**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	)	Chapter 11
PARTY CITY HOLDCO INC., *et al.*,[1]	)	Case No. 24-90621 (ARP)
Debtors.	)	(Jointly Administered)

DECLARATION OF DEBORAH RIEGER-PAGANIS, CHIEF RESTRUCTURING OFFICER OF PARTY CITY HOLDCO INC., IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Deborah Rieger-Paganis, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Partner and Managing Director of AlixPartners, LLP ("AlixPartners"), an internationally recognized restructuring and turnaround firm. AlixPartners was retained by each of the above-captioned debtors and debtors in possession (collectively, the "Debtors" and, together with their non-Debtor affiliates, "PCHI" or the "Company") in December 2024.[2] In addition, I have been employed and retained to serve as the Chief Restructuring Officer of Party City Holdco Inc. ("PC Holdco"), a Delaware corporation, since December 20, 2024. PC Holdco is the ultimate parent company of the Debtors, as well as certain other indirect subsidiaries which are not debtors

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Party City Holdco Inc. (9758); Amscan Inc. (1359); Am-Source, LLC (8427); Party City Corporation (3692); Party City Holdings Inc. (3029); PC Intermediate Holdings, Inc. (1229); and Trisar, Inc. (0659). The location of the Debtors' service address for purposes of these chapter 11 cases is: 100 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

[2] In addition to the current engagement, the Company has previously retained AlixPartners in connection with (a) prior strategic transactions dating back to 2020 and (b) the Prior Cases (as defined herein).

in these chapter 11 cases. The Company's complete corporate organization chart is attached hereto as Exhibit A.

2. As the Chief Restructuring Officer of PC Holdco, I am currently responsible for, and/or materially engaged with, operating and financial management on, among other things, (a) all restructuring activities and initiatives of the Company, (b) cash management and liquidity forecasting, (c) the development of, or revisions to, the Company's wind down plan, and (d) engagement with creditors and other stakeholders, in each case, subject to the direction and oversight of the board of directors of PC Holdco in all respects. I have more than 22 years of restructuring experience in providing both interim management and advisory services to clients, serving in a variety of roles, including as interim Chief Financial Officer, Chief Restructuring Officer, and deputy Chief Restructuring Officer, as applicable, for various chapter 11 and/or wind down debtors. I hold a Bachelor of Science in accounting from the State University of New York at Albany and am a certified public accountant in the State of New York.

3. I submit this declaration in support of the Debtors' petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), filed on December 21, 2024 (the "Petition Date") in the United States Bankruptcy Court for the Southern District of Texas (the "Court"), and the Debtors' related requests for initial relief in the form of motions and applications (the "First Day Motions"), as well as to assist the Court and parties in interest in understanding the circumstances leading up to these chapter 11 cases. To that end, this declaration provides background information about the Debtors' corporate history, business operations, capital structure, and recent challenges, and supports the Debtors' petitions and the relief requested in the First Day Motions.

4. I am familiar with the Debtors' day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, information supplied to me by other members of the AlixPartners team, the Company's management, and other professionals and advisors, or my review of relevant documents or my opinion, which is in turn based upon my experience and knowledge of the Debtors' industry, operations, and financial conditions. If called to testify, I could and would testify competently as to the facts set forth herein.

Overview

5. PCHI has been a global leader in the celebrations industry, with its offerings being sold in more than 70 countries around the world at its peak. The Company's retail and consumer products operations have made it easy for customers to create unforgettable memories through one-stop-shopping for all things celebration, including Halloween, Christmas, New Year's, graduations, and birthdays.

6. Since emerging from a chapter 11 reorganization in October 2023 (the "Prior Cases"), PCHI focused its efforts on implementing initiatives intended to make the Company a more modern, efficient, and profitable retail enterprise positioned for long-term growth. Those efforts included inventory optimization, right-sizing its workforce, updating its retail pricing methodology, and exiting its historical manufacturing business to focus on retail and wholesale operations. During the 14 months between the Debtors' emergence from chapter 11 and the filing of these cases, however, PCHI continued to experience the challenges affecting all major retailers, including, among other things, inflationary pressures, macroeconomic factors affecting consumer discretionary spending, contracting margins, and shifting customer preferences.

