

**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 6045073 CANADA INC.**

**FACTUM OF THE MONITOR
(Re: Meeting Order and Stay Extension and Ancillary Relief Order)
(Returnable September 14, 2026)**

September 10, 2026

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PART I. INTRODUCTION¹

1. This factum is filed by AlixPartners Restructuring Inc. (“**AlixPartners**”), in its capacity as monitor (in such capacity, the “**Monitor**”) of 6045073 Canada Inc. (formerly Claire’s Stores Canada Corp.) (the “**Applicant**”), in support of the Monitor’s motion for the following two orders:

- (a) a meeting order (the “**Meeting Order**”), among other things:
 - (i) accepting the filing of the Plan;
 - (ii) authorizing the establishment of a single class of creditors, being the Unsecured Creditors’ Class, for the purpose of considering and voting on a resolution to approve the Plan;
 - (iii) authorizing the Applicant and the Monitor to call, hold and conduct a meeting of Affected Creditors, entirely by virtual means, on November 17, 2026, at 10:00 a.m. (Toronto time) (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan;
 - (iv) setting the date for the hearing of a motion seeking sanction of the Plan should it be approved by the Required Majority at the Creditors’ Meeting; and
 - (v) approving the Settlement and Support Agreement (as defined below); and

¹ Capitalized terms used and not otherwise defined have the meaning ascribed to them in the Fifth Report of the Monitor dated September 4, 2026 (the “**Fifth Report**”) or the Plan of Compromise and Arrangement in respect of the Applicant dated September 4, 2026 (the “**Plan**”), as applicable.

- (b) a stay extension and ancillary relief order (the “**Stay Extension and Ancillary Relief Order**”), among other things:
 - (i) extending the stay period to and including March 12, 2027 (the “**Stay Period**”);
 - (ii) approving the Fifth Report, including the Monitor’s conduct and activities described therein; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval; and
 - (iii) approving the fees and disbursements of the Monitor and its counsel for the period from May 1, 2026, to July 31, 2026 (the “**Relevant Period**”), as described in the Fifth Report and the fee affidavits appended thereto.

2. In the early stages of these CCAA proceedings, the Applicant worked diligently to complete a value-maximizing going-concern transaction and complementary liquidation of residual assets for the benefit of the Applicant’s creditors. In the months that have followed, the Monitor carried out the Claims Process previously approved by this Court, calculating, reviewing, reconciling and otherwise working to resolve the 548 claims against the Applicant, including the significant claims of the Applicant’s U.S. affiliates (which, subject to Court approval, have now been settled for significantly less than their asserted amount).

3. With the Claims Process now substantially complete, the Monitor, for and on behalf of the Applicant, and in consultation with the Applicant’s counsel, has developed a plan of compromise and arrangement to present to the Applicant’s creditors and seeks the Meeting Order in order to authorize the filing of the Plan and its presentation to the Unsecured Creditors’ Class for voting.

4. The Plan is intended to effect the timely and efficient distribution of the Applicant's available funds to its unsecured creditors, including to give effect to an enhanced distribution to the Applicant's non-affiliated creditors of the Intercompany Distribution Threshold Amount that will result in significantly increased recoveries (estimated by the Monitor in the range of 58% to 62% of their proven claims) compared to straight *pro rata* distributions in a bankruptcy.

5. While the Monitor believes the Plan is fair and reasonable, at this stage the Court must only be satisfied that there are no legal impediments to placing the Plan before the Affected Creditors for their consideration at the Creditors' Meeting. The Monitor submits that no such impediments exist and that the test for granting the Meeting Order is otherwise readily satisfied.

6. For these reasons and the reasons that follow, the Monitor respectfully requests that the Court grant the Meeting Order so that the Plan may be voted on by Affected Creditors. If the Plan is approved by the Required Majority, the Monitor intends to return to the Court to seek a Sanction Order and otherwise work to implement the Plan and make distributions to Affected Creditors as soon as possible. The Monitor also requests that the Court grant the Stay Extension and Ancillary Relief Order to provide the necessary stability and certainty to allow the Plan process to advance.

PART II. FACTS

A. Background

7. On August 6, 2025, the Applicant was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to an Initial Order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). The Initial Order, among other things, (a) appointed KSV Restructuring Inc.² as Monitor in the

² Effective June 1, 2026, AlixPartners Restructuring, Inc. was substituted in place of KSV Restructuring Inc. as Monitor in these CCAA proceedings pursuant to an order dated June 3, 2026 issued by the Court.

CCAA proceedings; (b) granted a stay of proceedings against the Applicant until August 15, 2025; and (c) granted certain priority charges (the “**Charges**”).³

8. On August 15, 2025, this Court granted the Amended and Restated Initial Order (the “**ARIO**”), which, among other things, (a) extended the stay of proceedings until November 14, 2025; and (b) increased the maximum amount secured by the Charges.⁴

9. In addition to granting the ARIO, on August 15, 2025, the Court also granted the Liquidation Sale Approval Order, which, among other things, (a) approved a consulting agreement between the Applicant and a contractual joint venture comprised of Hilco Merchant Retail Solutions, ULC, Gordon Brothers Canada ULC, and SB360 Capital Partners, LLC (collectively, the “**Consultant**”) dated as of August 12, 2025 (the “**Consulting Agreement**”); (b) approved the proposed sale guidelines (the “**Sale Guidelines**”) for an orderly liquidation of the Applicant’s merchandise and inventory and owned furnishings, trade fixtures, and equipment at certain specified stores (“**Liquidating Stores**”); and (c) authorized the Applicant, with the assistance of the Consultant, to undertake a liquidation sale in accordance with the terms of the Liquidation Sale Approval Order, the Consulting Agreement and the Sale Guidelines.⁵

10. Under the terms of the Consulting Agreement, the Applicant retained the right, at its discretion, to amend the list of Liquidating Stores (to either add or remove any one or more of the Applicant’s stores from the liquidation) by providing a notice to the Consultant. On August 16, 2025, the Applicant delivered a notice to the Consultant removing all but 30 of the Applicant’s

³ Fifth Report at para. 1.0.1 [CC p. [E749](#)]; *Claire’s Stores Canada Corp.* (6 August 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Initial Order](#)).

