms of Payment

The Principal Amount and any accrued and **unpaid** interest shall be due and payable in full by 11:00 a.m. New York time on the Maturity Date.

4. Interest

- (a) The Maker hereby **promises** to pay interest annually in arrears on each Interest Payment Date at a fixed rate of 9.75% per annum. Interest due on this Note shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Subject to Sections 4(b) and 4(d) hereof, interest shall be payable in cash or otherwise immediately available funds. The Holder may, at any time while this Note remains outstanding, at its sole discretion, appoint a third party to act as a cash administration agent to receive the interest payments paid in cash or otherwise immediately available funds by the Maker to the Holder from time to time pursuant to this Note and the Maker agrees to accept any such appointment.
- (b) Unless a rate of Canadian withholding tax as is applicable to interest under the Income Tax Act (Canada) and the Convention between the United States of America and Canada with respect to Taxes on Income and on Capital ("**Withholding Tax**") there shall be no requirement for the Maker to remit to Canada Revenue Agency any Withholding Tax. Should a Withholding Tax be imposed pursuant to the Income Tax Act (Canada) and/or the Convention between the United States of America and Canada with respect to Taxes on Income and on Capital the Withholding Tax on the amount of interest payable on any particular Interest Payment Date will be remitted in cash directly by the Maker to the Canada Revenue Agency as payment in full for the Withholding Tax liability that arises due to the interest payment on such Interest Payment Date. Notwithstanding the foregoing, the Holder, at its option, may pay the Withholding Tax directly to the Canada Revenue Agency on behalf of the Maker, provided the Holder notifies the Maker of such intent no later than one Business Day prior to the applicable Interest Payment Date.
- (c) Provided that no Event of Default exists and is then continuing, the Maker, at its option, may upon prior written notice to the Holder (and in the case of any interest due on the Maturity Date, the Maker shall) satisfy all or any part of its indebtedness to pay interest on any particular Interest Payment Date (the portion of such interest payment obligations to be so satisfied being the "**Payment Obligation**") by the issue to the Holder of such number of Common Shares in the capital of the Maker (the "**Specified Number of Common Shares**") equal to the quotient obtained by dividing the Payment Obligation for such date by the Fair Market Value of one Common Share in the capital of the Maker on such date. If the Maker elects to satisfy its indebtedness to pay a Payment Obligation on any particular Interest Payment Date by the issue of a Specified Number of Common Shares to the Holder as provided for in this Section 4(c), then the Holder will be deemed to have subscribed on such date for the Specified Number of Common Shares for an aggregate subscription price equal to the applicable Payment Obligation and the Holder's indebtedness to pay an amount of liquidated debt equal to the subscription price for such shares in an amount equal to the amount of the applicable Payment Obligation and, as a consequence of this set-off, the respective liquidated debts of the Maker and the Holder will be paid and be fully released and discharged in the same

manner as if the Maker had paid its Payment Obligation in cash and the Holder had satisfied its obligation to pay the amount of the subscription price with cash and the Maker will add to the stated capital account maintained for its Common Shares the amount of the subscription price that has been paid by the Holder upon issuance of the Specified Number of Common Shares to the Holder.

- (d) If the Maker exercises the option to pay a Payment Obligation in the form of Common Shares as provided in Section 4(c), and
 - i. either the Holder or the Maker notifies the other that it has determined that the aggregate Fair Market Value of the Common Shares issued by the Maker to the Holder on any Interest Payment Date is not equal to the Payment Obligation due on such date, then (i) the Fair Market Value of the issued Common Shares will be redetermined, (ii) if the Fair Market Value of the issued Common Shares so redetermined is greater than the Payment Obligation of that date, the Holder will account to the Maker for the excess by transferring to the Maker (and the Maker will cancel) the number of issued Common Shares equal to such excess, (iii) if the Fair Market Value of the issued Common Shares so redetermined is less than the Payment Obligation on that date, the Maker will account for such deficiency by issuing additional Common Shares to the Holder having a redetermined Fair Market Value equal to such deficiency, and (iv) such adjustments will be effective as of the issue date, or
 - ii. if any Taxing Authority alleges that the basis or methodology for determination of the Fair Market Value of the Common Shares issued by the Maker to the Holder on any Interest Payment Date was incorrect, or proposes to make an assessment of tax of any Party or any person Related to any Party on the basis that any gift, benefit or advantage is or has been conferred on any person by reason of the basis or methodology for determination of the Fair Market Value of the Common Shares issued by the Maker to the Holder on any Interest Payment Date being incorrect, the Parties agree that the Fair Market Value of the Common Share issued by the Maker to the Holder on such Interest Payment Date shall be, and be deemed always to have been, equal to the Fair Market Value of the Common Shares issued by the Maker to the Holder on such Interest Payment Date determined in accordance with the Final Determination. In the event of such Final Determination, the Payer and the Holder shall make such adjustments and execute such documents as are necessary to adjust the Specified Number of Common Shares issued on such Interest Payment Date to such other number of shares that represents the Specified Number of Common Shares issuable if the Fair Market Value of the Common Shares had been the amount determined by the Final Determination. If such adjustment to the Specified Number of Common Shares occurs prior to the Maturity Date, the adjustment shall be made by adjusting the Specified Number of Common Shares issued on the next Interest Payment Date. If the adjustment to the Specified Number of Common Shares occurs after the Maturity Date, the Parties shall make such other adjustments as may be reasonable or necessary under the circumstances, including (i) the Holder transferring to the Maker (and the Maker cancelling) the number of issued Common Shares equal to any excess Common Shares determined to have been issued to the Holder or (ii) the

Payer delivering to the Holder (for no additional consideration) additional Common Shares with a Fair Market Value equal to the deficiency, in each case after adjustments in respect of any dividends that may have been declared or paid, all to reflect on a *nunc pro tunc* basis the Specified Number of Common Shares determined pursuant to such Final Determination, but for greater certainty no amount shall be added to or deducted from the capital account of the Payer for such Common Shares in connection with such adjustment.

5. Security Agreement

As continuing security for the payment and performance of all of its obligations pursuant to this Note, the Maker hereby grants to the Holder a first priority security interest in all of the Maker's rights, title and interest to and under the Subscription Agreement and the proceeds received therefrom (the "**Collateral**"). The Maker will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Holder from time to time such financing statements, and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted which the Holder reasonably deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral. The Maker hereby constitutes the Holder its attorney-in-fact to execute and file in the name and on behalf of the Maker such additional financing statements as the Holder may reasonably request, such acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable until this Note is paid in full. Further, to the extent permitted by applicable law, the Maker authorizes the Holder to file any such financing statements without the signature of the Maker. The Maker will pay all applicable filing fees and related expenses in connection with any such financing statements.

6. Events of Default

Each of the following events shall be considered an "**Event of Default**" under this Note:

- (a) the Maker fails to pay interest owing hereunder on the date when it becomes due and payable hereunder and such breach or failure is not cured within 2 Business Days of the date on which the Maker receives written notice thereof from the Holder;
- (b) the Maker fails to make payment of the Principal Amount or any other amount payable under this Note, other than interest, on the date when it becomes due and payable hereunder and such breach or failure is not cured within 2 Business Days of the date on which the Maker receives written notice thereof from the Holder;
- (c) the Maker commits a breach of, or fails to observe or perform, any material covenant of this Note and such breach or failure is not cured within 20 Business Days of the date on which the Maker receives written notice thereof from the Holder;
- (d) the Maker acknowledges its insolvency or is declared or becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or commences any other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in any proceeding

commenced against it, or shall fail generally to pay its debts as they become due, or shall take any corporate or partnership action to authorize any of the foregoing;

- (e) a petition or application for a bankruptcy order or other proceeding shall be commenced against the Maker seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such proceeding shall remain undismissed or unstayed for a period of 90 days, or an order for relief shall be entered against the Maker under the applicable bankruptcy laws as now or hereafter in effect;
- (f) a resolution of the Maker's shareholder is passed to terminate the corporate existence of the Maker;
- (g) the Maker contests the enforceability of this Note;
- (h) the Maker sells the majority of its assets to any one person (other than the Holder or any of its subsidiaries or affiliates) over an unlimited period of time or to two or more persons (not counting the Holder or any of its subsidiaries or affiliates) within a 12-month period; or
- (i) a change of control of the Maker occurs whereby any person (other than the Holder or any of its subsidiaries or affiliates) becomes the beneficial owner of 50% or more of the combined voting power of the Maker's then outstanding voting securities.

7. Remedies

Upon the occurrence of an Event of Default, the Holder shall have the right, without demand or notice, to accelerate the Maturity Date of this Note and to declare the entire unpaid Principal Amount and the obligations evidenced hereby immediately due and payable and to see and obtain payment of this Note. In addition, the Holder may exercise all of the rights and remedies of a secured party under applicable law, provided that the Holder's recourse against the Maker shall be in the following order of priority: first, against the Collateral, and next, against the other assets of the Maker, provided, however, that it is understood and hereby agreed by the Parties that the rights of the Holder in this last respect are unsecured and shall be subordinate and junior in right of payment to the payment in full of the rights of all secured creditors of the Maker.

8. Set-Off

At the option of the Maker, and without a requirement of prior written notice to the Holder, the Maker shall be entitled to set-off any Principal Amount due and payable against an equivalent amount of liquidated debt owing by (i) LLC to the Maker arising under the Subscription Agreement if the Note has been properly assigned to LLC, or (ii) the Holder to the Maker under the Guaranty, in accordance with the terms set forth in the Subscription Agreement and Guaranty, respectively. In order for the Maker to assert the right of set-off, the debt owing to it by LLC or by the Holder, as applicable, must be a liquidated amount and currently due and payable. The Parties agree that the Maker's obligation to pay the Principal Amount shall be satisfied to the extent of the amount of any such set-off.

9. Successors and Assigns

This Note shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, provided that this Note may not be assigned by either the Maker or the Holder, except in the following circumstances:

- (a) The Maker consents to the assignment of this Note at the option of the Holder in favour of LLC in connection with the Holder's commitment to LLC under the Capital Support Agreement; and
- (b) The Maker consents to the assignment of this Note by the Holder to another party as long as:
 - i. Holder's rights and obligations under the Capital Support Agreement and the Guaranty,
 - ii. LLC's rights and obligations under the Subscription Agreement, and
 - iii. Holder's shares of LLC are also transferred and assumed (as applicable) by the same party at that time. Any purported assignment in violation of this Section 9 shall be null and void.

10. Governing Law

This Note is governed by the laws of the province of Ontario and the federal laws of Canada applicable therein.

11. Extensions and Waivers

No delay or omission in the exercise of any power, remedy or right herein provided or otherwise available to the Holder shall impair or affect the right of the Holder thereafter to exercise the same. No extension of time or other waiver shall be effective unless agreed to in writing by the Holder. Any extension of time or other waiver granted to the Maker hereunder shall not otherwise alter or affect any power, remedy or right of the Holder, or the obligations of the Maker except as specifically extended or waived.

12. No Third-Party Benefits

None of the provisions of this Note shall be for the benefit or, or enforceable by, any third-party beneficiary.

13. Attorneys' Fees

In the event of any litigation or other action to collect or enforce this Note, the Holder shall be entitled to, in addition to any other damages assessed, its reasonable attorneys' fees, and all other costs and expenses incurred in connection with such litigation or action. In addition to the foregoing award of attorneys' fees to the Holder, the Holder shall be entitled to its reasonable attorneys' fees, costs and expenses incurred in any post judgment proceedings to collect or enforce the judgment. This attorneys' fees provision is separate and several and shall survive the merger of this Note into any judgment.

14. Absolute Obligations

Except as set forth in Sections 4(c), 4(d) and 8 hereof, the Maker specifically and knowingly waives any right to set-off or any other similar defense to this Note, and the Maker waives presentment, notice of nonpayment or dishonor, protest, notice of protest, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of this Note.

15. Notices

Any notice to be given hereunder shall be in writing and sent to the Holder's or Maker's address as specified in the first paragraph hereof, and shall be deemed received on the date of receipt, if personally delivered or if sent by courier (charges prepaid, with proof of delivery), or three days after deposit of such notice in the Canadian mail, if sent postage prepaid, certified mail, return receipt requested.

16. Note Not Convertible

This Note is not convertible into Equity Securities.

17. Entire Agreement

This Note constitutes the entire agreement between the Parties with regard to the subject matter hereof. There are no representations, warranties, conditions, other agreements or acknowledgements, whether direct or collateral, express or implied, that form part of this Note, other than as set forth herein.

18. Amendment

This Note may not be amended or modified in any respect except by written instrument signed by both the Maker and the Holder or their respective successors or permitted assigns.

[The remainder of this page has be intentionally left blank.]

IN WITNESS WHEREOF, the Maker has executed this Note as of the day and year set forth below.

CLAIRE'S CANADA CORP.

By: MS
Name: Michael Schwindle
Its: Executive Vice President, Chief Financial Officer
Date: June 9, 2021

Accepted and agreed:

CLAIRE'S STORES CANADA CORP.

By: MS
Name: Michael Schwindle
Its: Executive Vice President, Chief Financial Officer
Date: June 9, 2021

This is Exhibit “F” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.

A handwritten signature in black ink, appearing to read 'Andrew Rintoul', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

Search ID #: Z19024292

Transmitting Party

WEST-END REGISTRATIONS LICENSING & SEARCHES
LTD. (P158)

10011 170 STREET
EDMONTON, AB T5P 4R5

Party Code: 50076967
Phone #: 780 483 8211
Reference #: 06656364-157336

Search ID #: Z19024292

Date of Search: 2025-Aug-01

Time of Search: 12:16:11

Business Debtor Search For:

CLAIRE'S STORES CANADA CORP.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z19024292

Business Debtor Search For:

CLAIRE'S STORES CANADA CORP.

Search ID #: Z19024292

Date of Search: 2025-Aug-01

Time of Search: 12:16:11

Registration Number: 25071832061

Registration Date: 2025-Jul-18

Registration Type: REPORT OF SEIZURE

Registration Status: Current

Registration Term: Infinity

Service Area 3

Property has been seized under LRO.

Amount being seized for is \$13,929.69.