7. These factors placed significant pressure on the Company's business and liquidity position. As a result, in September 2024, PCHI launched an effort to raise incremental capital to fund the Company's business plan and navigate through a projected liquidity trough. A confluence of factors—all further described below—frustrated those efforts, leaving the Company with insufficient runway to effectuate its long-term growth strategy while maintaining the liquidity necessary to operate its business. Among other things, the Company's efforts to obtain additional capital from either the ABL/FILO Lenders (as defined herein), the holders of the Company's Second Lien Notes (who are also PCHI's majority owners), and third-party strategic investors and lenders were unavailing. After the ABL Agent (as defined herein) instituted a $50 million discretionary reserve under the ABL/FILO Facilities (as defined herein), on December 10, 2024, PCHI found itself in default thereunder. Without any prospect for incremental capital or a liquidity infusion from the Company's existing lenders or investors, PCHI was compelled to pivot to a liquidation strategy, to be effected through chapter 11. Negotiations with the ABL/FILO Lenders culminated in the execution of the Forbearance Agreement (as defined herein), which required that PCHI file these cases by December 22, 2024 to effectuate an efficient and value-maximizing sale of the Company's assets and orderly wind down of its business.

8. As set forth herein and in the related First Day Motions, the main components of these cases are as follows:

- **Store Closing Sales**: shortly before the Petition Date, PCHI retained Gordon Brothers (as defined below) to assist the Company in liquidating substantially all of its inventory, merchandise, and furniture, fixtures, and equipment located in its stores and distribution center via retail and wholesale channels;

- **Other Asset Sales**: PCHI has filed a motion seeking approval of bidding and sale procedures to sell substantially all of its assets that will not be subject to the store closing sales—including its intellectual property and lease portfolio—pursuant to court-approved

(a) bidding procedures, (b) de minimis asset sale procedures, and (c) assumption and assignment procedures;

- **Cash Collateral**: PCHI has reached an agreement with the ABL Agent, the ABL/FILO Lenders, the Second Lien Notes Trustee, and the holders of Second Lien Notes permitting the consensual use of such lenders' cash collateral to fund these cases and the orderly wind down of its business; and

- **Plan Confirmation**: in parallel with these efforts, PCHI will seek confirmation of a chapter 11 plan of liquidation on an expedited timeline to bring these chapter 11 cases to an orderly and equitable conclusion.

9. Given the nature of PCHI's celebrations-focused business, the holiday season is one of the Company's busiest. Although this timing is unfortunate, it is essential that the Company commence its store closing sales and other asset-monetization efforts now—ahead of the holidays—to capture the benefit for all stakeholders of the Christmas and New Year's selling seasons.

10. The remainder of this declaration proceeds as follows:

- **Section 1** provides background information on the Company's business and organizational and capital structure since emerging from the Prior Cases;

- **Section II** describes in further detail the events leading up to these chapter 11 cases;

- **Section III** sets forth the relevant facts in support of the First Day Motions and summarizes the relief requested therein; and

- **Section IV** summarizes the relief requested in additional motions the Debtors filed substantially contemporaneously with the First Day Motions.

I. The Debtors' Businesses and Capital Structure

A. Business Overview

11. As of the Petition Date, PCHI's business is comprised of two primary business lines: (a) retail operations, including owned and franchised stores and e-commerce sales, and (b) consumer products, which involves the design, sourcing, and distribution operations that

ultimately result in sales to third-party wholesale customers and retailers, including the PCHI retail business. The Company's retail stores are located in the United States and its consumer products operations are located in the United States and Asia, supplying goods throughout the world in more than 70 countries.

B. Retail and Consumer Products Operations

12. PCHI operates in the party goods industry. The Company's enterprise-wide product lines span a wide variety of ways to celebrate everyday events from birthdays to theme parties to sporting events, as well as seasonal events like holidays, graduations, and other special occasions. Its product lines include tableware, costumes and accessories, decorations, balloons, and favors. The Company generated total consolidated operating revenues of approximately $1.8 billion for the fiscal year ending December 31, 2023, with the retail segment accounting for approximately 85% of total revenues and the consumer products segment generating the balance.