⁴ Fifth Report at para. 1.0.4 [CC p. [E750](#)]; *Claire’s Stores Canada Corp.* (15 August 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Amended and Restated Initial Order](#)) [*Claire’s ARIO*].

⁵ Fifth Report at para. 1.0.5 [CC p. [E750](#)]; *Claire’s Stores Canada Corp.* (15 August 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Liquidation Sale Approval Order](#)).

retail stores from the liquidation to facilitate a potential going-concern transaction for the remaining Canadian stores as part of a wider transaction involving the Company's North American business, which transaction was subsequently entered into.⁶

11. On September 16, 2025, this Court granted an Approval and Vesting Order, which, among other things, (a) approved the asset purchase agreement among Claire's Holdings LLC, the Applicant and AWS Claire's LLC ("**AWS**", being the purchaser) dated August 18, 2025, the side letter among Claire's Holdings LLC, the Applicant and AWS dated September 10, 2025 (both, as amended, the "**Purchase Agreement**" and "**Canada Letter Agreement**", respectively) and the transactions contemplated therein (the "**Sale Transaction**"); (b) transferred to and vested in Claire's Essentials Canada Corp., an affiliate of AWS (the "**Canadian Purchaser**"), all of the Applicant's right, title and interest in and to the applicable Acquired Assets (as defined in the Purchase Agreement and Canada Letter Agreement); and (c) assigned up to 77 of the Applicant's retail store leases in Canada (the "**Eligible Canadian Leases**") to the Canadian Purchaser pursuant to section 11.3 of the CCAA.⁷

12. The Sale Transaction closed on September 18, 2025. In connection therewith, 73 of the 77 Eligible Canadian Leases were assigned to the Canadian Purchaser.⁸

13. On November 14, 2025, this Court granted three Orders:

- (a) a Claims Procedure Order (the "**Claims Procedure Order**"), which, among other things, established a claims process (the "**Claims Process**") for the identification

⁶ Fifth Report at para. 1.0.6 [CC p. [E750](#)].

⁷ Fifth Report at para. 1.0.7 [CC p. [E750](#)]; *Claire's Stores Canada Corp.* (16 September 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Approval and Vesting Order](#)).

⁸ Fifth Report at paras. 1.0.8 and 1.0.9 [CC p. [E751](#)].

and quantification of certain claims against the Applicant and the current and former directors and officers of the Applicant;⁹

- (b) an Expansion of the Monitor's Powers Order (the "**Expansion of the Monitor's Powers Order**"), which, among other things, expanded the powers of the Monitor in relation to the Applicant;¹⁰ and
- (c) a Stay Extension and Ancillary Relief Order (the "**First Stay Extension and Ancillary Relief Order**"), which, among other things, extended the stay of proceedings until May 14, 2026, and ordered that the Applicant meets the relevant criteria prescribed by the regulations to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47 s. 1, as amended.¹¹

14. A summary of the 548 claims filed in the Claims Process, all of which are unsecured and total more than \$76 million, is set out in the Fifth Report.¹²

15. On May 13, 2026, this Court granted the Stay Extension and Ancillary Relief Order (the "**Second Stay Extension and Ancillary Relief Order**"), which, among other things, extended the stay of proceedings until September 14, 2026.¹³

⁹ Fifth Report at para. 1.0.11 [CC p. [E613](#)]; *6045073 Canada Inc.* (14 November 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Claims Procedure Order](#)).

¹⁰ Fifth Report at para. 1.0.12 [CC p. [E752](#)]; *6045073 Canada Inc.* (14 November 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Expansion of Monitor's Powers Order](#)) [*Claire's Expansion of Monitor's Powers Order*].

¹¹ Fifth Report at para. 1.0.12 [CC p. [E752](#)]; *6045073 Canada Inc.* (14 November 2025) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Stay Extension and Ancillary Relief Order](#)).

¹² Fifth Report at para. 3.0.5 [CC p. [E756](#)].

¹³ Fifth Report at para. 1.0.13 [CC p. [E752](#)]; *6045073 Canada Inc.* (13 May 2026) Ont. S.C.J. [Commercial List] Court File No. CV-25-00748871-00CL ([Stay Extension and Ancillary Relief Order](#)).