Property was seized on 2025-Jul-17

<u>Registration Type</u>	<u>Date</u>	<u>Registration #</u>	<u>Value</u>
Report of Seizure	2025-Jul-17	25071832061	\$13,929.69

Exact Match on: Debtor No: 1

Solicitor / AgentBCIMC REALTY CORP
1000 MOLLY BANISTER DRIVE
RED DEER, AB T4N 1N9**Civil Enforcement Agent**PRAIRIE BAILIFF SERVICES
BAY 6, 4291 - 120 AVENUE SE
CALGARY, AB T2Z 4J7
Phone #: 403 517 3493 Fax #: 403 517 3495**Debtor(s)****Block**1 CLAIR'S STORES CANADA CORP
3 SW 129TH AVENUE
PEMBROKE, FL 33027**Status**

Current

Search ID #: Z19024292

Creditor(s)

<u>Block</u>		<u>Status</u>
1	BCIMC REALTY CORP 1000 MOLLY BANISTER DRIVE RED DEER, AB T4N 1N9	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	any and all property to satisfy the Warrant located at Unit 191 - 4900 Molly Banister Drive, Red Deer, AB T4R 1N9	Current

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1	RD20250734032	Current

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
2	all assets have been seized and left on a Bailee's Undertaking. For further inquiries please contact Prairie Bailiff Services	Current

Result Complete

This is Exhibit “G” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Business Debtor - "Claire's Stores Canada Corp."

Search Date and Time: August 1, 2025 at 11:16:03 am Pacific time
Account Name: Dye & Durham Corporation

NO REGISTRATIONS SELECTED

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been selected by the searching party.



Sue Shaunessy



Logoff

Services

Account Services

Account
StatementsRegistration
ServicesFinancing
Statement

Change Statement

Discharge
Statement

Global Change

Search Services

Individual Debtor

Business Debtor

Registration
Number

Serial Number

Document Copies

Other Services

Fees

Party Code

Registration History

Contact Us

eRegistration

Land Titles Online

Plan Deposit
Submission

Title Check

Account, Fees, and
Payment

Business Debtor

Search
ResultsPrint
RequestsMailing
Information

Payment

Help

Search by Business Debtor

Date: 2025-08-01

Time: 1:21:25 PM

Transaction Number: 10279621147

Business Name: Claire's Stores Canada Corp.

0 exact matches were found.**0 similar matches were found.**

Additional Options:

To request Printed Search Results or Printed Registered Documents, please select the "Print Requests" tab.

To start a new search, please select the "New Search" button:

New Search

Search
ResultsPrint
RequestsMailing
Information

Payment

[Printer Friendly Version](#)

Privacy

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	New Brunswick
Type of Search:	Debtors (Enterprise)
Search Criteria:	Claire's Stores Canada Corp.
Date and Time of Search (YYYY-MM-DD hh:mm):	2025-08-01 15:31 (Atlantic)
Transaction Number:	27380619
Searched By:	S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
-------	----------	------------------------------------	-----------------	-------

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Newfoundland and Labrador
Type of Search:	Debtors (Enterprise)
Search Criteria:	Claire's Stores Canada Corp.
Date and Time of Search (YYYY-MM-DD hh:mm):	2025-08-01 15:31 (Atlantic)
Transaction Number:	27380623
Searched By:	S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
-------	----------	------------------------------------	-----------------	-------

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	Claire's Stores Canada Corp.
Date and Time of Search (YYYY-MM-DD hh:mm):	2025-08-01 15:32 (Atlantic)
Transaction Number:	27380625
Searched By:	S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
-------	----------	------------------------------------	-----------------	-------

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

Enquiry Result

File Currency: 31JUL 2025

All Pages ▾

[Show All Pages](#)

Note: All pages have been returned.

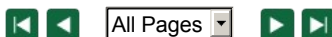
Type of Search	Business Debtor								
Search Conducted On	CLAIRE'S STORES CANADA CORP.								
File Currency	31JUL 2025								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	513079497	1	1	1	2	08JUL 2025	D DISCHARGED		
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number		Registered Under	Registration Period	
513079497		001	001		20250131 0815 1031 3367		P PPSA	05	
Individual Debtor	Date of Birth		First Given Name			Initial		Surname	
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	CLAIRE'S STORES CANADA CORP.								
	Address					City	Province	Postal Code	
	3 SW 129TH AVE UNIT					PEMBROKE PINES FL	USA	33027	
Individual Debtor	Date of Birth		First Given Name			Initial		Surname	
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	ICING BY CLAIRE'S #8745								
	Address					City	Province	Postal Code	
Secured Party	Secured Party / Lien Claimant								
	HIS MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE								
	Address					City	Province	Postal Code	
	400-130 DUFFERIN AVENUE					LONDON	ON	N6A 6G8	
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X		8999		
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								

MINISTRY OF FINANCE,AM & COLLECTIONS BRANCH, EHT, BN#865492359				
	Address	City	Province	Postal Code
	400-130 DUFFERIN AVENUE, (090/746)	LONDON	ON	N6A 6G8

CONTINUED

Type of Search	Business Debtor				
Search Conducted On	CLAIRE'S STORES CANADA CORP.				
File Currency	31JUL 2025				
	File Number	Family	of Families	Page	of Pages
	513079497	1	1	2	2
FORM 3C FINANCING CHANGE STATEMENT / CHANGE STATEMENT					
	Registration Number				
	20250708 0849 1031 7078				
Record Referenced	File Number	Change Required		Renewal Years	
	513079497	C DISCHRG			
Individual Debtor	First Given Name	Initial	Surname		
Business Debtor	Business Debtor Name			Ontario Corporation Number	
	CLAIRE'S STORES CANADA CORP.				
Registering Agent	Registering Agent/ Secured Party/ Lien Claimant				
	MINISTRY OF FINANCE,AM & COLLECTIONS BRANCH, EHT BN#865492359				
	Address		City	Province	Postal Code
	400-130 DUFFERIN AVENUE, (188/746)		LONDON	ON	N6A 6G8

LAST PAGE

Note: All pages have been returned.[BACK TO TOP](#)[Show All Pages](#)

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Web Page ID: **WEnqResult**System Date: **01AUG2025**

Last Modified: May 04, 2025

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This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Prince Edward Island
Type of Search:	Debtors (Enterprise)
Search Criteria:	Claire's Stores Canada Corp.
Date and Time of Search (YYYY-MM-DD hh:mm):	2025-08-01 15:32 (Atlantic)
Transaction Number:	27380628
Searched By:	S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
-------	----------	------------------------------------	-----------------	-------

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

Date, heure, minute de certification : **2025-08-01 09:19**

Critère de recherche Nom d'organisme : **Claire's Stores Canada Corp.**

Résultat exact (0)

Aucun droit n'est inscrit au registre sous le nom consulté. Pour une recherche complète, il est recommandé de consulter aussi les résultats apparaissant sous l'onglet « Nom présentant des similarités », s'il y a lieu.

Date, heure, minute de certification : **2025-08-01 09:19**

Critère de recherche Nom d'organisme : **Claire's Stores Canada Corp.**

Noms présentant des similarités (6)

Nom	Code postal	Nombre de fiches détaillées
<input type="checkbox"/> CANADAA INC	J5C 1W2	
<input type="checkbox"/> CORJ INC	J7R 6P5	
<input type="checkbox"/> CORPORATION HELICO STORE INC	J3Y 8Y9	
<input type="checkbox"/> DES CANADA	H4S 1X7	
<input type="checkbox"/> HCOR INC	G1B 1K4	
<input type="checkbox"/> HELICO STORE CORPORATION INC	J3Y 8Y9	



Saskatchewan Personal Property Registry Search Result

Searching Party: OnCorp Direct Inc.
Search Date: 01-Aug-2025 12:18:17
Search Type: Standard

Search #: 204817190
Client Reference:
Control #:

Search Criteria

Search By: Business Debtor Name

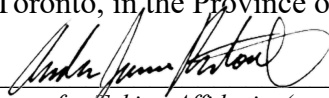
Business Name

Claire's Stores Canada Corp.

There are no registration(s) found in the Saskatchewan Personal Property Registry to match the search criteria entered.

End of Search Result

This is Exhibit “H” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

Fill in this information to identify the case:

United States Bankruptcy Court for the:

District of Delaware

(State)

Case number (if known): _____

Chapter 11☐ Check if this is an amended filingOfficial Form 201**Voluntary Petition for Non-Individuals Filing for Bankruptcy**

04/25

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's Name Claire's Holdings LLC

2. All other names debtor used in the last 8 years

Include any assumed names, trade names, and *doing business as* names

3. Debtor's federal Employer Identification Number (EIN)

3 6 - 4 6 0 9 6 1 9

4. Debtor's address

Principal place of business**Mailing address, if different from principal place of business**

2400 West Central Road
Number Street

Number Street

Hoffman Estates IL 60192
City State Zip Code

P.O. Box

City State Zip Code

Location of principal assets, if different from principal place of business

Cook
County

Number Street

City State Zip Code

5. Debtor's website (URL) https://www.claire.com/us

6. Type of debtor

☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))

☐ Partnership (excluding LLP)

☐ Other. Specify: _____

Debtor Claire's Holdings LLC
Name

Case number (if known) _____

7. Describe debtor's business**A. Check One:**

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
- ☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- ☐ Railroad (as defined in 11 U.S.C. § 101(44))
- ☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
- ☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
- ☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
- ☒ None of the above

B. Check all that apply:

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)
- ☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
- ☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes> .
4599 - Other Miscellaneous Retailers

8. Under which chapter of the Bankruptcy Code is the debtor filing?**Check One:**

- ☐ Chapter 7
- ☐ Chapter 9
- ☒ Chapter 11. **Check all that apply:**
- ☐ Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$3,424,000 (amount subject to adjustment on 4/01/28 and every 3 years after that).
- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and it chooses to proceed under Subchapter V of Chapter 11.
- ☐ A plan is being filed with this petition.
- ☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- ☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.
- ☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.
- ☐ Chapter 12

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

- ☒ No
- ☐ Yes.

District _____

District _____

When MM/DD/YYYY

When MM/DD/YYYY

Case number _____

Case number _____

If more than 2 cases, attach a separate list.

Debtor Claire's Holdings LLC
Name

Case number (if known) _____

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?☐ No☒ Yes.

Debtor

See Rider 1

Relationship

Affiliate

District

District of Delaware

When

08/06/2025

List all cases. If more than 1, attach a separate list.

Case number, if known _____

MM / DD / YYYY

11. Why is the case filed in this district?*Check all that apply:*☒ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.☐ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.**12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?**☒ No☐ Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.**Why does the property need immediate attention? (Check all that apply.)**☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.

What is the hazard? _____

☐ It needs to be physically secured or protected from the weather.☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).☐ Other _____**Where is the property?**

Number

Street

City

State

Zip Code

Is the property insured?☐ No☐ Yes. Insurance agency _____

Contact name _____

Phone _____

Statistical and administrative information**13. Debtor's estimation of available funds***Check one:*☒ Funds will be available for distribution to unsecured creditors.☐ After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.**14. Estimated number of creditors (on a consolidated basis)**☐ 1-49☐ 1,000-5,000☒ 25,001-50,000☐ 50-99☐ 5,001-10,000☐ 50,001-100,000☐ 100-199☐ 10,001-25,000☐ More than 100,000☐ 200-999

Debtor Claire's Holdings LLC
Name

Case number (if known)

15. Estimated assets (on a consolidated basis)	<input type="checkbox"/>	\$0-\$50,000	<input type="checkbox"/>	\$1,000,001-\$10 million	<input type="checkbox"/>	\$500,000,001-\$1 billion
	<input type="checkbox"/>	\$50,001-\$100,000	<input type="checkbox"/>	\$10,000,001-\$50 million	<input checked="" type="checkbox"/>	\$1,000,000,001-\$10 billion
	<input type="checkbox"/>	\$100,001-\$500,000	<input type="checkbox"/>	\$50,000,001-\$100 million	<input type="checkbox"/>	\$10,000,000,001-\$50 billion
	<input type="checkbox"/>	\$500,001-\$1 million	<input type="checkbox"/>	\$100,000,001-\$500 million	<input type="checkbox"/>	More than \$50 billion
16. Estimated liabilities (on a consolidated basis)	<input type="checkbox"/>	\$0-\$50,000	<input type="checkbox"/>	\$1,000,001-\$10 million	<input type="checkbox"/>	\$500,000,001-\$1 billion
	<input type="checkbox"/>	\$50,001-\$100,000	<input type="checkbox"/>	\$10,000,001-\$50 million	<input checked="" type="checkbox"/>	\$1,000,000,001-\$10 billion
	<input type="checkbox"/>	\$100,001-\$500,000	<input type="checkbox"/>	\$50,000,001-\$100 million	<input type="checkbox"/>	\$10,000,000,001-\$50 billion
	<input type="checkbox"/>	\$500,001-\$1 million	<input type="checkbox"/>	\$100,000,001-\$500 million	<input type="checkbox"/>	More than \$50 billion

Request for Relief, Declaration, and Signatures

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

17. Declaration and signature of authorized representative of debtor The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.
 I have been authorized to file this petition on behalf of the debtor.
 I have examined the information in this petition and have a reasonable belief that the information is true and correct.
 I declare under penalty of perjury that the foregoing is true and correct.

Executed on 08/06/2025
MM/DD/YYYY

X /s/ Chris Cramer
Signature of authorized representative of debtor
 Title Authorized Signatory

Chris Cramer
Printed name

18. Signature of attorney **X** /s/ Zachary I. Shapiro Date 08/06/2025
Signature of attorney for debtor MM/DD/YYYY

Zachary I. Shapiro
Printed name

Richards, Layton & Finger, P.A.
Firm name

One Rodney Square, 920 N. King Street
Number Street

Wilmington

Delaware
State

19801
ZIP Code

(302) 651-7700
Contact phone

shapiro@rlf.com
Email address

5103

Delaware
State

Bar number

Fill in this information to identify the case:

United States Bankruptcy Court for the:

District of Delaware

(State)

Case number (if known): _____

Chapter 11☐ Check if this is an amended filing**Rider 1****Pending Bankruptcy Cases Filed by the Debtor and Affiliates of the Debtor**

On the date hereof, each of the entities listed below (collectively, the “Debtors”) filed a petition in the United States Bankruptcy Court for the District of Delaware for relief under chapter 11 of title 11 of the United States Code. The Debtors have moved for joint administration of these cases under the case number assigned to the chapter 11 case of Claire’s Holdings LLC.