1. Retail Operations

13. PCHI's retail operations generate revenue primarily through the sale of party supplies, which are sold under the Amscan and Brava brand names through its PCHI stores and online. On average, PCHI offers 15,000 stock-keeping units ("SKUs") at any one time through its retail stores and 40,000 SKUs online through its e-commerce platform; products are frequently updated to remain current and meet customers' evolving needs. The Company designs and sources approximately 80% of the products offered through its retail operations and relies on third-party suppliers for the remaining 20%.

14. PCHI operates approximately 692 retail stores. The Company organizes its stores by events and themes to make it easy for customers to shop. As of the Petition Date, PCHI franchised an additional 29 stores throughout the United States, including Puerto Rico. The

franchised stores utilize PCHI's format, design specifications, methods, standards, operating procedures, systems, and trademarks. The Company receives initial one-time franchise fees and ongoing royalty fees generally ranging from 4-6% of net sales. In exchange for the franchise fees, franchisees receive brand value, marketing, and merchandising support with respect to planograms (*i.e.*, schematic drawings or plans for displaying merchandise so as to maximize sales) from the Company. In addition to its owned and franchised stores, PCHI operates through various websites, including PartyCity.com, to offer convenient, user-friendly, and secure online shopping options for its customers.

2. <u>Consumer Products Operations</u>

15. The Company's other primary business segment, consumer products, generates revenues from the design, sourcing, distribution, and sale, of decorative party goods for all occasions. Its customers are party superstores (including its owned retail stores and franchised stores operating principally as PCHI) and unaffiliated specialty retailers, mass merchants, and independent party goods suppliers. Through its consumer products operations, the Company offers nearly 400 ensembles, which range from approximately five to 40 design-coordinated items spanning tableware, accessories, novelties, balloons, and decorations.

16. ***Manufacturing***. Through Trisar, Inc., one of PC Holdco's indirect subsidiaries, PCHI owns and operates AmPro, a piñata manufacturing business based in Mexico. The Company intends to market its equity interests in AmPro to potential third-party purchasers through these chapter 11 cases. As described herein, PCHI sold or divested the remainder of its manufacturing businesses in 2023-2024.

17. ***Sourcing***. PCHI also maintained a diverse network of third-party vendors that produce items designed by and created for the Company. These vendors are generally located in

Asia and the business' relationship with them is managed by the Company's non-Debtor subsidiary, PCHI Asia Limited, based in Hong Kong. When it became apparent that PCHI would seek to wind down its business through these chapter 11 cases, PCHI made the determination to shut down these sourcing operations, and expects PCHI Asia Limited to commence liquidation proceedings in Hong Kong.

18. ***Distribution***. PCHI ships products directly to retailers and distributors throughout the world from its distribution facility located in Chester, New York, as well as directly through an electronic order entry and information systems platform. Piñatas are shipped directly to customers.

C. <u>The Prior Cases</u>

19. On January 17, 2023, the Company filed for bankruptcy protection in the Court to implement a holistic, pre-negotiated restructuring designed to deleverage its balance sheet and afford it access to significant new capital, to enable it to focus on long-term growth and, in turn, strengthen its competitive position in the market. In particular, the Company sought to leverage the tools provided under chapter 11 to right-size its lease portfolio and renegotiate approximately 450 above-market leases.

20. The Prior Cases were the result of the cumulative effect of the COVID-19 pandemic and its aftermath (including unprecedented supply chain disruptions, global helium shortages, inflationary pressures, and rising interest rates), which eroded the Company's liquidity and necessitated a restructuring through an in-court process. In particular, the pandemic-related store closures that rattled the retail industry robbed the Company of significant liquidity, and the lingering effects of COVID-19 in the years following 2020, resulting in changes in consumer purchasing behavior, were uniquely devastating to PCHI: consumers' decisions to host smaller

gatherings led them to purchase fewer party products, directly and adversely impacting the Company's bottom line. As a result of these factors, PCHI was restricted in its ability to adequately fund, and thus realize the full potential of, critical growth initiatives.