B. Settlement and Support Agreement

16. On October 29, 2025, the United States Bankruptcy Court for the District of Delaware entered an order confirming the Chapter 11 Plan, which, among other things, established a liquidating trust in respect of the Chapter 11 Debtors' estates (the "**Claire's Liquidating Trust**"). META Advisors, LLC was appointed as the trustee for the Claire's Liquidating Trust (the "**Liquidating Trustee**").¹⁴

17. The Monitor has been dealing with the Liquidating Trustee regarding the four Proofs of Claim (collectively, the "**Claire's US Claim**") submitted in the Claims Process on behalf of certain Chapter 11 Debtors in the aggregate amount of approximately \$72.59 million.¹⁵

18. Over the course of April through August 2026, the Monitor, with the assistance of its counsel, Goodmans LLP ("**Goodmans**"), and the Applicant's counsel, engaged in a number of discussions and settlement negotiations with the Liquidating Trustee and its counsel in respect of the Claire's US Claim, including exchanging information in respect of the various heads of claim asserted in the Claire's US Claim.¹⁶

19. Those negotiations ultimately led to the Monitor and the Claire's Liquidating Trust entering into the Settlement and Support Agreement dated September 3, 2026 (the "**Settlement and Support Agreement**"), providing, *inter alia*, for the full and final settlement of the Claire's US Claim for approximately \$32.15 million (the "**Claire's US Allowed Claim**") and the Claire's Liquidating Trust's agreement to support the proposed Plan, which incorporates the Intercompany Distribution Threshold Amount.¹⁷

¹⁴ Fifth Report at para. 2.1.2 [CC p. [E754](#)].

¹⁵ Fifth Report at para. 3.1.2 [CC p. [E757](#)].

¹⁶ Fifth Report at para. 3.1.3 [CC p. [E757](#)].

¹⁷ Fifth Report at paras. 3.1.4 and 3.1.5 [CC p. [E758](#)].

C. The Meeting Order

20. The proposed Meeting Order authorizes the Applicant and the Monitor to call, hold and conduct the Creditors' Meeting, entirely by virtual means, on November 17, 2026, for Affected Creditors to consider and vote on the Plan.

21. The proposed Meeting Order provides for comprehensive notification of the Creditor's Meeting to Affected Creditors, including: (a) sending the Meeting Materials to each Affected Creditor; (b) posting the Meeting Materials on the Monitor's Website; (c) sending a copy of the Meeting Materials to the Service List; and (d) publishing the Notice of Creditors' Meeting in *The Globe and Mail (National Edition)*.

22. The proposed Meeting Order also provides for the procedures that will govern the conduct and voting procedure at the Creditors' Meeting, and the requirements for approval of the Plan, including that the Plan must receive an affirmative vote by the Required Majority at the Creditors' Meeting.

D. The Plan

23. The Plan establishes voting and distribution mechanisms in respect of claims that have been accepted (or deemed to have been accepted) pursuant to the Claims Procedure Order. If the Plan is approved by the Required Majority at the Creditors' Meeting and subsequently sanctioned by the Court and implemented, it will result in a release and discharge of all Affected Claims and effect a global resolution of these CCAA proceedings.

24. Certain key features and mechanics of the Plan are summarized below. Additional details regarding the Plan are set out in the Fifth Report.

- (a) *Single class of creditors*: The Plan creates a single class of Affected Creditors for voting and distribution purposes – the Unsecured Creditors’ Class. Each Affected Creditor will be able to consider and vote on the Plan at the Creditors’ Meeting.¹⁸
- (b) *Distributions to Unsecured Creditor Class*: The Plan provides that on the Initial Distribution Date, the Monitor, on behalf of the Applicant, will distribute the Unsecured Cash Pool in the following order:
 - (i) first, \$1,374,600 (*i.e.*, the Intercompany Distribution Threshold Amount) will be distributed *pro rata* to each Affected Creditor with a Proven Claim, other than Claire’s Liquidating Trust in respect of the Claire’s US Allowed Claim; and
 - (ii) second, the remaining balance of the Unsecured Cash Pool will be distributed *pro rata* to each Affected Creditor with a Proven Claim, including Claire’s Liquidating Trust in respect of the Claire’s US Allowed Claim. Further *pro rata* distribution(s) to Affected Creditors with a Proven Claim will be made from the Unsecured Cash Pool as determined by the Monitor.¹⁹
- (c) *Reserves*: The Plan contemplates that the Applicant and the Monitor shall create (i) the Administrative Reserve to pay the Administrative Reserve Costs; and (ii) the Disputed Claims Reserve (if any), comprised of Cash necessary to pay Affected

¹⁸ Fifth Report at para. 4.3.1(a) [CC p. [E760](#)].

¹⁹ Fifth Report at para. 4.3.1(g) [CC p. [E762](#)].

Creditors in respect of their Disputed Claims to the extent such claims become Proven Claims.²⁰

- (d) *Releases*: On the Plan Implementation Date, the Plan releases and discharges all Claims (other than the right to enforce their respective obligations pursuant to the Plan) against (i) the Applicant and its Directors, Officers, current and former employees, advisors, legal counsel and agents, and (ii) the Monitor, AlixPartners and their respective affiliates, and each of their current and former directors, officers, employees, representatives, advisors, legal counsel and agents.²¹
- (e) *Unaffected Claims*: Certain claims are to be unaffected under the Plan and are not entitled to vote on, or receive any distributions under the Plan, including any Excluded Claim, Insured Claim and Post-Filing Claim.²²

25. Based on information currently available, the Monitor expects that Affected Creditors with Proven Claims (other than Claire's Liquidating Trust) are estimated to receive distributions in the aggregate amount of approximately \$1.36 million to \$1.45 million, representing approximately 58% to 62% of their Proven Claims. Claire's Liquidating Trust is estimated to recover approximately 7% to 9% in respect of the Claire's US Allowed Claim.²³

²⁰ Fifth Report at paras. 4.3.1(d) and 4.3.1(e) [CC p. [E761](#)].

²¹ Fifth Report at para. 4.3.1(h)(i) [CC p. [E762](#)].