- Claire’s Holdings LLC
- BMS Distributing Corp.
- CBI Distributing Corp.
- Claire’s (Gibraltar) Holdings Limited
- Claire’s Boutiques, Inc.
- Claire’s Canada Corp.
- Claire’s Intellectual LLC
- Claire’s Puerto Rico Corp.
- Claire’s Stores, Inc.
- Claire’s Swiss Holdings II LLC
- Claire’s Swiss Holdings LLC
- CLSIP Holdings LLC
- CLSIP LLC
- CSI Canada LLC

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
CLAIRE'S HOLDINGS LLC,)	Case No. 25-_____()
)	
Debtor.)	
)	

LIST OF EQUITY SECURITY HOLDERS¹

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Accessory Holdings LP	C/O Elliott Management Corporation, 40 West 57th Street New York, NY 10019	Common Shares	27.33%
Ensemble Investment Holdings LLC	535 Madison Ave 26th Floor, New York, NY 10022	Common Shares	19.39%
Elliott Associates LP Elliott Associates LP	C/O Elliott Management Corporation 40 West 57 Street, New York, NY 10019	Common Shares	12.28%
Goldman Sachs & Co. LLC	200 West Street, New York, NY 10282	Common Shares	5.73%
Diameter Master Fund LP	24 West 40th Street 5th Floor, New York, NY 10018	Common Shares	3.77%
JPMorgan High Yield Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	2.14%
JP Morgan Securities LLC	500 Stanton Christiana Road Newark, DE 19713	Common Shares	2.03%
UBS AG London Branch	1285 Avenue of Americas, New York, NY 10019	Common Shares	1.98%
Lord Abbett Bond Debenture Fund Inc.	Lord Abbett & Co. LLC As. Inv. Adv., 90 Hudson Street Jersey City, NJ 07302	Common Shares	1.94%
Venor Capital Master Fund Ltd	7 Times Square Tower, 43rd Floor Suite 4303 New York, NY 10036	Common Shares	1.79%

¹ This list serves as the disclosure required to be made by the debtor pursuant to Rule 1007 of the Federal Rules of Bankruptcy Procedure. All equity positions listed indicate the record holder of such equity as of the date of commencement of the chapter 11 case.

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Redwood Master Fund Ltd	C/O Redwood Capital Management LLC, 910 Sylvan Ave Englewood Cliffs, NJ 07632	Common Shares	1.78%
Allianz Income and Growth Fund	600 W Broadway 30th Floor, San Diego, CA 92037	Common Shares	1.75%
JPMorgan Investment Funds Global High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713	Common Shares	1.62%
Venor Special Situations Fund II LP	7 Times Square Tower, 43rd Floor Suite 4303 New York, NY 10036	Common Shares	1.31%
Trevithick LP	Raven Holdings II LP Tranche 2, 142 W 57th St 11 Floor New York City, NY 10019	Common Shares	1.30%
Lord Abbett Investment Trust Lord Abbett High Yield Fund	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street Jersey City, NJ 07302	Common Shares	0.96%
Wazee Street Opportunities Fund IV LP	8101 E Prentice Ave Suite 610, Greenwood Village, CO 80111	Common Shares	0.74%
Principal Funds Inc. High Yield Fund	711 High Street Des Moines, IA 50392	Common Shares	0.52%
JPMorgan Investment Funds Global Income Fund	JP Morgan Asset Management Corp. Actions, 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713	Common Shares	0.51%
JPMorgan Investment Funds Global Income Fund	500 Stanton Christiana Rd Ops 2, Floor 2 Newark, DE19713	Common Shares	0.50%
JPMorgan Floating Rate Income Fund	500 Stanton Christiana Rd Ops 2, Floor 2 Newark, DE19713	Common Shares	0.43%
JP Morgan Strategic Income Opportunities Fund	500 Stanton Christiana Rd Ops 2, Floor 2 Newark, DE19713	Common Shares	0.41%
Commingled Pension Trust Fund High Yield of JPMorgan Chase Bank NA	500 Stanton Christiana Rd Ops 2, Floor 2 Newark, DE19713	Common Shares	0.41%
Simon Charitable Private LLC	1000 Lakeside Avenue, Cleveland, OH 44114	Common Shares	0.37%
Simon Marketable LP	1000 Lakeside Avenue, Cleveland, OH 44114	Common Shares	0.37%
BOFA Securities Inc	150 N College SR NC1-028-17-06, Charlotte, NC 28255	Common Shares	0.34%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
JPMorgan Strategic Income Opportunities Fund	JP Morgan Asset Management Corp. Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.33%
PW Focus Fund LLC	1000 Lakeside Avenue, Cleveland Oh 44114	Common Shares	0.30%
Raven Holdings II LP	7 Times Square Tower, 43rd Floor Suite 4303, New York, NY 10036	Common Shares	0.30%
JPMorgan Income Builder Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.30%
Marathon Centre Street Partnership LP	One Bryant Park, 38th Floor, New York, NY 10036	Common Shares	0.30%
Marathon Special Opportunity Master Fund Ltd	One Bryant Park, 38th Floor, New York, NY 10036	Common Shares	0.26%
JPMorgan Core Plus Bond Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.25%
JPMorgan Income Builder Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.24%
Commingled Pension Trust Fund Corporate High Yield of JPMorgan Chase	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.21%
LVIP JPMorgan High Yield Fund	500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.19%
Mizuho US High Yield Open LA US Dollar Denominated High Yield Bond Mother FD	Lord Abbett & Co LLC, 90 Hudson Street Jersey City, NJ 07302	Common Shares	0.19%
JPMorgan Multi Income Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.18%
Banque Pictet & Cie Europe SA	15 Avenue John F Kennedy, Luxembourg, 1855 Luxembourg	Common Shares	0.16%
BBH & Co FBO Lord Abbett Passport Portfolios PLC Lord Abbett HY Fund	Attn: Corporate Actions Vault, 140 Broadway, New York, NY 10005	Common Shares	0.16%
Migros Pensionskasse Fonds	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops FL 2 Newark, DE 19713	Common Shares	0.15%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Lord Abbett Series Fund Inc Bond Debenture Portfolio	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.14%
Marathon Credit Dislocation Fund LP	One Bryant Park 38th Floor New York, NY 10036	Common Shares	0.14%
Pension Benefit Guaranty Corporation	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.13%
TRS Credit Fund LP	One Bryant Park, 38th Floor, New York, NY 10036	Common Shares	0.13%
JPMorgan Funds Global Bond Opportunities Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.13%
Northrop Grumman Pension Master Trust JP Morgan Investment Management Inc	JP Morgan Asset Management, 500 Stanton Christiana Road Ops 2 FL, Newark, DE 19713	Common Shares	0.12%
Invesco Zodiac Funds Invesco US Senior Loan Fund Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor. New York, NY 10036	Common Shares	0.11%
Marathon Blue Active Fund Ltd.	C/O Marathon Asset Management LP ,One Bryant Park, 38th Floor, New York, NY 10036	Common Shares	0.11%
JPMorgan Multi Income Fund by JP Morgan Investment Management Inc	JP Morgan Asset Management, 500 Stanton Christiana Road Ops 2 FL, Newark, DE 19713	Common Shares	0.11%
Kyburg Institutional Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL, Newark, DE 19713	Common Shares	0.11%
SEI Institutional Investments Trust High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.11%
JPMorgan Investment Funds Income Opportunity Fund	JP Morgan Asset Management Corp. Action 500, Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.11%
Map 139 Segregated Portfolio of LMA SPC	7 Times Square Tower 43rd Floor, Suite 4303, New York, NY 10036	Common Shares	0.10%
Marathon Bluegrass Credit Fund LP	One Bryant Park 38th Floor, New York, NY 10036	Common Shares	0.10%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
US High Yield Bond Fund A Series of Kokusai Trust	JP Morgan Asset Management, 500 Stanton Christiana Road Ops 2 FL 2, Newark, DE 19713	Common Shares	0.10%
Advanced Series Trust AST High Yield Portfolio	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.10%
LA US High Yield Bond Fund	Lord Abbett & Co LLC As. Inv. Adviser, 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.10%
JPMorgan Unconstrained Debt Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.09%
JPMorgan Global Bond Opportunities Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.09%
JPMorgan Investment Funds Income Opportunity Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.09%
Invesco Floating Rate Fund Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor, New York, NY 10036	Common Shares	0.09%
Millstreet Credit Fund LP	C/O Millstreet Capital Partners LLC, 545 Boylston St 8th FL, Boston, MA 02116	Common Shares	0.09%
Multiflex SICAV - Strategic Insurance Distribution Fund	C/O Danielle Carder, 500 Stanton Christiana Road FL 2, Newark, DE 19713	Common Shares	0.08%
Oppenheimer Global Strategic Income Fund C Ryan Miller	6803 S. Tucson Way, Centennial, CO 80112	Common Shares	0.08%
JPMorgan Funds Global Strategic Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.08%
Emblask LP	154 Grand St, New York, NY 10013	Common Shares	0.07%
Aon Hewitt Investment Consulting Inc	500 Stanton Christiana Rd Ops 2, Floor 2, Newark, DE 19713	Common Shares	0.07%
Virginia Retirement System	JP Morgan Asset Management, 500 Stanton Christiana Road Ops 2 FL 2, Newark, DE 19713	Common Shares	0.06%
JPMorgan Funds US High Yield Plus Bond Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.06%
SEI Institutional Managed Trust High Yield Bond Fund	JP Morgan Asset Management Corp. Acton, 500 Stanton	Common Shares	0.06%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
	Christian Rd Ops 2 FL 2, Newark, DE 19713		
US High Yield Bond Fund The Initial Series Of GIM Trust	JPM Asset Mgmt., 500 Stanton Christiana Road Ops 2 FL 2, Newark, DE 19713	Common Shares	0.06%
Invesco Senior Loan Fund Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor, New York, NY 10036	Common Shares	0.06%
Principal Life Insurance Company Principal Core Plus Bond Separate Acct	711 High Street, Des Moines, IA 50392	Common Shares	0.06%
Invesco Dynamic Credit Opportunities Fund Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor, New York, NY 10036	Common Shares	0.05%
Oaktree Principal V Continuation Fund (Delaware) Holdco LP	333 S Grand Ave 28th FL, Los Angeles, CA 90071	Common Shares	0.05%
Invesco Global Short Term High Yield Bond ETF Rudolf Reitmann	3500 Lacey Road 8th Floor, Downers, Grove IL 60515	Common Shares	0.05%
Louisiana State Employees Retirement System	Attn: Albert Cheung 485 Lexington Avenue, 15th Floor, New York, NY 10017	Common Shares	0.05%
Invesco Senior Income Trust Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor, New York, NY 10036	Common Shares	0.05%
JPMorgan Global Bond Opportunities Fund	JP Morgan Asset Management Corp Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.05%
Teachers Retirement System of Oklahoma	Lord Abbett & Co LLC As. Inv. Adv. 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.05%
Invesco Global Short Term HY Bond ETF Rudolf Reitmann Head of Global ETF SVC	3500 Lacey Rd, 8th Floor, Downers Grove, IL 60515	Common Shares	0.04%
JPMorgan Fund ICVC JPM Unconstrained Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2, FL 2, Newark, DE 19713	Common Shares	0.04%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
BBH & Co FBO Lord Abbett Passport Portfolios PLCMULTI Sector Income Fund	Attn: Corporate Actions Vault 140, Broadway, New York, NY 10005	Common Shares	0.04%
JPMorgan Global Allocation Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.04%
Lord Abbett High Yield Core Trust II	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.04%
JPMorgan Funds Global Bond Opportunities Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.04%
BBH & Co FBO SEI Global Master Fund PLC The SEI High Yield Fixed Income FD	Attn: Corporate Actions Vault, 140 Broadway, New York, NY 10005	Common Shares	0.04%
JPMorgan Fund ICVC JPM Global High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Common Shares	0.04%
GIM Trust 2 Senior Secured Loan Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.04%
American Airlines Inc. Master Fixed Benefit Pension Trust	JP Morgan Asset Management, 500 Stanton Christiana Road Ops 2 FL 2, Newark, DE 19713	Common Shares	0.04%
JPMorgan Unconstrained Debt Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.04%
Southern Ute Indian Tribe	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.04%
Commingled Pension Trust Fund Core Plus Bond of JPMorgan Chase	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
JPMorgan Total Return Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
Embo Fonds	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
Oppenheimer Global Strategic Income Fund VA C Ryan Miller	6803 S. Tucson Way, Centennial, CO 80112	Common Shares	0.03%
Principal Funds Inc. Core Plus Bond Fund	711 High Street, Des Moines, IA 50392	Common Shares	0.03%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
UI Fonds BAV RBI Renten	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
JPMorgan Funds Global Strategic Bond Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
Stichting Blue Sky Active High Yield Fixed Income USA Fund	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.03%
JP Morgan Funds Global Bond Opportunities Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
Commingled Pension Trust Fund Floating Rate Income of JPMorgan Chase	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.03%
Advanced Series Trust AST JP Morgan Strategic Opportunities Portfolio	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Advanced Series Trust AST JP Morgan Global Thematic Portfolio	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
JPMorgan Global Bond Opportunities Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Tennessee Consolidated Retirement System	Attn: Suzan LLC and Jeff Dunn 502 Deaderick St, 13th FL, Andrew Jackson Bldg., Nashville, TN 37243	Common Shares	0.02%
Mark Smith	[Redacted]	Common Shares	0.02%
IBM 401k Plus Plan	JP Morgan Asset Management 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Renaissance Investment Holdings Ltd	Lord Abbett & Co LLC As. Inv. Adv. 90 Hudson Street, Jersey City, NJ 07302	Common Shares	0.02%
JPMorgan Fund ICVC JPM Unconstrained Bond Fund	500 Stanton Christiana Rd Ops FL 2, Newark, DE 19713	Common Shares	0.02%
Advanced Series Trust AST JP Morgan Strategic Opportunities Portfolio	JP Morgan Asset Management, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
US High Yield Bond Fund	JP Morgan Asset Management, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Metropolitan Life Insurance Company by JP Morgan Investment Management Inc	JP Morgan Asset Management, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Aon Trust Company	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Advanced Series TR AST JPM Global Thematic Portfolio	By JPM Inv. Mgmt. Inc JPM Asset Mgmt., 500 Stanton Christiana Road Ops 2 FL 2 Newark, DE 19713	Common Shares	0.02%
JP Morgan Fund ICVC JPM Multi Asset Income Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.02%
Second Street Holdings 15 LP	C/O Oaktree Capital Mgmt. Corp. Actions, 333 S. Grand Ave, 28th Floor, Los Angeles, CA 90071	Common Shares	0.01%
JPMorgan Chase Retirement Plan	5500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	0.01%
Brownstone Investment Group LLC	505 Fifth Avenue, 10th Floor, New York, NY 10017	Common Shares	0.01%
Commander Navy Installations Command Retirement Trust	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City. NJ 07302	Common Shares	<0.01%
Advanced Series Trust AST JP Morgan Strategic Opportunities Portfolio	JP Morgan Asset Management, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
JPMorgan Fund ICVC JPM Multi Asset Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Oaktree Principal Fund VI (Delaware) Holdings LP	333 S. Grand Ave, 28th Floor, Los Angeles, CA 90071	Common Shares	<0.01%
Invesco Zodiac Funds Invesco US Senior ESG Loan Fund	37A Ave JF Kennedy L1855 Luxembourg	Common Shares	<0.01%
Integrity High Income Fund by JP Morgan Investment Management Inc	JP Morgan Asset Management 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Invesco Global Short Term High Yield Bond ETF Rudolf Reitmann	3500 Lacey Road, 8th Floor, Downers Grove, IL 60515	Common Shares	<0.01%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Ira D Kaplan	[Redacted]	Common Shares	<0.01%
George Golleher	[Redacted]	Common Shares	<0.01%
Robert Di Nicola	[Redacted]	Common Shares	<0.01%
National Employment Savings Trust	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Bluefin Trading LLC	3 Park Avenue, 37th Floor, Attn: Chris McGuigan, New York, NY 10016	Common Shares	<0.01%
BBH & Co FBO GIM Specialist Investment Funds GIM Multi Sector Credit Fund	Attn: Corporate Actions Vault, 140 Broadway, New York, NY 10005	Common Shares	<0.01%
JPMorgan Investment Funds US Bond Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Public Service New Mexico Qual NDT Partners Acct PNM Resources Inc	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City, NJ 07302	Common Shares	<0.01%
Jay K Friedman	[Redacted]	Common Shares	<0.01%
Melanie Berry	[Redacted]	Common Shares	<0.01%
Michael Rosa	[Redacted]	Common Shares	<0.01%
Saba Capital Master Fund Ltd Nitin Sapru	405 Lexington Ave, 58th FL, New York, NY 10174	Common Shares	<0.01%
Sentry Insurance A Mutual Company Invesco Senior Sec Mgmt Inc.	1166 Avenue of The Americas, 26th Floor, New York, NY 10036	Common Shares	<0.01%
Colleen A Collins	[Redacted]	Common Shares	<0.01%
Joseph DeFalco Jr	[Redacted]	Common Shares	<0.01%
Rajen Odedra	[Redacted]	Common Shares	<0.01%
William Girard	[Redacted]	Common Shares	<0.01%
David Ovis	[Redacted]	Common Shares	<0.01%
Karen J Booker	[Redacted]	Common Shares	<0.01%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Edward K Pickens	[Redacted]	Common Shares	<0.01%
Joel Herman	[Redacted]	Common Shares	<0.01%
Mary Fitzwilliam	[Redacted]	Common Shares	<0.01%
Paul Mildenstein	[Redacted]	Common Shares	<0.01%
Oppenheimer Global High Yield Fund C Ryan Miller	6803 S. Tucson Way, Centennial, CO 80112	Common Shares	<0.01%
Maryann Porter	[Redacted]	Common Shares	<0.01%
Joanne Leach	[Redacted]	Common Shares	<0.01%
Mike Winer	[Redacted]	Common Shares	<0.01%
The Master Trust Bank of Japan Ltd	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Collyer Peter	[Redacted]	Common Shares	<0.01%
Kirk Hanselman	[Redacted]	Common Shares	<0.01%
Steve Williams	[Redacted]	Common Shares	<0.01%
Victoria Fischetti	[Redacted]	Common Shares	<0.01%
Mark Dillane	[Redacted]	Common Shares	<0.01%
Lord Abbett High Yield Trust	Lord Abbett & Co LLC As. Inv. Adv., 90 Hudson Street, Jersey City, NJ 07302	Common Shares	<0.01%
BBH & Co FBO Lord Abbett Passport Portfolios Plc Global High Yield Fund	Attn: Corporate Actions Vault, 140 Broadway, New York, NY 10005	Common Shares	<0.01%
Deutsche Bank Securities Inc	60 Wall Street, New York, NY 10005	Common Shares	<0.01%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Saira Bano	[Redacted]	Common Shares	<0.01%
405 MSTV I LP	C/O Maples Corporate Services Ltd. Ugland House, Grand Cayman, KY1 1104 Cayman Islands	Common Shares	<0.01%
Beatrice Lafon	[Redacted]	Common Shares	<0.01%
Betty Politte	[Redacted]	Common Shares	<0.01%
Bruce A Gaslow	[Redacted]	Common Shares	<0.01%
Debbie Kvinlaug	[Redacted]	Common Shares	<0.01%
James B Marshall	[Redacted]	Common Shares	<0.01%
Simon Hope	[Redacted]	Common Shares	<0.01%
Michael P Rosera	[Redacted]	Common Shares	<0.01%
Nicola Crossland	[Redacted]	Common Shares	<0.01%
JPMorgan Income Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Abdul Rauf	[Redacted]	Common Shares	<0.01%
Sharon M Levi	[Redacted]	Common Shares	<0.01%
Linda C Kawliche	[Redacted]	Common Shares	<0.01%
Brad Larson	[Redacted]	Common Shares	<0.01%
David Rostron	[Redacted]	Common Shares	<0.01%
Jihi Kim	[Redacted]	Common Shares	<0.01%
Michael Love	[Redacted]	Common Shares	<0.01%
Laura Slejko	[Redacted]	Common Shares	<0.01%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
JPMorgan Funds Income Fund	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Haji Amin	[Redacted]	Common Shares	<0.01%
JPM Global Bond Opportunities Fund-DV UK	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Common Shares	<0.01%
Michael R Basler	[Redacted]	Common Shares	<0.01%
Tina M Peroni	[Redacted]	Common Shares	<0.01%
William Samela	[Redacted]	Common Shares	<0.01%
Andrew C Tilmont	[Redacted]	Common Shares	<0.01%
Deborah L Winkleblack	[Redacted]	Common Shares	<0.01%
Joseph Scot Marsh	[Redacted]	Common Shares	<0.01%
Michael R Sadler	[Redacted]	Common Shares	<0.01%
Jena Trippensee	[Redacted]	Common Shares	<0.01%
Matthew J Kilroy	[Redacted]	Common Shares	<0.01%
Jean Ponder	[Redacted]	Common Shares	<0.01%
Ronald P Douglass	[Redacted]	Common Shares	<0.01%
Marie Pierre Gaulard	[Redacted]	Common Shares	<0.01%
Scott Garfinkel	[Redacted]	Common Shares	<0.01%
Boaz Weinstein	[Redacted]	Common Shares	<0.01%
Accessory Holdings LP	C/O Elliott Management Corp., 40 West 57th Street, New York, NY 10019-4001	Preferred Shares	30.96%
Ensemble Investment Holdings LLC	535 Madison Ave, 26th FL, New York, NY 10022	Preferred Shares	22.98%
Elliott Associates LP	C O Elliott Management Corporation 40 West 57 Street Attn Michael Stephan New York, NY 10019-4001	Preferred Shares	13.90%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Goldman Sachs & Co. LLC	200 West Street New York, NY 10282	Preferred Shares	4.42%
Diameter Master Fund LP	55 Hudson Yards Suite 29b New York, NY 10001-2163	Preferred Shares	3.71%
JPMorgan High Yield Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713-2105	Preferred Shares	2.26%
UBS AG London Branch	1285 Ave Of Americas New York, NY 10019	Preferred Shares	2.26%
Venor Capital Master Fund Ltd	142 W 57th St 11th Floor New York, NY 10019-3590	Preferred Shares	1.90%
Redwood Master Fund Ltd	C/O Redwood Capital Management, LLC 250 W 55th Street, 26th FL, New York, NY 10019-7665	Preferred Shares	1.88%
JPMorgan Investment Funds Global High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	1.71%
JP Morgan Securities LLC	575 Washington Blvd, 5th Floor Attn: Kevin McCrae, Jersey City, NJ 07310-1616	Preferred Shares	1.56%
Venor Special Situations Fund II LP	142 W 57th St., 11th Floor, New York, NY 10019-3590	Preferred Shares	1.39%
Trevithick LP	142 W 57th St., 11th Floor, New York, NY 10019	Preferred Shares	1.11%
JP Morgan Investment Funds Global Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.54%
JP Morgan Investment Funds Global Income Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.53%
JPMorgan Floating Rate Income Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.46%
Banque Pictet & Cie SA	Route Des Acacias 60, Geneve, 1211 Switzerland	Preferred Shares	0.44%
JPMorgan Strategic Income Opportunities Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713-2105	Preferred Shares	0.44%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Commingled Pension Trust Fund High Yield of JPM Chase NA	Attn Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.44%
Wazee Street Opportunities Fund IV LP	8101 E Prentice Ave Suite 610 Greenwood Village, CO 80111-2935	Preferred Shares	0.37%
JPMorgan Strategic Income Opportunities Fund	JP Morgan Asset Management Corp Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.35%
Raven Holdings II LP	142 W 57th St, 11th Floor, New York, NY 10019	Preferred Shares	0.31%
JPMorgan Income Builder Fund	Attn Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.31%
Trevithick LP	142 W 57th St., 11th Floor, New York, NY 10019	Preferred Shares	0.27%
JPMorgan Core Plus Bond Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.26%
JPMorgan Income Builder Fund	JP Morgan Asset Management Corp Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.25%
Commingled Pension Trust Fund Corp High Yield JPM Chase Bank NA JP Morgan Asset Management Corp Action	500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.22%
LVIP JPMorgan High Yield Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.20%
Simon Charitable Private LLC	1000 Lakeside Ave, Cleveland, OH 44114-1117	Preferred Shares	0.18%
Simon Marketable LP	1000 Lakeside Ave, Cleveland, OH 44114-1117	Preferred Shares	0.18%
Migros Pensionskasse Fonds	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 Floor 2, Newark, DE 19713	Preferred Shares	0.15%
Marathon Centre Street Partnership LP	One Bryant Park, 38th Floor, New York, NY 10036-6737	Preferred Shares	0.15%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
PW Focus Fund LLC	1000 Lakeside Ave, Cleveland, OH 44114	Preferred Shares	0.14%
Pension Benefit Guaranty Corporation	Attn: Corporate Actions 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713-2105	Preferred Shares	0.14%
JP Morgan Multi Income Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.14%
JP Morgan Funds Global Bond Opportunities Fund	500 Stanton Christiana Rd NCC2 FL 2, Newark, DE 19713	Preferred Shares	0.13%
Marathon Special Opportunity Master Fund Ltd	One Bryant Park, 38th Floor, New York, NY 10036-6737	Preferred Shares	0.13%
Northrop Grumman Pension Master Trust	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.12%
JPMorgan Global Bond Opportunities Fund	Attn: Corporate Actions 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.12%
JPMorgan Multi Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.12%
Kyburg Institutional Fund	JP Morgan Asset Management Corp Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.12%
SEI Institutional Investments Trust High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.12%
JPMorgan Investment Funds Income Opportunity Fund	JP Morgan Asset Management Corp Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.11%
Map 139 Segregated Portfolio of LMA SPC	142 W 57th St, 11th Floor, New York, NY 10019	Preferred Shares	0.11%
US High Yield Bond Fund A Series of Kokusai Trust	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713	Preferred Shares	0.11%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Advanced Series Trust AST High Yield Portfolio	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.11%
JPMorgan Unconstrained Debt Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.10%
Multiflex SICAV - Strategic Insurance Distribution Fund	C/O Danielle Carder, 500 Stanton Christiana Road FL 2, Newark, DE 19713-2105	Preferred Shares	0.09%
JPMorgan Investment Funds Income Opportunity Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.08%
JP Morgan Funds Global Strategic Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.08%
Credit Suisse Securities USA LLC	11 Madison Ave, Attn: Chris Campbell 4th Floor, New York, NY 10010-3643	Preferred Shares	0.08%
Aon Hewitt Investment Consulting Inc	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.08%
Virginia Retirement System	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.07%
Marathon Credit Dislocation Fund LP	One Bryant Park, 38th Floor, New York, NY 10036-6737	Preferred Shares	0.07%
JPMorgan Funds US High Yield Plus Bond Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.07%
SEI Institutional Managed Trust High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.06%
TRS Credit Fund LP	One Bryant Park, 38th Floor, New York, NY 10036-6737	Preferred Shares	0.06%
US High Yield Bond Fund The Initial Series of GIM Trust	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.06%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
JPMorgan Multi Income Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.06%
Marathon Blue Active Fund Ltd	C/O Marathon Asset Management LP, One Bryant Park, 38th Floor, New York, NY 10036	Preferred Shares	0.05%
Louisiana State Employees Retirement System	Attn: Albert Cheung, 485 Lexington Avenue 15th Floor, New York, NY 10017-2649	Preferred Shares	0.05%
Banque Pictet & Cie Europe SA	Banque Pictet & Cie SA, Route Des Acacias 60 1211 Geneva 7 3 - Switzerland	Preferred Shares	0.05%
Marathon Bluegrass Credit Fund LP	One Bryant Park, 38th Floor, New York, NY 10036-6737	Preferred Shares	0.05%
JPMorgan Global Bond Opportunities Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.05%
JPMorgan Fund ICVC JPM Unconstrained Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.05%
JPMorgan Global Allocation Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.04%
JPMorgan Funds Global Bond Opportunities Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.04%
JPMorgan Fund ICVC JPM Global High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.04%
SEI Global Master Fund Plc The SEI High Yield Fixed Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.04%
Millstreet Credit Fund LP	C/O Millstreet Capital Partners LLC, 545 Boylston ST 8th FL, Boston, MA 02116-3606	Preferred Shares	0.04%
GIM Trust 2 Senior Secured Loan Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.04%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Oppenheimer Global Strategic Income Fund	6803 S. Tucson Way, Centennial, CO 80112	Preferred Shares	0.04%
American Airlines Inc. Master Fixed Benefit Pension Trust	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.04%
JPMorgan Unconstrained Debt Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.04%
Southern Ute Indian Tribe	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.04%
Commingled Pension Trust Fund Core Plus Bond of JPMorgan Chase	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.04%
JPMorgan Total Return Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.03%
Embo Fonds	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.03%
UI Fonds BAV RBI Renten	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.03%
JP Morgan Funds Global Strategic Bond Fund	500 Stanton Christiana Rd NCC2 FL 2, Newark, DE 19713	Preferred Shares	0.03%
Commingled Pension Trust Fund Floating Rate Income JPM Chase Bank NA	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.03%
JPMorgan Funds Global Bond Opportunities Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.03%
Banque Pictet & Cie Europe SA	Banque Pictet & Cie SA, Route Des Acacias 60 1211 Geneva 7 3 - Switzerland	Preferred Shares	0.03%
Advanced Series Trust AST JP Morgan Global Thematic Portfolio	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
IBM 401k Plus Plan Trust	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%
JP Morgan Fund ICVC JPM Unconstrained Bond Fund	500 Stanton Christiana Rd Ncc2 FL 2, Newark, DE 19713	Preferred Shares	0.02%
Advanced Series Trust AST JPM Strategic Opportunities Portfolio JP Morgan Asset Management Corp Action	500 Stanton Christiana Rd Ops 2 FL 2 Newark, DE 19713-2105	Preferred Shares	0.02%
US High Yield Bond Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.02%
Advanced Series TR AST JPM Strategic Opportunities Portfolio	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%
Metropolitan Life Insurance Company	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%
Aon Trust Company	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%
Advanced Series Trust AST JP Morgan Global Thematic Portfolio	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.02%
BOFA Securities Inc	150 N. College St., Charlotte, NC 28255	Preferred Shares	0.02%
JP Morgan Fund ICVC JPM Multi Asset Income Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	0.02%
Oppenheimer Global Strategic Income Fund VA	6803 S. Tucson Way, Centennial, CO 80112	Preferred Shares	0.02%
JPMorgan Chase Retirement Plan	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	0.01%
The Liverpool Limited Partnership	C/O Elliott Management Corporation, 40 West 57 Street, Attn: Michael Stephan, New York, NY 10019-4001	Preferred Shares	0.01%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
JPMorgan Fund ICVC JPM Multi Asset Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	<0.01%
Advanced Series Trust AST JPM Strategic Opportunities Portfolio JP Morgan Asset Management Corp Action	500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	<0.01%
Integrity High Income Fund	JP Morgan Asset Management Corp. Action, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	<0.01%
National Employment Savings Trust	500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	<0.01%
Advanced Series Trust AST JP Morgan Opportunities Portfolio	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	<0.01%
GIM Specialist Investment Funds GIM Multi Sector Credit Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	<0.01%
JP Morgan Investment Funds US Bond Fund	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713	Preferred Shares	<0.01%
Bluefin Trading LLC	3 Park Avenue, 37th Floor, New York, NY 10016	Preferred Shares	<0.01%
The Master Trust Bank of Japan Ltd	Attn: Corporate Actions, 500 Stanton Christiana Rd Ops 2 FL 2, Newark, DE 19713-2105	Preferred Shares	<0.01%
Oppenheimer Global High Yield Fund	6803 S. Tucson Way, Centennial, CO 80112	Preferred Shares	<0.01%
Ryan Vero	[Redacted]	Reduced Voting Common	87.19%
Beresford Energy Company	C/O Samantha Algaze, 40 West 57th Street, 4th Floor, New York, NY 10019	Reduced Voting Common	4.27%
Theophlius Killion	[Redacted]	Reduced Voting Common	4.27%
Monarch Alternative Capital LP	535 Madison Ave, 26th FL, New York, NY 10022	Reduced Voting Common	4.27%
Ryan Vero	[Redacted]	Reduced Voting Preferred	96.06%