²² Fifth Report at para. 4.3.1(b) [CC p. [E760](#)].

²³ Fifth Report at para. 6.0.2(a) [CC p. [E768](#)].

26. The CRA submitted a marker claim pursuant to the Claims Process and is in the process of reviewing and assessing the Applicant's most recent tax return and pre-filing tax position. The Monitor intends to continue engaging with the CRA and its counsel to resolve this claim.²⁴

E. Extension of the Stay Period

27. The Stay Period currently expires on September 14, 2026. The Monitor is requesting an extension of the Stay Period to and including March 12, 2027.

28. The extension of the Stay Period is necessary to allow the Applicant and the Monitor to complete the Claims Process and call and hold the Creditors' Meeting (if authorized by the Court), and allow the Monitor to bring a motion seeking a Sanction Order if the Plan is approved by the Required Majority at the Creditors' Meeting.²⁵

F. The Monitor's Reports and Activities

29. The Monitor's activities since the Fourth Report of the Monitor dated May 8, 2026, include, among other things: (a) continuing to administer the Claims Process; (b) advancing the resolution of the Claire's US Claim and finalizing the Settlement and Support Agreement; (c) monitoring the Applicant's receipts and disbursements; (d) preparing a model to estimate potential recoveries for the Applicant's creditors; and (e) corresponding with the CRA regarding the CRA Claim, the Applicant's tax position and an audit of certain of the Applicant's HST returns.²⁶

²⁴ Fifth Report at para. 3.0.6(a) [CC p. [E768](#)].

²⁵ Fifth Report at para. 8.0.1 [CC p. [E770](#)].

²⁶ Fifth Report at para. 9.0.1 [CC p. [E771](#)].

30. The activities described in the Fifth Report were necessary, are consistent with the Monitor's duties and powers, have been undertaken with efficiency and reasonableness, and are in the interest of the Applicant's stakeholders.

G. Fees and Disbursements of the Monitor and its Counsel

31. The fee affidavits appended to the Fifth Report provide a comprehensive listing of the accounts sought to be passed, including each account and summaries identifying the individual professionals who have worked on this matter, their hourly billing rates and total number of hours worked.²⁷

32. The fees of the Monitor and its counsel incurred during the Relevant Period total \$112,413.25 and \$70,186.50, respectively, excluding disbursements and HST.²⁸ The foregoing fees and expenses are summarized in the Fifth Report and detailed in the fee affidavits appended thereto.

33. The fees and disbursements charged by the Monitor and its counsel are consistent with professional market rates in Toronto and are reasonable and appropriate in the circumstances having regard to the scope of work undertaken and the results achieved.²⁹

PART III. ISSUES AND THE LAW

34. The issues on this motion are whether this Court should:

²⁷ Affidavit of Mitch Vininsky sworn September 4, 2026 [CC p. [E831](#)] ("**Alix Fee Affidavit**"); Affidavit of Josh Sloan sworn September 3, 2026 [CC p. [E849](#)] ("**Goodmans Fee Affidavit**").

²⁸ Fifth Report at para. 10.0.2 [CC p. [E772](#)]; Alix Fee Affidavit at para. 6 [CC p. [E832](#)]; Goodmans Fee Affidavit at para. 6 [CC p. [E850](#)].

²⁹ Alix Fee Affidavit at para. 8 [CC p. [E832](#)]; Goodmans Fee Affidavit at para. 6 [CC p. [E851](#)].

- (a) authorize the Applicant and the Monitor to seek approval of the Plan and convene and conduct the Creditors' Meeting;
- (b) approve the proposed classification of Creditors for the purpose of voting on the Plan;
- (c) approve the Settlement and Support Agreement;
- (d) extend the Stay Period to and including March 12, 2027;
- (e) approve the Fifth Report, and the activities and conduct of the Monitor described therein; and
- (f) approve the fees and disbursements of the Monitor and Goodmans incurred during the Relevant Period.

35. The Monitor respectfully submits that the Court should approve the foregoing relief and grant the proposed Meeting Order and Stay Extension and Ancillary Relief Order.

A. It is Appropriate to Permit the Applicant and the Monitor to Seek Approval of the Plan and Convene and Conduct the Creditors' Meeting

36. Paragraph 4 of the ARIO provides 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.³⁰

37. Pursuant to subparagraphs 3(a) and 3(l) of the Expansion of the Monitor's Powers Order, the Monitor is authorized to: (a) take any and all actions and steps in the name of and on behalf of

³⁰ [*Claire's ARIO*](#) at para. 4.

the Applicant to facilitate the administration of the Applicant's Property, affairs and estate as may be necessary, appropriate or desirable; and (b) cause the Applicant to perform functions or duties as the Monitor considers necessary or desirable in dealing with, among other things, any plan of compromise or arrangement.³¹ This Court has also previously authorized the filing of plans of compromise and arrangement by a CCAA monitor, relying on sections 11 and 23(1)(k) of the CCAA.³²

38. In addition, section 4 of the CCAA provides that the Court may order a meeting of unsecured creditors to vote on a compromise or an arrangement.³³

39. The threshold to approve the filing of a plan and call a meeting of creditors is low. While the feasibility of the plan is a relevant and significant factor to be considered in determining whether to order a meeting of creditors, a court should not impose a heavy burden on a debtor (or in this case, the Monitor) to establish the likelihood of ultimate success of a plan from the outset.³⁴

40. Further, this Court is not required to address the fairness and reasonableness of the Plan at this stage. The acceptance of a plan for filing and the granting of a meeting order are "procedural steps" that do not engage considerations of whether a plan is fair and reasonable.³⁵ Unless there is no hope that the plan would be approved by affected creditors or, if it was approved by affected creditors, it would not, for some other reason, be approved by the court, a debtor company should be authorized to present its plan to its creditors at a meeting.³⁶

³¹ [Claire's Expansion of the Monitor's Powers Order](#) at paras. 3(a) and 3(l).