Equity Holder	Address of Equity Holder	Type of Interest	Percentage of Equity Held
Beresford Energy Company	C/O Samantha Algaze, 40 West 57th Street, 4th Floor, New York, NY 10019	Reduced Voting Preferred	1.31%
Theophilus Killion	[Redacted]	Reduced Voting Preferred	1.31%
Monarch Alternative Capital LP	535 Madison Ave, 26th FL, New York, NY 10022	Reduced Voting Preferred	1.31%

)	
In re:)	Chapter 11
)	
CLAIRE'S HOLDINGS LLC,)	Case No. 25-_____()
)	
Debtor.)	
)	

Shareholder	Type of Interest	Approximate Percentage of Shares Held
Accessory Holdings LP	Common Shares	27.33%
Ensemble Investment Holdings LLC	Common Shares	19.39%
Elliott Associates LP Elliott Associates LP	Common Shares	12.28%
Accessory Holdings LP	Preferred Shares	30.96%
Ensemble Investment Holdings LLC	Preferred Shares	22.98%
Elliott Associates LP	Preferred Shares	13.90%

Fill in this information to identify the case:

Debtor name: Claire's Holdings LLC
 United States Bankruptcy Court for the: District of Delaware
 Case number (if known):

☐ Check if this is an
amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 30 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an *insider*, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 30 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim		
					If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.	Total claim, if partially secured	Deduction for value of collateral or setoff
1	STUDEX CORP. 521 W ROSECRANS AVE GARDENA, CA 90248 UNITED STATES	JODY NICHOLAS DIRECTOR JODY@CLINICALHEALTHUSA.COM 310-993-6941	TRADE PAYABLE				\$10,806,821
2	PREMIUM RETAIL SERVICES LLC 618 SPIRIT DRIVE CHESTERFIELD, MO 63005 UNITED STATES	MR. RON TRAVERS CHIEF EXECUTIVE OFFICER RTRAVERS@PREMIUMRETAIL.COM 800.800.7318	TRADE PAYABLE				\$1,643,391
3	INSPIRED THINKING 171 N ABERDEEN ST SUITE 400 CHICAGO, IL 60607 UNITED STATES	ANDREW SWINAND CHIEF EXECUTIVE OFFICER ANDREWSWINAND@INSPIREDTHINKING.GROUP (312) 620-1454	TRADE PAYABLE				\$1,205,601
4	WORKDAY, INC. 6110 STONERIDGE MALL ROAD PLEASANTON, CA 94588 UNITED STATES	CARL ESCHENBACH CHIEF EXECUTIVE OFFICER CARL.ESCHENBACH@WORKDAY.COM (925) 951-9000	TRADE PAYABLE				\$1,142,084
5	SIMON PROPERTY GROUP LP 225 WEST WASHINGTON STREET INDIANAPOLIS, IN 46204 UNITED STATES	DAVID SIMON CHIEF EXECUTIVE OFFICER DAVID.SIMON@SIMON.COM 1 (317) 636-1600	RENT PAYABLE				\$931,934
6	MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052 UNITED STATES	SATYA NADELLA CHIEF EXECUTIVE OFFICER SATYAN@MICROSOFT.COM (888) 725-1047	TRADE PAYABLE				\$890,874
7	WALMART INC 702 S.W. 8TH ST BENTONVILLE, AR 72716 UNITED STATES	CARL DOUGLAS MCMILLON CHIEF EXECUTIVE OFFICER DOUG.MCMILLON@WALMART.COM (479) 273-4000	RENT PAYABLE				\$857,250
8	ACCELLOR INC. 42808 CHRISTY ST #216 FREMONT, CA 94538 UNITED STATES	PALLAW SHARMA CHIEF EXECUTIVE OFFICER (510) 509-9934	TRADE PAYABLE				\$605,002
9	EXEGISTICS, INC 3710 RIVER ROAD SUITE 100 FRANKLIN PARK, IL 60131 UNITED STATES	STEPHEN OLDS PRESIDENT STEPHEN.OLDS@EXEGISTICS.COM (847) 353-3810	TRADE PAYABLE				\$577,271
10	THE BENMOORE CONST. GROUP 87 OLD RIVER STREET HACKENSACK, NJ 07601 UNITED STATES	JEFFREY PITTEL CHIEF EXECUTIVE OFFICER JEFFP@BENMOORECONSTRUCTION.COM (201) 489-4466	TRADE PAYABLE				\$525,468

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
11	GOOGLE INC 1600 AMPHITHEATRE PARKWAY MOUNTAIN VIEW, CA 94043 UNITED STATES	SUNDAR PICHAI CHIEF EXECUTIVE OFFICER SUNDAR@GOOGLE.COM (650) 253-0000	TRADE PAYABLE				\$525,187
12	THE RETAIL PROPERTY TRUST 225 WEST WASHINGTON STREET INDIANAPOLIS, IN 46204 UNITED STATES	DAVID SIMON CHIEF EXECUTIVE OFFICER DAVID.SIMON@SIMON.COM 1 (317) 636-1600	RENT PAYABLE				\$508,082
13	OPTIV SECURITY INC. 1144 15TH ST. STE 2900 DENVER, CO 80202 UNITED STATES	KEVIN LYNCH CHIEF EXECUTIVE OFFICER KEVIN.LYNCH@OPTIV.COM (800) 574-0896	TRADE PAYABLE				\$468,070
14	ALGONOMY SOFTWARE 40/4 LAVELLE ROAD BANGALORE, 560001 INDIA	ATUL JALAN CHIEF EXECUTIVE OFFICER ATUL.JALAN@ALGONOMY.COM 91 80 6717 1602	TRADE PAYABLE				\$455,496
15	PREMIUM OUTLET PARTNERS, LP 60 COLUMBIA ROAD BUILDING B MORRISTOWN, NJ 07960 UNITED STATES	DAVID SIMON CHIEF EXECUTIVE OFFICER DAVID.SIMON@SIMON.COM 1 (317) 636-1600	RENT PAYABLE				\$413,146
16	THE CREME SHOP 819 SOUTH GLADYS AVENUE LOS ANGELES, CA 90021 UNITED STATES	OLIVE KIM CHIEF EXECUTIVE OFFICER OLIVE.KIM@THECREMESHOP.COM (213) 688-0066	TRADE PAYABLE				\$409,500
17	AURORA WORLD INC. 8820 MERCURY LN PICO RIVERA, CA 90660 UNITED STATES	HENRY GWEON CHIEF EXECUTIVE OFFICER HENRY@AURORAGIFT.COM (888) 287-6722	TRADE PAYABLE				\$380,830
18	HERITAGE CANDY COMPANY, INC. 6923 WOODLEY AVE. VAN NUYS, CA 91406 UNITED STATES	DAVID KOLINSKY PRESIDENT DAVID@HERITAGECANDY.COM (818) 780-9600	TRADE PAYABLE				\$376,935
19	BROOKFIELD PROPERTY PARTNERS L.P. BROOKFIELD PLACE NEW YORK 250 VESEY STREET 15TH FLOOR NEW YORK, NY 10281 UNITED STATES	BRUCE FLATT CHIEF EXECUTIVE OFFICER B.FLATT@BROOKFIELD.COM 212-417-7000	RENT PAYABLE				\$370,959
20	THE MACERICH COMPANY 401 WILSHIRE BOULEVARD SUITE 700 SANTA MONICA, CA 90401 UNITED STATES	JACKSON HSIEH PRESIDENT AND CHIEF EXECUTIVE OFFICER JACKSON.HSIEH@MACERICH.COM (310) 394-6000	RENT PAYABLE				\$355,856
21	LENNOX INDUSTRIES, INC. 2140 LAKE PARK BLVD. RICHARDSON, TX 75080 UNITED STATES	ALOK MASKARA CHIEF EXECUTIVE OFFICER ALOK.MASKARA@LENNOX.COM (972) 497-5000	TRADE PAYABLE				\$352,947
22	GRANT THORNTON LLP 171 N CLARK ST. SUITE 200 CHICAGO, IL 60601 UNITED STATES	RON MESSENGER CHIEF EXECUTIVE OFFICER RON.MESSENGER@US.GT.COM (312) 856-0200	TRADE PAYABLE				\$347,920
23	OVATIVE GROUP, LLC 224 N DESPLAINES ST #200 CHICAGO, IL 60661 UNITED STATES	DALE NITSCHKE CHIEF EXECUTIVE OFFICER DALE.NITSCHKE@OVATIVE.COM (612) 886-1010	TRADE PAYABLE				\$339,662
24	UPS SUPPLY CHAIN SOLUTIONS INC 12380 MORRIS ROAD ALPHARETTA, GA 30005 UNITED STATES	CAROL B. TOMÉ CHIEF EXECUTIVE OFFICER CTOME@UPS.COM 1-800-742-5727	TRADE PAYABLE				\$336,703

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
25	CENTRIC BEAUTY LLC 350 FIFTH AVE NEW YORK, NY 10118 UNITED STATES	JASON RABIN CHIEF EXECUTIVE OFFICER JRABIN@CENTRICBRANDS.COM (646) 582-6000	TRADE PAYABLE				\$332,255
26	TANGER PROPERTIES LIMITED 3200 NORTHLINE AVENUE SUITE 360 GREENSBORO, NC 27408 UNITED STATES	STEPHEN YALOF PRESIDENT AND CHIEF EXECUTIVE OFFICER SY@TANGER.COM 336.292.3010	RENT PAYABLE				\$313,755
27	FRONTSTREET FACILITY SOLUTIONS 4170 VETERANS MEMORIAL HIGHWAY BOHEMIA, NY 11716 UNITED STATES	THOMAS J. HUTZEL CHIEF EXECUTIVE OFFICER THUTZEL@FRONTSTREETFS.COM (631) 750-4000	TRADE PAYABLE				\$292,702
28	UNITED TECHNO SOLUTIONS INC. 4900 HOPYARD RD. STE 100 PLEASANTON, CA 94588 UNITED STATES	MOORTHY SUBBIAH CHIEF EXECUTIVE OFFICER THANDAV@UNITEDTECHNO.COM (650) 720-5714	TRADE PAYABLE				\$281,192
29	BPR-FF LLC BROOKFIELD PLACE NEW YORK 250 VESEY STREET 15TH FLOOR NEW YORK, NY 10281 UNITED STATES	BRUCE FLATT CHIEF EXECUTIVE OFFICER B.FLATT@BROOKFIELD.COM 212-417-7000	RENT PAYABLE				\$264,453
30	KOJAC FASHION ACCESSORIES LTD FORA SPITALFIELDS 42-46 PRINCELET STREET LONDON, E1 5LP UNITED KINGDOM	SAM MALDE CHIEF EXECUTIVE OFFICER SAM@KOJAC.CO.UK 44 0207 612 0736	TRADE PAYABLE	DISPUTED UNLIQUIDATED			UNDETERMINED

Fill in this information to identify the case and this filing:	
Debtor Name	Claire's Holdings LLC
United States Bankruptcy Court for the:	District of Delaware
	(State)
Case number (If known):	

Official Form 202**Declaration Under Penalty of Perjury for Non-Individual Debtors**

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- ☐ *Schedule A/B: Assets-Real and Personal Property (Official Form 206A/B)*
- ☐ *Schedule D: Creditors Who Have Claims Secured by Property (Official Form 206D)*
- ☐ *Schedule E/F: Creditors Who Have Unsecured Claims (Official Form 206E/F)*
- ☐ *Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G)*
- ☐ *Schedule H: Codebtors (Official Form 206H)*
- ☐ *Summary of Assets and Liabilities for Non-Individuals (Official Form 206Sum)*
- ☐ Amended Schedule
- ☒ *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders (Official Form 204)*
- ☒ Other document that requires a declaration **List of Equity Security Holders and Corporate Ownership Statement**

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

08/06/2025

MM/ DD/YYYY

☒ **/s/ Chris Cramer**

Signature of individual signing on behalf of debtor

Chris Cramer

Printed name

Authorized Signatory

Position or relationship to debtor

**ACTION BY WRITTEN CONSENT OF
THE SPECIAL COMMITTEES OF THE GOVERNING
BODIES OF THE ENTITIES LISTED ON ANNEX I HERETO**

August 5, 2025

The undersigned, being all of the members of the special committees (each, a “Special Committee” and, collectively, the “Special Committees”) of the board of directors and board of managers, as the case may be (each, a “Governing Body” and collectively, the “Governing Bodies”), of each of the entities listed on Annex I hereto (each, a “U.S. Filing Entity” and, collectively, the “U.S. Filing Entities”), hereby unanimously vote for, approve, consent to, and adopt the resolutions set forth below pursuant to the Delaware Limited Liability Company Act, the Delaware General Corporation Law, the Florida Business Corporation Act, the Michigan Business Corporation Act, and the Companies Act of the Law of Gibraltar, as applicable, as the actions of the Special Committees in lieu of a meeting and hereby direct that this written consent (this “Consent”) be delivered to the officer of each U.S. Filing Entity having custody of the book in which actions of each Special Committee and Governing Body are recorded:

WHEREAS, on May 14, 2025, the Governing Body of Claire’s Holdings LLC (“Holdings”) appointed David Barse and William Transier as independent and disinterested managers (the “Independent Managers”) to the Holdings Governing Body to assist in exploring, negotiating, and entering into potential strategic value-maximizing transactions and subsequently established a special committee (the “Special Committee”) comprised of the Independent Managers and delegated to the Special Committee, among other things, the full authority to review, discuss, consider, negotiate, and to the extent of any conflicts, approve and authorize the U.S. Filing Entity’s entry into and consummation of a transaction (such delegation, the “Special Committee Authority”);

WHEREAS, on June 1, 2025, the Governing Bodies of certain U.S. Filing Entities¹ similarly appointed the Independent Managers to each U.S. Filing Entity’s applicable Governing Body, established a Special Committee, and delegated to each Special Committee the Special Committee Authority;

WHEREAS, on August 5, 2025, the Governing Body of Claire’s (Gibraltar) Holdings Limited similarly appointed the Independent Managers to such U.S. Filing Entity’s Governing Body, established a Special Committee, and delegated to such Special Committee the Special Committee Authority;

WHEREAS, the Special Committees, having reviewed and considered (a) the filing of a voluntary petition for relief for each U.S. Filing Entity under the provisions of chapter 11 and title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (as amended, the “Bankruptcy Code”) pursuant to applicable law and in accordance with the requirements of each U.S. Filing Entity’s

¹ Such U.S. Filing Entities being: (i) Claire’s Stores, Inc.; (ii) Claire’s Puerto Rico Corp.; (iii) CBI Distributing Corp.; (iv) Claire’s Boutiques, Inc.; (v) Claire’s Canada Corp.; (vi) BMS Distributing Corp.; (vii) CSI Canada LLC; (viii) CLSIP Holdings LLC; (ix) CLSIP LLC; and (x) Claire’s Swiss Holdings LLC.

governing documents (“Governing Documents”) and applicable law, (b) the use of Cash Collateral (as defined herein) pursuant to the Cash Collateral Orders (as defined herein) (collectively, the “U.S. Restructuring Matters”), and (c) the filing of an application of Claire’s Stores Canada Corp. (“Claire’s Canada”) for protection under the provisions of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended in the Ontario Superior Court of Justice (Commercial List) (the “CCAA”); and

WHEREAS, the Special Committees, having reviewed and considered the materials presented by the management of each U.S. Filing Entity and each U.S. Filing Entity’s financial and legal advisors, and having had adequate opportunity to consult such persons regarding the materials presented, obtain additional information, and fully consider each of the strategic alternatives available to each U.S. Filing Entity.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that, pursuant to the applicable Governing Documents of each U.S. Filing Entity, the undersigned do hereby adopt the following resolutions:

I. U.S. Restructuring Matters

a. Chapter 11 Filing

RESOLVED FURTHER, in the business judgment of the Special Committees, it is desirable and in the best interest of each U.S. Filing Entity, the stakeholders, the creditors, and other parties in interest, that each U.S. Filing Entity files or causes to be filed voluntary petitions for relief (the “Bankruptcy Petitions”) under the provisions of chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), and any other petition for relief or recognition or other order that may be desirable under applicable law in the United States, and, in accordance with the requirements in each U.S. Filing Entity’s Governing Documents and applicable law, hereby consents to, authorizes, and approves the filing of the Bankruptcy Petitions; and

RESOLVED FURTHER, any director, manager, or other duly appointed officer of each U.S. Filing Entity (collectively, the “Authorized Persons”) shall be, and each of them individually hereby is, authorized and directed for and on behalf of each U.S. Filing Entity to take all actions (including, without limitation, to negotiate and execute any documents, certificates, supplemental agreements, and instruments) to act as signatory and attorney on behalf of each U.S. Filing Entity in respect of the U.S. Restructuring Matters and/or any persons to whom such Authorized Persons and/or officers delegate certain responsibilities, be, and hereby are, authorized to execute and file on behalf of each U.S. Filing Entity all petitions, schedules, lists, and other motions, papers, or documents, and to take any and all action that they deem necessary or proper to obtain such relief, including, but not limited to, any action necessary or proper to maintain the ordinary course operations of each U.S. Filing Entity or any of its subsidiaries’ businesses.

b. Retention of Professionals

RESOLVED FURTHER, each of the Authorized Persons, be, and hereby is, authorized, empowered, and directed to employ on behalf of each U.S. Filing Entity: (a) Kirkland & Ellis

LLP and Kirkland & Ellis International LLP as bankruptcy counsel; (b) Richards, Layton & Finger, P.A. as local bankruptcy counsel; (c) Houlihan Lokey, Inc. as investment banker; (d) Alvarez & Marsal North America, LLC as financial advisor; (e) Omni Agent Solutions, Inc. as claims and noticing agent; and (f) any other legal counsel, accountants, financial advisors, restructuring advisors, or other professionals the Authorized Persons deem necessary, appropriate, or advisable; each to represent and assist each U.S. Filing Entity in carrying out their duties and responsibilities and exercising their rights under the Bankruptcy Code and any applicable law (including, but not limited to, the law firms filing any pleadings or responses); and in connection therewith, the Authorized Persons, be, and hereby are, authorized, empowered and directed, in accordance with the terms and conditions hereof, to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain such services; and

RESOLVED FURTHER, each of the Authorized Persons, be, and hereby is, authorized, empowered, and directed to execute and file all petitions, schedules, motions, lists, applications, pleadings, and other papers, and to perform such further actions and execute such further documentation that the Authorized Persons in their absolute discretion deem necessary, appropriate, or desirable in accordance with these resolutions.

c. Use of Cash Collateral and Adequate Protection

RESOLVED FURTHER, that in the business judgment of the Special Committees, it is desirable and in the best interest of each U.S. Filing Entity, its stakeholders, its creditors, and other parties in interest to obtain the benefits of the use of cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code (“Cash Collateral”), which may be security for certain of the U.S. Filing Entities’ prepetition secured lenders (the “Prepetition Secured Lenders”) under certain credit facilities by and among the U.S. Filing Entities, the guarantors party thereto, the administrative and other agents party thereto, and the lenders party thereto;

RESOLVED FURTHER, that in order to use and obtain the benefits of the Cash Collateral, and in accordance with section 363 of the Bankruptcy Code, the U.S. Filing Entities will provide certain adequate protection to the Prepetition Secured Lenders (the “Adequate Protection Obligations”), as documented in proposed interim and final orders (the “Cash Collateral Orders”) to be submitted for approval of the Bankruptcy Court, with the Special Committees having been apprised of the material terms and provisions of the Cash Collateral Orders;

RESOLVED FURTHER, that the form, terms, and provisions of the Cash Collateral Orders, and the actions and transactions contemplated thereby be, and hereby are authorized, adopted, and approved in all respects, and each of the Authorized Persons of the U.S. Filing Entities be, and hereby is, authorized and empowered, in the name of and on behalf of the U.S. Filing Entities, to take such actions and negotiate or cause to be prepared and negotiated and to perform, and cause the performance of, the Cash Collateral Orders subject to approval by the Bankruptcy Court;

RESOLVED FURTHER, each of the Authorized Persons be, and hereby is, authorized, empowered, and directed in the name of, and on behalf of, the U.S. Filing Entities to seek authorization and approval to use Cash Collateral pursuant to the Cash Collateral Orders, and any

Authorized Person be, and hereby is, authorized, empowered, and directed to negotiate, execute, and deliver any and all agreements, instruments, or documents, by or on behalf of the U.S. Filing Entities, relating to the use of Cash Collateral in connection with the chapter 11 cases, all with such changes therein and additions thereto as any Authorized Person approves, such approval to be conclusively evidenced by the taking of such action or by the execution and delivery thereof; and

RESOLVED FURTHER, that the U.S. Filing Entities, as debtors and debtors in possession under the Bankruptcy Code be, and hereby are, authorized to incur the Adequate Protection Obligations and to undertake any and all related transactions, including granting liens on their assets to secure such obligations.

II. Canadian Restructuring Matters

RESOLVED FURTHER, that the Special Committee of Claire's Canada Corp., as the sole shareholder of Claire's Canada, hereby (i) approves the Resolutions of the Sole Shareholder of Claire's Canada, executed substantially contemporaneously herewith, pursuant to which, among other things, the Authorized Persons of Claire's Canada are, and each of them individually is authorized and directed to file or cause to be filed an application for protection under the provisions of the CCAA and (ii) authorizes, empowers, and directs Claire's Canada to employ (a) Osler, Hoskin & Harcourt LLP as Canadian bankruptcy counsel, (b) Alvarez & Marsal Canada ULC as financial advisor, and (c) any other legal counsel, accountants, financial advisors, restructuring advisors, or other professionals the Authorized Persons deem necessary, appropriate, or advisable; each to represent and assist Claire's Canada in carrying out its duties and responsibilities and exercising its rights under the CCAA and any applicable law (including, but not limited to, the law firms filing any pleadings or responses); and in connection therewith, the Authorized Persons, be, and hereby are, authorized, empowered and directed, in accordance with the terms and conditions hereof, to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain such services; and

RESOLVED FURTHER, each of the Authorized Persons, be, and hereby is, authorized, empowered, and directed to execute and file all petitions, schedules, motions, lists, applications, pleadings, and other papers, and to perform such further actions and execute such further documentation that the Authorized Persons in their absolute discretion deem necessary, appropriate, or desirable in accordance with these resolutions.

III. General

RESOLVED FURTHER, that in addition to the specific authorizations heretofore conferred upon the Authorized Persons, each of the Authorized Persons (and their designees and delegates) be, and they hereby are, individually authorized and empowered, in the name of and on behalf of the U.S. Filing Entities, to take or cause to be taken any and all such other and further action, and to execute, acknowledge, deliver, and file any and all such agreements, certificates, instruments, and other documents and to pay all expenses, including but not limited to filing fees, in each case as in such officer's judgment, shall be necessary, advisable, convenient, or desirable in order to fully carry out the intent and accomplish the purposes of this Consent;

RESOLVED FURTHER, that the applicable Special Committees have received sufficient notice of the actions and transactions relating to the matters contemplated by this Consent, as may be required by the organizational documents of each U.S. Filing Entity, or hereby waive any right to have received such notice;

RESOLVED FURTHER, that to fully carry out the intent and effectuate the purposes of this Consent, each of the Special Committees and each of the Authorized Persons are hereby authorized to take all such further action, and to execute and deliver all such further instruments and documents in the name and on behalf of the U.S. Filing Entities, and under its corporate seal or otherwise pay all such fees and expenses, which shall in his or her business judgment may be necessary, proper, or advisable;

RESOLVED FURTHER, that all acts, actions, and transactions relating to the matters contemplated by this Consent done in the name of and on behalf of each U.S. Filing Entity, which acts would have been approved by this Consent except that such acts were taken before the execution of this Consent, are hereby in all respects approved and ratified as the true acts and deeds of each U.S. Filing Entity with the same force and effect as if each such act, transaction, agreement, or certificate has been specifically authorized in advance by the resolutions or written consent of the applicable Special Committee and that the Authorized Person did execute the same;

RESOLVED FURTHER, that this Consent may be executed in multiple counterparts or copies, each of which shall be deemed an original for all purposes. One or more counterparts or copies of this Consent, or signature pages hereto, may be executed by one or more of the undersigned, and some different counterparts, copies, or signature pages executed by one or more of the other undersigned. Each counterpart or copy hereof so executed by any of the undersigned shall be binding upon the undersigned executing the same even though other of the undersigned may execute one or more different counterparts, copies, or signature pages, and all counterparts or copies hereof (including any such signature pages) so executed shall constitute one and the same consent. Each of the undersigned, by execution of one or more counterparts or copies hereof or signature pages hereto, expressly authorizes and directs the secretary or any assistant secretary of each U.S. Filing Entity, or counsel to each U.S. Filing Entity, to affix the signature pages executed by the authorizing director to one or more other counterparts or copies hereof so that upon execution of multiple counterparts or copies hereof or signature pages hereto by all of the undersigned, there shall be one or more counterparts or copies hereof to which is (are) attached signature pages containing signatures of all of the undersigned;

RESOLVED FURTHER, that this Consent and signature pages hereto may be executed and delivered by electronic means (including electronic image, facsimile, “.pdf,” “.tif,” and “.jpeg”), and thereupon shall be treated in each case and in all manner and respects and for all purposes as an original and shall be considered to have the same binding legal effect as if it were an original manually-signed counterpart hereof delivered in person; and

RESOLVED FURTHER, that this Consent shall become effective as of the date first set forth above upon each U.S. Filing Entity’s receipt of the executed counterpart signature pages from the respective members of each Special Committee.