³² CCAA, s. 11 and 23(1)(k). See e.g., *Imperial Tobacco Limited*, [2024 ONSC 6061](#) at para. 37.

³³ CCAA, s. 4.

³⁴ *Laurentian University of Sudbury*, [2022 ONSC 4433](#) at para. 23, citing *Nova Metal Products Inc. v. Comiskey (Trustee of)* (1990), [41 O.A.C. 282](#) (C.A.) at para. 90.

³⁵ *Jaguar Mining Inc. (Re)*, [2014 ONSC 494](#) at para. 48.

³⁶ *ScoZinc Ltd. (Re)*, [2009 NSSC 163](#) at paras. 4-7; *Arrangement relatif à Bloom Lake*, [2018 QCCS 1657](#) at para. 19.

41. The Monitor submits that the low threshold for the filing of the Plan and calling of the Creditors' Meeting is readily satisfied in the circumstances. The Plan, if approved by the Required Majority, sanctioned and implemented, would provide Affected Creditors with material recoveries for their Proven Claims (including enhanced recoveries for non-affiliated creditors) and establish an efficient, cost-effective and near-term means of progressing distributions. At the same time, implementation of the Plan would advance these proceedings to a conclusion and facilitate an orderly wind down of the Applicant.³⁷

42. The Plan does not contain any provisions that would render it incapable of being approved by Affected Creditors at the Creditors' Meeting and the Court, and there is no indication that the Plan is not feasible or doomed to fail.³⁸

43. Further, the proposed Meeting Order contemplates substantially similar procedures and mechanics to those that this Court has previously approved in other CCAA proceedings.³⁹

44. The fairness and reasonableness of the Plan will be thoroughly briefed at the motion for a Sanction Order, if the Required Majority vote in favour of the Plan at the Creditors' Meeting.

45. The Monitor respectfully submits that the threshold applicable to whether the Plan should be presented to Affected Creditors for consideration and voting is satisfied.

B. The Proposed Classification of Creditors for Voting and Distribution is Appropriate

46. Subsection 22(1) of the CCAA provides that creditors may be divided into classes for the purpose of a meeting in respect of a plan of compromise or arrangement and, if divided, the debtor

³⁷ Fifth Report at para. 4.2.2 [CC p. [E760](#)].

³⁸ Fifth Report at para. 5.4.3 [CC p. [E767](#)].

³⁹ See e.g., *Nordstrom Canada Retail, Inc. et al.* (20 December 2023) Toronto, Ont Sup Ct J [Commercial List] CV-23-00695619-00CL ([Meeting Order](#)).

company (or in this case, the Monitor) is to apply to the court for approval of the division before the meeting is held.⁴⁰

47. Subsection 22(2) of the CCAA provides that creditors may be included in the same class if their interests are sufficiently similar to give them a commonality of interest, taking into account, among other things, (a) the nature of the debts, liabilities or obligations giving rise to their claims; (b) the nature of any security in respect of their claims, as well as the remedies available to those creditors in the absence of the compromise or arrangement being sanctioned; and (c) the extent to which those creditors would recover claims by exercising those remedies.⁴¹

48. The basis for creditor classification is commonality of legal interest of the creditors relative to the debtor. Creditors do not need to have an identity of interests to be classified into the same class. In other words, creditors with different legal rights can be included within the same class, so long as their interests are not so dissimilar as to make it impossible for them to consult together with a view to their common interest.⁴²

49. The classification of creditors is a fact-specific determination. It must be approached with the flexible and remedial jurisdiction of the CCAA in mind – namely, to facilitate reorganization, if at all possible.⁴³ One of the principal objectives of classification is the avoidance of unnecessary fragmentation. As Farley J. stated in *Stelco*, “[f]ragmentation if necessary, but not necessarily fragmentation.”⁴⁴ Excessive fragmentation of creditor classes is generally antithetical to a

⁴⁰ CCAA, [s. 22\(1\)](#).

⁴¹ CCAA, [s. 22\(2\)](#).

⁴² *Re Canadian Airlines Corp.* (2000), [19 CBR \(4th\) 12](#) (Alta. Q.B.) at para. [17](#) [*Canadian Airlines*], leave to appeal ref’d [2000 ABCA 149](#).

⁴³ *Canadian Airlines* at para. [18](#).

⁴⁴ *Re Stelco Inc.*, [\[2005\] O.J. No. 4814](#) at para. [13](#) [*Stelco ONSC Decision*], aff’d [78 O.R. \(3d\) 241](#) (C.A.) [*Stelco ONCA Decision*].

successful restructuring because it can confer an effective veto on those creditors who are placed in separate classes.⁴⁵

50. The proposed Plan contemplates that a single class (the Unsecured Creditors' Class) will consider and vote on the Plan and then receive cash distributions as such under the Plan in respect of their Proven Claims.⁴⁶ There are no known secured creditors of the Applicant.⁴⁷ The fact that all the Affected Creditors hold unsecured claims against the Applicant is the principal factor that creates the commonality of interest required to classify them together into a single class. Outside the CCAA, each of these unsecured creditors would have similar remedies against the Applicant. This Court has stated that absent a valid reason to have separate classes of creditors, it is reasonable, logical, rational and practical for all unsecured claims to be placed into the same class.⁴⁸

51. Accordingly, the Monitor submits that the Affected Creditors have a clear commonality of interest and, as a result, having a single class of creditors (*i.e.*, the Unsecured Creditors' Class) for voting purposes is appropriate in the circumstances.