The actions taken by this Consent shall have the same force and effect as if taken at a special meeting of each Special Committee, duly called and constituted, pursuant to the applicable laws of the jurisdiction in which each U.S. Filing Entity is organized.

* * * * *

IN WITNESS WHEREOF, the undersigned, being all of the members of the Special Committees of the Governing Bodies of the entities listed below, have executed this Consent as of the date first above written.

**BMS DISTRIBUTING CORP.
CBI DISTRIBUTING CORP.
CLAIRE’S BOUTIQUES, INC.
CLAIRE’S CANADA CORP.
CLAIRE’S (GIBRALTAR) HOLDINGS LIMITED
CLAIRE’S HOLDINGS LLC
CLAIRE’S INTELLECTUAL LLC
CLAIRE’S PUERTO RICO CORP.
CLAIRE’S STORES, INC.
CLAIRE’S SWISS HOLDINGS II LLC
CLAIRE’S SWISS HOLDINGS LLC
CLSIP HOLDINGS LLC
CLSIP LLC
CSI CANADA LLC**

By:

Signed by:

08ED8395F1724B9...

David Barse

By:

William Transier

IN WITNESS WHEREOF, the undersigned, being all of the members of the Special Committees of the Governing Bodies of the entities listed below, have executed this Consent as of the date first above written.

**BMS DISTRIBUTING CORP.
CBI DISTRIBUTING CORP.
CLAIRE'S BOUTIQUES, INC.
CLAIRE'S CANADA CORP.
CLAIRE'S (GIBRALTAR) HOLDINGS LIMITED
CLAIRE'S HOLDINGS LLC
CLAIRE'S INTELLECTUAL LLC
CLAIRE'S PUERTO RICO CORP.
CLAIRE'S STORES, INC.
CLAIRE'S SWISS HOLDINGS II LLC
CLAIRE'S SWISS HOLDINGS LLC
CLSIP HOLDINGS LLC
CLSIP LLC
CSI CANADA LLC**

By:

David Barse

By:

DocuSigned by:

William Transier

0120BD6DF7074DD...

William Transier

ANNEX I

Company	State (or if outside of the U.S., country) of Incorporation
BMS Distributing Corp.	Delaware
CBI Distributing Corp.	Delaware
Claire's Boutiques, Inc.	Michigan
Claire's Canada Corp.	Delaware
Claire's (Gibraltar) Holdings Limited	Gibraltar
Claire's Holdings LLC	Delaware
Claire's Intellectual LLC	Delaware
Claire's Puerto Rico Corp.	Delaware
Claire's Stores, Inc.	Florida
Claire's Swiss Holdings II LLC	Delaware
Claire's Swiss Holdings LLC	Delaware
CLSIP Holdings LLC	Delaware
CLSIP LLC	Delaware
CSI Canada LLC	Delaware

This is Exhibit “I” referred to in the Affidavit of Suzanne Stoddard sworn over videoconference this 6th day of August, 2025 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant is located in the City of Columbus, in the State of Ohio, and the commissioner is located in the City of Toronto, in the Province of Ontario.

A handwritten signature in black ink, appearing to read 'Andrew Rintoul', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

ANDREW RINTOUL

(LSO# 81955T)

Court File No. _____

**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 CLAIRE'S STORES CANADA CORP.**

Applicant

CONSENT

KSV RESTRUCTURING INC. hereby consents to act as the court-appointed monitor of the Applicant in connection with these proceedings pursuant to the *Companies' Creditors Arrangement Act* and pursuant to the terms of an order substantially in the form filed.

DATED this 5th day of August, 2025**KSV RESTRUCTURING INC.**Per:  _____

Name: Noah Goldstein

Title: Managing Director

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36,
AS AMENDED

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLAIRE'S STORES CANADA CORP.

Applicant

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

PROCEEDING COMMENCED AT TORONTO

INITIAL AFFIDAVIT

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Fax: 416.862.6666

Lawyers for the Applicant

TAB 3

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	WEDNESDAY, THE 6 TH
)	
JUSTICE DIETRICH)	DAY OF AUGUST, 2025

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 CLAIRE'S STORES CANADA CORP.
(the "**Applicant**")

INITIAL ORDER

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 via videoconference.

ON READING the affidavit of Suzanne Stoddard sworn August 6, 2025 and the Exhibits thereto (the "**Stoddard Affidavit**"), the consent of KSV Restructuring Inc. ("**KSV**") to act as monitor (in such capacity, the "**Monitor**") and the Pre-Filing Report of KSV in its capacity as proposed Monitor, 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.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms that are used in this Order shall have the meanings ascribed to them in the Stoddard Affidavit if they are not otherwise defined herein.

APPLICATION

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

POSSESSION OF PROPERTY AND OPERATIONS

4. **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, independent contractors, advisors, consultants, agents, experts, appraisers, valuers, brokers, 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.

5. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Stoddard Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”), provided that from and after the date hereof, no funds on deposit shall be swept to Claire’s Stores master concentration account absent further order of this Court, 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 of compromise or arrangement filed under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses;
- (b) until and including August 15, 2025 (or such later date as may be Ordered by this Court), all outstanding or future amounts owing in respect of existing customer pre-payments, deposits, return and exchange policies, refunds, discounts or other amounts on account of similar customer programs or obligations, including loyalty programs;
- (c) until and including August 15, 2025 (or such later date as may be Ordered by this Court), all outstanding or future amounts related to honouring gift cards issued before, on or after the date of this Order;
- (d) with the consent of the Monitor, amounts owing for goods or services supplied to the Applicant prior to the date of this Order by any:
 - (i) providers of credit, debit and gift card processing related services;
 - (ii) logistics, warehouse or supply chain providers, including transportation providers, clearing houses, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of customs and duties for goods;
 - (iii) providers of information, internet, telecommunications, and other technology, including e-commerce providers and related services; and
 - (iv) other suppliers or service providers if such payment is necessary to maintain the uninterrupted operations of the Business; and

- (e) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **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 this Order, and in carrying out the provisions of this Order and any other Order of this Court, 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, if and as applicable), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **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 the Applicant's employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, (iv) income taxes, and (v) all other amounts related to such deductions or employee wages payable for periods following the date of this Order, and that are of a kind that could be subject to a demand under the statutory provisions specified in subsections 6(3)(a) through (c) of the CCAA;
- (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 date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; 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.

9. **THIS COURT ORDERS** that, until a real property lease (each, a “**Lease**”) to which the Applicant is a party is disclaimed or resiliated in accordance with the CCAA, or otherwise terminated, the Applicant shall pay, without duplication, 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 the Landlord from time to time (“**Rent**”), (a) incurred and relating solely to the period commencing from and including the date of this Order until and including August 15, 2025, as a single payment made forthwith following issuance of this Order, (b) incurred and relating solely to the period commencing from and including August 16, 2025, until and including August 30, 2025, as a single payment made on or about August 18, 2025, 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 date of this Order, shall be calculated and paid regarding revenues received during the period from and including the date of this Order in accordance with the terms of such Lease.

10. **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

11. **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 \$50,000 in any one transaction or \$500,000 in the aggregate;
- (b) vacate, abandon or quit the whole but not part of any leased premises and/or disclaim any real property lease, including any Lease, and any ancillary agreements relating to any leased premises;
- (c) without limiting paragraph 11(b), above, disclaim any of its arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, 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 the Applicant deems appropriate; and
- (e) pursue all avenues of refinancing, restructuring, sale or reorganizing the Business or Property (including sale, transfer or assignment of the Leases to third parties), in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganizing (except as otherwise permitted by paragraph 11(a) above in respect of redundant or non-material assets),

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

12. **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 such Landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the applicable 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, the Applicant shall not be required to pay Rent under such Lease pending resolution of any such dispute (other than, subject to paragraph 9 hereof, Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of such Lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **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

14. **THIS COURT ORDERS** that until and including August 15, 2025, 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 their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior 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 except as permitted by subsection 11.03(2) of the CCAA, their employees, directors, advisors, officers, or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

15. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of any 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

16. **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 their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Applicant to carry on any business which it is not lawfully entitled to carry on; (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (c) prevent the filing of any registration to preserve or perfect a security interest; or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **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

18. **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 date of this Order 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 the Applicant and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

19. **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 date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicant and the Monitor, or leave of this Court.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order other than paragraph 9 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

21. **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 date hereof 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.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. **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.

23. **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, subject to further order of this Court, exceed an aggregate amount of \$2,900,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 hereof.

24. **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 directors 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 22 of this Order.

APPOINTMENT OF MONITOR

25. **THIS COURT ORDERS** that KSV 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.

26. **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) assist with the Restructuring and the operations of the Applicant;
- (c) 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;
- (d) 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;
- (e) along with the Restructuring Advisor (as defined below), advise the Applicant in its preparation of the Applicant's cash flow statements and other required reporting;
- (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) be at liberty to engage independent legal counsel or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

27. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management 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.

28. **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.

29. **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.

30. **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 directors, officers, employees, advisors 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.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant, and Alvarez & Marsal Canada ULC in its capacity as operational and restructuring advisor to the Applicant (the “**Restructuring Advisor**”) 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, counsel to the Applicant, and the Restructuring Advisor on a weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Applicant, and the Restructuring Advisor retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time, and any such retainers paid prior to the date hereof are hereby authorized *nunc pro tunc*.

32. **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

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant, and the Restructuring Advisor shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not, subject to further order of this Court, exceed an aggregate amount of \$400,000 as security for their professional fees and disbursements incurred at their standard rates and charges, 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 33 and 35 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

- (a) First – Administration Charge (to the maximum amount of \$400,000); and

(b) Second – Directors’ Charge (to the maximum amount of \$2,900,000).

35. **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.

36. **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, except for any Person who is a “secured creditor” as defined in the CCAA that has not been served with the Notice of Application for this Order. The Applicant shall be entitled, at the Comeback Hearing (as hereinafter defined) or as part of any subsequent motion, on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges may not have obtained priority pursuant to this Order.

37. **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 and the beneficiaries of the Charges (collectively, the “**Chargees**”), or further Order of this Court.

38. **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:

- (i) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party,
- (ii) 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 creation of the Charges; and
- (iii) the payments made by the Applicant pursuant to this Order, 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.

39. **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 interests in such real property leases.

SERVICE AND NOTICE

40. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail a notice containing the information prescribed under the CCAA; and (b) within five (5) days after the date of this Order, (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 such 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.

41. **THIS COURT ORDERS** that any employee of any of the Applicant who is sent a notice of termination of employment or any other communication by the Applicant on or after the date hereof shall be deemed to have received such communication by no later than 8:00 a.m. prevailing Eastern Time on the fourth day following the date any such communication is sent, if such communication is sent by ordinary mail, expedited parcel or registered mail to the

individual's address as reflected in the Applicant's books and records; provided, however, that any communication that is sent to an employee of the Applicant by electronic message to the individual's corporate email address and/or the individual's personal address as last shown in the Applicant's books and records shall, (a) if sent by electronic message at or prior to 5:00 p.m. prevailing Eastern Time on a business day, be deemed to have been received by such employee on the date on which such electronic message was sent, or (b) if sent by electronic message after 5:00 p.m. prevailing Eastern Time on a business day or on a day that is not a business day, be deemed to have been received by such employee on the next business day following the date on which such electronic message was sent, notwithstanding that the mailing of any notices of termination of employment or other employee communication was sent pursuant to any other means.

42. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website (as hereinafter defined) as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timelines of making any changes to the Service List.

43. **THIS COURT ORDERS** that service and electronic service of documents in this proceeding made in accordance with the Consolidated Civil Provincial Practice Direction and the Consolidated Practice Direction for the Toronto Region (collectively, the "**Practice Directions**") (each of which can be found on the Ontario Superior Court of Justice website at <https://www.ontariocourts.ca/scj/filing-procedures/provincial/> and https://www.ontariocourts.ca/scj/practice_directions/consolidated-practice-direction-toronto-region/) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure*, RRO 1990, Reg 194 (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 the applicable Practice Directions, service of documents in accordance with the Practice Directions will be effective on transmission. This Court further orders that a case website for this proceeding shall be established with the following URL: <https://www.ksvadvisory.com/experience/case/claires> (the "**Monitor's Website**").

44. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Practice Directions 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 copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic message 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.

45. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other 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).

COMEBACK HEARING

46. **THIS COURT ORDERS** that the comeback motion in these CCAA proceedings shall be heard by a Commercial List Judge on August 15, 2025 (the "**Comeback Hearing**").

GENERAL

47. **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 at the Comeback Hearing, and any such interested party shall give not less than two business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the

Comeback Hearing; 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 33 and 35 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

48. **THIS COURT ORDERS** that, notwithstanding paragraph 46 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.

49. **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.

50. **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.

51. **THIS COURT ORDERS** that 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.

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLAIRE'S STORES
CANADA CORP.

Applicant

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicant

TAB 4

Court File No. —

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE —MADAM) ~~WEEKDAY~~WEDNESDAY, THE #6TH
JUSTICE —DIETRICH) DAY OF ~~MONTH~~AUGUST, ~~20YR~~2025

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 ~~[APPLICANT'S NAME]~~ (the "CLAIRE'S
STORES CANADA CORP. (the "Applicant""))

INITIAL ORDER

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 [NAME] Suzanne Stoddard sworn [DATE] August 6, 2025 and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~ (the "Stoddard Affidavit"), ~~the consent of KSV Restructuring Inc. ("KSV") to act as monitor (in such capacity, the "Monitor") and the Pre-Filing Report of KSV in its capacity as proposed Monitor~~, and on hearing the submissions of counsel ~~for [NAMES], no one appearing for [NAME]¹ although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of~~

¹ ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~[MONITOR'S NAME] to act as the Monitor,~~ 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 validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms that are used in this Order shall have the meanings ascribed to them in the Stoddard Affidavit if they are not otherwise defined herein.

APPLICATION

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

~~PLAN OF ARRANGEMENT~~

~~3. 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

4. **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

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

empowered to continue to retain and employ the employees, independent contractors, advisors, consultants, agents, experts, appraisers, valuers, brokers, 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.

5. **[THIS COURT ORDERS** that the Applicant shall be entitled to continue to ~~utilize~~use the central cash management system³ currently in place as described in the Stoddard Affidavit ~~of~~ ~~[NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the "Cash Management System"-and), provided that from and after the date hereof, no funds on deposit shall be swept to Claire's Stores master concentration account absent further order of this Court, 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 ~~the Plan~~ any plan of compromise or arrangement filed under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee ~~and pension~~ benefits (including, without limitation, employee medical, dental and similar benefit plans or arrangements), vacation pay and expenses ~~payable on or after the date of this Order,~~

³ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and all other payroll and benefits processing expenses;

- (b) until and including August 15, 2025 (or such later date as may be Ordered by this Court), all outstanding or future amounts owing in respect of existing customer pre-payments, deposits, return and exchange policies, refunds, discounts or other amounts on account of similar customer programs or obligations, including loyalty programs;
- (c) until and including August 15, 2025 (or such later date as may be Ordered by this Court), all outstanding or future amounts related to honouring gift cards issued before, on or after the date of this Order;
- (d) with the consent of the Monitor, amounts owing for goods or services supplied to the Applicant prior to the date of this Order by any:
 - (i) providers of credit, debit and gift card processing related services;
 - (ii) logistics, warehouse or supply chain providers, including transportation providers, clearing houses, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of customs and duties for goods;
 - (iii) providers of information, internet, telecommunications, and other technology, including e-commerce providers and related services; and
 - (iv) other suppliers or service providers if such payment is necessary to maintain the uninterrupted operations of the Business; and
- (e) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **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 this Order, and in carrying out the provisions of this Order and any other Order of this Court, 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, if and as applicable), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **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 the Applicant's employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, ~~and~~ (iv) income taxes, and (v) all other amounts related to such deductions or employee wages payable for periods following the date of this Order, and that are of a kind that could be subject to a demand under the statutory provisions specified in subsections 6(3)(a) through (c) of the CCAA;
- (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 date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; 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.

9. **THIS COURT ORDERS** that, until a real property lease (each, a “Lease”) to which the Applicant is a party is disclaimed ~~for~~ ^{resiliated}⁴ in accordance with the CCAA, or otherwise terminated, the Applicant shall pay, without duplication, all amounts constituting rent or payable as rent under ~~real property leases~~such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the ~~landlord~~ under the leaseapplicable 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 the ~~landlord~~Landlord from time to time (“Rent”), ~~for~~(a) incurred and relating solely to the period commencing from and including the date of this Order until and including August 15, 2025, as a single payment made forthwith following issuance of this Order, (b) incurred and relating solely to the period commencing from and including August 16, 2025, until and including August 30, 2025, as a single payment made on or about August 18, 2025, and (c) thereafter, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). ~~On the date of the first of such payments, any Rent relating to the period, in each case save and except for any component of Rent which is percentage rent which, commencing from and including the date of this Order shall also be paid,~~ shall be calculated and paid regarding revenues received during the period from and including the date of this Order in accordance with the terms of such Lease.

10. **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, ~~trust~~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.

⁴ ~~The term “resiliate” should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~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 \$~~50,000~~ in any one transaction or \$~~500,000~~ in the aggregate~~⁵;
- (b) vacate, abandon or quit the whole but not part of any leased premises and/or disclaim any real property lease, including any Lease, and any ancillary agreements relating to any leased premises;
- (c) without limiting paragraph 11(b), above, disclaim any of its arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, in accordance with section 32 of the CCAA;
- (d) ~~(b)~~ terminate the employment of such of its employees or temporarily lay off such of its employees as ~~it~~the Applicant deems appropriate; and
- (e) ~~(e)~~ pursue all avenues of refinancing ~~of its~~, restructuring, sale or reorganizing the Business or Property (including sale, transfer or assignment of the Leases to third parties), in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganizing (except as otherwise permitted by paragraph 11(a) above in respect of redundant or non-material assets),

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

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

12. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant ~~landlords~~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~~Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if ~~the landlord~~such Landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the ~~lease~~applicable Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such ~~landlord~~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~~Landlord and any such secured creditors. If the Applicant disclaims ~~{or resiliates}~~ the ~~lease~~Lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~the Applicant shall not be required to pay Rent under such ~~lease~~Lease pending resolution of any such dispute (other than, subject to paragraph 9 hereof, Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~{or resiliation}~~ of ~~the lease~~such Lease shall be without prejudice to the ~~Applicant's~~Applicant's claim to the fixtures in dispute.

13. **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~~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~~Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such ~~landlord~~Landlord may have against the Applicant in respect of such ~~lease~~Lease or leased premises, provided that nothing herein shall relieve such ~~landlord~~Landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including ~~{DATE—MAX. 30 DAYS}~~August 15, 2025, 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 their respective employees,

directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior 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 except as permitted by subsection 11.03(2) of the CCAA, their employees, directors, advisors, officers, or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

15. THIS COURT ORDERS that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of any 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

16. ~~15.~~ **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 their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall ~~(i)a~~ empower the Applicant to carry on any business which ~~the Applicant~~ it is not lawfully entitled to carry on; ~~(ii)b~~ affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; ~~(iii)c~~ prevent the filing of any registration to preserve or perfect a security interest; ~~(iv)d~~ prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. ~~16.~~ **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

18. ~~17.~~ **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 ~~or,~~ 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 date of this Order 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

19. **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 date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicant and the Monitor, or leave of this Court.

NON-DEROGATION OF RIGHTS

20. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order other than paragraph 9 of this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~ 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.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. ~~19.~~ **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 date hereof 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 in respect of the Applicant, 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

22. ~~20.~~ **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,⁷ 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~~ director's or officer's gross negligence or wilful misconduct.

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

23. ~~21.~~ **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")⁸ on the Property, which charge shall not, subject to further order of this Court, exceed an aggregate amount of \$~~2,900,000~~, as security for the indemnity provided in paragraph ~~{20}~~22 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~33 and ~~{40}~~herein35 hereof.

24. ~~22.~~ **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 directors 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 ~~{20}~~22 of this Order.

APPOINTMENT OF MONITOR

25. ~~23.~~ **THIS COURT ORDERS** that ~~{MONITOR'S NAME}~~KSV 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~~Monitor's functions.

26. ~~24.~~ **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 ~~the Applicant's~~and review the Applicant's receipts and disbursements;

⁸Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.

- (b) assist with the Restructuring and the operations of the Applicant;
- (c) 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;
- (d) ~~(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;
- (e) along with the Restructuring Advisor (as defined below), advise the Applicant in its preparation of the Applicant's cash flow statements and other required reporting;
- ~~(e) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which 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 reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- ~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (f) ~~(g)~~ 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~~ Applicant's business and financial affairs or to perform its duties arising under this Order;

(g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

27. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management 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.

28. ~~26.~~ **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~~ 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.

29. ~~27.~~ **THIS COURT ORDERS** ~~that~~ that the Monitor shall provide any creditor of the Applicant ~~and the DIP Lender~~ 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.

30. ~~28.~~ **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 directors, officers, employees, advisors or representatives shall incur ~~no~~any liability or obligation as a result of ~~its~~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.

31. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor ~~and~~, counsel to the Applicant, and Alvarez & Marsal Canada ULC in its capacity as operational and restructuring advisor to the Applicant (the "Restructuring Advisor") 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 ~~for~~to the Monitor ~~and~~, counsel ~~for~~to the Applicant ~~on a [TIME INTERVAL] basis,~~ and the Restructuring Advisor on a weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, ~~and~~ counsel to the Applicant, and the Restructuring Advisor retainers ~~in the amount[s] of \$●-[, respectively,]~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time, and any such retainers paid prior to the date hereof are hereby authorized nunc pro tunc.

32. ~~30.~~ **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

33. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any~~ counsel to the Applicant, and the ~~Applicant's counsel~~ Restructuring Advisor shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not, subject to further order of this Court, exceed an aggregate amount of \$~~●~~400,000 as security for their professional fees and disbursements incurred at ~~the~~ their 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 ~~38~~ 33 and ~~40~~ 35 hereof.

DIP FINANCING

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. 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.~~

~~35. 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, which DIP Lender's Charge shall~~

~~not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~

~~36. 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 ● days notice to the Applicant and the Monitor, 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.—~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

34. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, security interests granted by the Administration Charge and the DIP Lender's~~Directors' Charge (collectively, the "Charges"), as among them, shall be as follows⁹:

(a) First – Administration Charge (to the maximum amount of \$~~400,000~~); and

~~Second – DIP Lender's Charge; and~~

~~Third~~(b) Second – Directors' Charge (to the maximum amount of \$~~2,900,000~~).

35. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ (collectively, 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.

36. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ shall 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, except for any Person who is a "secured creditor" as defined in the CCAA that has not been served with the Notice of Application for this Order. The Applicant shall be entitled, at the Comeback Hearing (as hereinafter defined) or as part of any subsequent motion, on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges may not have obtained priority pursuant to this Order.

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

37. ~~41.~~ **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 ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges unless the Applicant also obtains the prior written consent of the Monitor,~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges (collectively, the "Chargees"), or further Order of this Court.

38. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the ~~chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender~~ 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:

- (i) ~~(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall~~shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (ii) ~~(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, or the execution, delivery or performance of the Definitive Documents; and~~
- (iii) ~~(c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, 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.

39. ~~43.~~ **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~~ Applicant's interests in such real property leases.

SERVICE AND NOTICE

40. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (~~ia~~) without delay, publish in ~~[newspapers specified by the Court]~~ Globe & Mail a notice containing the information prescribed under the CCAA; ~~and~~ (~~ib~~) within five (5) days after the date of this Order, (~~Ai~~) make this Order publicly available in the manner prescribed under the CCAA, (~~Bii~~) 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 ~~every~~ all known ~~creditor who has~~ creditors having a claim against the Applicant of more than ~~\$1000~~ 1,000, and (~~Ciii~~) prepare a list showing the names and addresses of ~~those~~ such 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.

41. **THIS COURT ORDERS** that any employee of any of the Applicant who is sent a notice of termination of employment or any other communication by the Applicant on or after the date hereof shall be deemed to have received such communication by no later than 8:00 a.m. prevailing Eastern Time on the fourth day following the date any such communication is sent, if such communication is sent by ordinary mail, expedited parcel or registered mail to the individual's address as reflected in the Applicant's books and records; provided, however, that any communication that is sent to an employee of the Applicant by electronic message to the individual's corporate email address and/or the individual's personal address as last shown in the Applicant's books and records shall, (a) if sent by electronic message at or prior to 5:00 p.m. prevailing Eastern Time on a business day, be deemed to have been received by such employee on the date on which such electronic message was sent, or (b) if sent by electronic message after 5:00 p.m. prevailing Eastern Time on a business day or on a day that is not a business day, be

deemed to have been received by such employee on the next business day following the date on which such electronic message was sent, notwithstanding that the mailing of any notices of termination of employment or other employee communication was sent pursuant to any other means.

42. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website (as hereinafter defined) as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timelines of making any changes to the Service List.

43. ~~45.~~ **THIS COURT ORDERS** that ~~the E-Service Protocol of the Commercial List (the “Protocol”)~~ is approved and adopted by reference herein and, in this proceeding, the service and electronic service of documents in this proceeding made in accordance with the ~~Protocol~~ (Consolidated Civil Provincial Practice Direction and the Consolidated Practice Direction for the Toronto Region (collectively, the “Practice Directions”)) (each of which can be found on the Commercial List website at ~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~ Ontario Superior Court of Justice website at ~~<https://www.ontariocourts.ca/scj/filing-procedures/provincial/>~~ and ~~https://www.ontariocourts.ca/scj/practice_directions/consolidated-practice-direction-toronto-region/~~) shall be valid and effective service. Subject to Rule 17.05 of the Rules of Civil Procedure, RRO 1990, Reg 194 (the “Rules”), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules ~~of Civil Procedure~~. Subject to Rule 3.01(d) of the Rules ~~of Civil Procedure and paragraph 21 of the Protocol~~ and the applicable Practice Directions, service of documents in accordance with the ~~Protocol~~ Practice Directions will be effective on transmission. This Court further orders that a ~~Case Website~~ case website for this proceeding shall be established ~~in accordance with the Protocol with~~ the following URL ~~“<@>”~~: <https://www.ksvadvisory.com/experience/case/claires> (the “**Monitor’s Website**”).

44. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the ~~Protocol~~ Practice Directions 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~~, facsimile transmission or electronic message to the ~~Applicant's~~ Applicant's creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown ~~on~~ in the books and records of the Applicant and that any such service or distribution ~~by courier, personal delivery or facsimile transmission~~ 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, or if sent by ordinary mail, courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. prevailing Eastern Time; or (c) on the third business day after mailing following the date of forwarding thereof, if sent by ordinary mail.

45. THIS COURT ORDERS that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other 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).

COMEBACK HEARING

46. THIS COURT ORDERS that the comeback motion in these CCAA proceedings shall be heard by a Commercial List Judge on August 15, 2025 (the "Comeback Hearing").

GENERAL

47. 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 at the Comeback Hearing, and any such interested party shall give not less than two business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Hearing; 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 33 and 35 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

48. ~~47.~~ **THIS COURT ORDERS** that, notwithstanding paragraph 46 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 ~~its~~ their respective powers and duties hereunder.

49. ~~48.~~ **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.

50. ~~49.~~ **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.

51. ~~50.~~ **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.

~~51. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any~~

~~other party or parties likely to be affected by the order sought or upon such other notice, if any,
as this Court may order.~~

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. prevailing Eastern ~~Standard/Daylight~~ Time on the date of this Order.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLAIRE'S STORES
CANADA CORP.

Applicant

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER

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26

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36,
AS AMENDED

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLAIRE'S STORES CANADA CORP.

Applicant

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

PROCEEDING COMMENCED AT TORONTO

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