⁴⁵ *Atlantic Yarns Inc., Re*, [2008 NBQB 144](#) at para. [59](#), citing *Stelco ONCA Decision* at paras. [35-36](#); *Canadian Airlines* at para. [30](#).

⁴⁶ Fifth Report at para. 4.3.1(a) [CC p. [E760](#)]. Pursuant to the Settlement and Support Agreement, the Claire's Liquidating Trust has consented to and agreed to support the Plan. While also an unsecured creditor, pursuant to subsection 22(3) of the CCAA the Claire's Liquidating Trust is not entitled to vote in favour of the Plan (as it is related to the Applicant). As such, the Settlement and Support Agreement provides that the Claire's Liquidating Trust will abstain from voting on the Plan and the proposed Meeting Order confirms that any Persons holding an Intercompany Claim shall not be entitled to vote at the Creditors' Meeting.

⁴⁷ Fifth Report at para. 4.1.1 [CC p. [E759](#)].

⁴⁸ See e.g., *Stelco ONSC Decision* at para. [13](#).

C. It is Appropriate to Approve the Settlement and Support Agreement

52. CCAA courts have the jurisdiction to approve settlement agreements that are entered into during the course of CCAA proceedings.⁴⁹ This authority is derived from the general discretion granted to the courts by section 11 of the CCAA.⁵⁰

53. In determining whether to approve a proposed settlement agreement, CCAA courts have considered the following factors: (a) whether the settlement is fair and reasonable in the circumstances; (b) whether the settlement will benefit the debtor and its stakeholders generally; and (c) whether the settlement is consistent with the purpose and spirit of the CCAA.⁵¹

54. In making this assessment, a court should assess whether the settlement balances the interests of all parties, whether the settlement treats all parties equitably and what is the benefit to the debtor company and its stakeholders generally.⁵² As part of this analysis, the court must consider the benefits that the settlement offers to creditors as a whole, while at the same time ensuring that objecting creditors, if any, are not suffering excessive prejudice or having their rights unjustly confiscated.⁵³

55. The Settlement and Support Agreement is a product of good faith and arm's length negotiations between the Monitor and the Liquidating Trustee that provides substantial benefits to the Applicant's other unsecured creditors. It achieves a reduction of the Claire's US Claim by approximately \$40 million from the amount originally asserted and reflected in the Applicant's

⁴⁹ *Robertson v. ProQuest Information & Learning Co.*, [2011 ONSC 1647](#) at para. [22](#) [*Robertson*].

⁵⁰ CCAA, [s. 11](#); see also, *Nortel Networks Corp. (Re)*, [2010 ONSC 1708](#) at para. [68](#) [*Nortel 2010 Decision*].

⁵¹ *Robertson*, at para. [22](#); *Labourers Pension Fund of Central and Eastern Canada v. Sino-Forest Corp.*, [2013 ONSC 1078](#) at para. [49](#); *The Cash Store Financial Services Inc. (Re)*, [2015 ONSC 7538](#) at para. [14](#).

⁵² *Nortel 2010 Decision* at para. [73](#).

⁵³ *Calpine Canada Energy Ltd. (Re)*, [2007 ABQB 504](#) at para. [62](#); see also, *In Re DCL Corporation*, [2025 ONSC 4976](#) at para. [15](#).

unaudited financial statements, and avoids the spectre of an uncertain and potentially lengthy and costly litigation process that could delay distributions. In addition, Claire's US had previously agreed to subordinate its claim with respect to the first US\$1 million of distributions to creditors. The Claire's Liquidating Trust's agreement to support the Plan and the Intercompany Distribution Threshold Amount facilitates an effective and efficient way to implement this agreement for the benefit of unsecured creditors generally.⁵⁴ As at the date of this factum, the Monitor is not aware of any opposition to the Settlement and Support Agreement.

56. In light of the foregoing, the Monitor submits that the Settlement and Support Agreement is fair and reasonable, will benefit the Applicant's stakeholders and is consistent with the purpose and spirit of the CCAA.

D. The Extension of the Stay Period Should be Granted

57. The current Stay Period expires on September 14, 2026. Pursuant to subsection 11.02(3) of the CCAA, the Court may grant an extension of a stay of proceedings where: (a) circumstances exist that make the order appropriate; and (b) the debtor company satisfies the Court that it has acted, and is acting, in good faith and with due diligence.⁵⁵

58. The proposed extension of the Stay Period to and including March 12, 2027, is appropriate in the circumstances because:

- (a) it will allow the Applicant and the Monitor to complete the Claims Process, including resolving the CRA Claim and recovering any refund owing to the Applicant. The extension of the Stay Period will also permit the Monitor to call,

⁵⁴ Fifth Report at para. 3.1.6 [CC p. [E758](#)].

⁵⁵ CCAA, [s. 11.02\(3\)](#).

hold, and convene the Creditors' Meeting (if authorized by the Court), and to bring a motion seeking a Sanction Order if the Plan is approved by the Required Majority at the Creditors' Meeting;⁵⁶

- (b) the Monitor believes that none of the Applicant's stakeholders will be prejudiced by extending the Stay Period;⁵⁷
- (c) the Updated Cash Flow Forecast, which is appended to the Fifth Report, reflects that there is sufficient cash on hand to fund the anticipated costs during the extended Stay Period (consisting largely of professional fees at this stage);
- (d) as of the date of the Fifth Report, the Monitor is not aware of any party opposed to an extension of the Stay Period; and⁵⁸
- (e) the Applicant, under the oversight of the Monitor, continues to act in good faith and with due diligence in progressing the resolution of outstanding matters in these proceedings.⁵⁹

59. In light of the foregoing, the Monitor respectfully submits that the proposed extension of the Stay Period is necessary and appropriate in the circumstances.

⁵⁶ Fifth Report at para. 8.0.1(a) [CC p. [E770](#)].

⁵⁷ Fifth Report at para. 8.0.1(b) [CC p. [E771](#)].

⁵⁸ Fifth Report at para. 8.0.1(d) [CC p. [E771](#)].

⁵⁹ Fifth Report at para. 8.0.1(e) [CC p. [E771](#)].

E. The Monitor's Reports and Activities Should be Approved

60. This Court has held that there are good policy and practical reasons for approving a court officer's report and activities, including that Court approval:

- (a) allows the court officer to move forward with the next steps in the proceedings;
- (b) brings the court officer's activities before the court;
- (c) allows an opportunity for the concerns of stakeholders to be addressed, and any problems to be rectified;
- (d) enables the court to satisfy itself that the court officer's activities have been conducted in a prudent and diligent manner;
- (e) provides protection for the court officer not otherwise provided by the applicable legislation; and
- (f) protects creditors from the delay in distribution that would be caused by: (i) re-litigation of steps taken to date; and (ii) potential indemnity claims by the court officer.⁶⁰

61. The Monitor submits that it is appropriate to approve the Fifth Report and the activities and conduct of the Monitor described therein because:

- (a) the activities described in the Fifth Report were necessary and undertaken in good faith pursuant to the Monitor's duties and powers set out in the Orders of this Court

⁶⁰ *Target Canada Co, Re*, [2015 ONSC 7574](#) at paras. [12](#) and [22](#); *Laurentian University of Sudbury*, [2022 ONSC 2927](#) at paras. [13–14](#) [*Laurentian*].

granted in these CCAA proceedings, including the Claims Procedure Order and the Expansion of the Monitor's Powers Order;

- (b) the Monitor's activities were undertaken in the best interests of the Applicant's stakeholders generally; and
- (c) the Fifth Report was served on the service list in these CCAA proceedings and posted on the Monitor's Website for review by the Applicant's stakeholders.⁶¹ As of the date of this factum, no opposition has been voiced in respect of the approval of the Monitor's report and conduct.

F. The Accounts of the Monitor and its Counsel Should be Approved

62. This Court's jurisdiction to pass the accounts of the Monitor and its counsel is confirmed in the ARIO, which directs 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."⁶²

63. The overarching test on a motion to pass the accounts of a monitor and its counsel is to evaluate them based on the "overriding principle of reasonableness", with the predominant consideration being the overall value contributed by the monitor and its counsel.⁶³ This Court has held that it "does not engage in a docket-by-docket or line-by-line assessment of the accounts as

⁶¹ Lawyer's Certificate of Service dated September 4, 2026 [CC p. [E941](#)].

⁶² [Claire's ARIO](#) at para. 33.

⁶³ *Re Nortel Networks Corporation et al*, [2017 ONSC 673](#) at para. 13 [*Nortel 2017 Decision*]. See also [Laurentian](#) at para. 9.

minute details of each element of a professional services may not be instructive when looked at in isolation.”⁶⁴

64. The ARIO also provides that the Monitor and its counsel 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 Filing Date, by the Applicant as part of the costs of these proceedings.”⁶⁵

The evidence is that the Monitor and its counsel charged standard hourly rates consistent with relevant market rates.⁶⁶

65. The following non-exhaustive list of factors assist courts in evaluating the fairness and reasonableness of a court-appointed officer’s fees and those of its counsel:

- (a) the nature, extent and value of the assets being handled;
- (b) the complications and difficulties encountered;
- (c) the degree of assistance provided by the company, its officers or its employees;
- (d) the time spent;
- (e) the monitor’s knowledge, experience and skill;
- (f) the diligence and thoroughness displayed;
- (g) the responsibilities assumed;

⁶⁴ [Laurentian](#) at para 9.

⁶⁵ [Claire’s ARIO](#) at para. 32.

⁶⁶ Alix Fee Affidavit at para. 8 [CC p. [E832](#)]; Goodmans Fee Affidavit at para. 8 [CC p. [E851](#)].

- (h) the results achieved; and
- (i) the cost of comparable services when performed in a prudent and economical manner.⁶⁷

66. Applying the above factors to the present case, the Monitor respectfully submits that the accounts of the Monitor, as well as those of the Monitor's counsel, should be approved for the following reasons. The Monitor and its counsel have been integral in these CCAA proceedings and have at all times demonstrated diligence and acted in good faith. During the Relevant Period, the Monitor's central focus was on administering the Claims Process and preparing the Plan for presentation to the Applicant's stakeholders, in each case, for the benefit of the Applicant's stakeholders.⁶⁸ While the Monitor has encountered no particular difficulties, the resignation of the Applicant's remaining directors and officers on November 7, 2025, resulted in the Monitor's powers being expanded such that substantially all activities required to be completed by the Applicant to advance these proceedings are being undertaken by the Monitor.

67. The Monitor and its counsel, to the best of their knowledge, charge rates comparable to the rates charged by similar firms in the Toronto market for the provision of similar services. In addition, the Monitor and its counsel have sought to ensure that the work required to be performed was undertaken in the most efficient manner possible, including by utilizing consistent core personnel throughout the mandate and by having work performed by junior and/or lower cost professionals to the extent appropriate.⁶⁹

⁶⁷ *Bank of Nova Scotia v Diemer*, [2014 ONSC 365](#) at para. [9](#); [Nortel 2017 Decision](#) at para. [14](#); [Laurentian](#) at para. [10](#).

⁶⁸ Fifth Report at para. 9.0.1 [CC p. [E771](#)].

⁶⁹ Alix Fee Affidavit at para. 8 and Exhibit "B" [CC p. [E832](#) and [E847](#)]; Goodmans Fee Affidavit at para. 8 and Exhibit "C" [CC p. [E851](#) and [E867](#)].

68. The fees and disbursements of the Monitor and its counsel are reasonable and appropriate in the circumstances having regard to the scope of activity undertaken by the Monitor in the CCAA proceedings, and have been validly incurred in accordance with the provisions of the ARIO.

PART IV. CONCLUSION

69. For the reasons set out herein and in the Fifth Report, the Monitor respectfully requests that this Court grant the proposed Meeting Order and Stay Extension and Ancillary Relief Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 10th day of September, 2026.

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SCHEDULE A
LIST OF AUTHORITIES

1. *Imperial Tobacco Limited*, [2024 ONSC 6061](#)
2. *Laurentian University of Sudbury*, [2022 ONSC 4433](#)
3. *Jaguar Mining Inc. (Re)*, [2014 ONSC 494](#)
4. *ScoZinc Ltd. (Re)*, [2009 NSSC 163](#)
5. *Arrangement relatif à Bloom Lake*, [2018 QCCS 1657](#)
6. *Nordstrom Canada Retail, Inc. et al.* (20 December 2023) Toronto, Ont Sup Ct J [Commercial List] CV- 23-00695619-00CL ([Meeting Order](#))
7. *Re Canadian Airlines Corp.* (2000), [19 CBR \(4th\) 12](#) (Alta. Q.B.), leave to appeal ref'd [2000 ABCA 149](#)
8. *Re Stelco Inc.*, [\[2005\] O.J. No. 4814](#), aff'd [78 O.R. \(3d\) 241](#) (C.A.)
9. *Atlantic Yarns Inc., Re*, [2008 NBQB 144](#)
10. *Robertson v. ProQuest Information & Learning Co.*, [2011 ONSC 1647](#)
11. *Nortel Networks Corp. (Re)*, [2010 ONSC 1708](#)
12. *Labourers Pension Fund of Central and Eastern Canada v. Sino-Forest Corp.*, [2013 ONSC 1078](#)
13. *The Cash Store Financial Services Inc. (Re)*, [2015 ONSC 7538](#)
14. *Calpine Canada Energy Ltd. (Re)*, [2007 ABQB 504](#)
15. *In Re DCL Corporation*, [2025 ONSC 4976](#)
16. *Target Canada Co, Re*, [2015 ONSC 7574](#)
17. *Laurentian University of Sudbury*, [2022 ONSC 2927](#)
18. *Re Nortel Networks Corporation et al*, [2017 ONSC 673](#)
19. *Bank of Nova Scotia v Diemer*, [2014 ONSC 365](#)

I certify that: (a) every authority referenced herein is authentic; and (b) every quotation from an authority referenced herein accurately reproduces the text of that authority.

Date: September 10, 2026


Signature

SCHEDULE B STATUTORY REFERENCES

Companies' Creditors Arrangement Act, RSC 1985, c C-36

Compromise with unsecured creditors

4 Where a compromise or an arrangement is proposed between a debtor company and its unsecured creditors or any class of them, the court may, on the application in a summary way of the company, of any such creditor or of the trustee in bankruptcy or liquidator of the company, order a meeting of the creditors or class of creditors, and, if the court so determines, of the shareholders of the company, to be summoned in such manner as the court directs.

General power of court

11 Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Stays, etc. — other than initial application

11.02 (2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

- (a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);
- (b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
- (c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

11.02 (3) The court shall not make the order unless

- (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
- (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Company may establish classes

22 (1) A debtor company may divide its creditors into classes for the purpose of a meeting to be held under section 4 or 5 in respect of a compromise or arrangement relating to the company and, if it does so, it is to apply to the court for approval of the division before the meeting is held.

Factors

22 (2) For the purpose of subsection (1), creditors may be included in the same class if their interests or rights are sufficiently similar to give them a commonality of interest, taking into account

- (a) the nature of the debts, liabilities or obligations giving rise to their claims;
- (b) the nature and rank of any security in respect of their claims;
- (c) the remedies available to the creditors in the absence of the compromise or arrangement being sanctioned, and the extent to which the creditors would recover their claims by exercising those remedies; and
- (d) any further criteria, consistent with those set out in paragraphs (a) to (c), that are prescribed.

Related creditors

22 (3) A creditor who is related to the company may vote against, but not for, a compromise or arrangement relating to the company.

Duties and Functions

23(1) The Monitor shall

[...]

- (k) carry out any other functions in relation to the company that the court may direct

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36 AS AMENDED**

Court File No. CV-25-00748871-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
6045073 CANADA INC.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at Toronto

FACTUM OF THE MONITOR
(Meeting Order and
Stay Extension and Ancillary Relief Order)
(Returnable September 14, 2026)

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