21. On October 12, 2023, the Company emerged from chapter 11.[3] The Prior Cases ultimately resulted in the Company equitizing approximately $1 billion in funded debt, closing 48 underperforming stores, and renegotiating approximately 461 store leases. Further details regarding the Prior Cases can be located in the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 1672]), the *Disclosure Statement for First Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 858]), and the *Supplement to Disclosure Statement for the Third Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 1462]). PCHI also maintains a website, https://cases.ra.kroll.com/PCHI/, at which general information regarding the Prior Cases can be obtained free of charge.

D. Corporate Governance and Capital Structure

22. As set forth on the organizational chart attached hereto as Exhibit A, PCHI currently owns, directly or indirectly, each of its subsidiaries. As of the Petition Date, the Debtors have approximately $400 million in total debt obligations.[4]

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[3] One of the Prior Cases, that of PC Holdco (case no. 23-90005), remains open in this Court for the purposes of claims administration, which process is ongoing.

[4] PCHI's foreign subsidiaries—Amscan Canada Inc., Eastlake Manufacturing de Mexico S.A. de C.V., Baja Pacific Paper, S. de R.L. de. C.V., and PCHI Asia Limited—are not Debtors in these cases and are not obligors on the Debtors' funded debt.

23. The following table depicts the Debtors' prepetition capital structure:

Debt Obligations	Maturity	Approximate Outstanding Principal Amount as of the Petition Date
Secured Debt		
ABL Facility	October 2028	$149,165,942
FILO Facility	October 2028	$13,311,969
Second Lien Notes	January 2029	$267,527,394
	Total Secured Debt	**$399,005,305**

1. Secured Debt Obligations

a. The ABL/FILO Facilities

24. Party City Holdings Inc. and Party City Corporation, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent (the "ABL Agent"), are party to that certain ABL Credit Agreement, dated as of October 12, 2023 (the "ABL Credit Agreement"). The ABL Credit Agreement, as amended pursuant to that certain Forbearance Agreement, dated as of December 17, 2024 (the "Forbearance Agreement"), provides for an asset-based lending revolving credit facility in an amount up to $250 million, including $40 million in swingline loans and $60 million in letters of credit (the "ABL Facility"). The ABL Credit Agreement also provides for an asset-based revolving credit facility providing for an additional $17.1 million of revolving commitments on a first-in, last-out basis (the "FILO Facility" and, together with the ABL Facility, the "ABL/FILO Facilities"; the lenders under the ABL/FILO Facilities, the "ABL/FILO Lenders"). Each of the other Debtors guarantees the ABL/FILO Facilities.

25. The maturity date on the ABL/FILO Facilities is October 12, 2028, and the obligations thereunder are secured by first liens on substantially all of the Debtors' assets. As of the Petition Date, approximately $118 million in principal amount was outstanding under the ABL

Facility, as well as an additional approximately $31 million in letters of credit, and a further approximately $13 million was outstanding under the FILO Facility.

b. The Second Lien Notes

26. On October 12, 2023, PCHI issued approximately $232.4 million in aggregate principal amount of 12.00% senior secured second lien PIK toggle notes due 2029 (the "Second Lien Notes") under an Indenture with the other Debtors, as guarantors, and Wilmington Savings Fund Society, FSB, as trustee, collateral trustee, paying agent, and registrar (the "Second Lien Notes Trustee"). The maturity date of the Second Lien Notes is January 20, 2029, and the Second Lien Notes are secured by second-priority liens on all assets of PCHI and the guarantors, which are junior to the first-priority security interests securing the ABL/FILO Facilities. As of the Petition Date, approximately $268 million in aggregate principal amount of Second Lien Notes was outstanding.

c. The Intercreditor Agreement

27. The ABL Agent and the Second Lien Notes Trustee, together with Party City Holdings Inc., PCHI, and Party City Corporation, entered into that certain Intercreditor Agreement, dated as of October 12, 2023 (the "Intercreditor Agreement"). The Intercreditor Agreement sets forth the agreements between the ABL Agent and the Second Lien Notes Trustee with respect to the priority of liens on the collateral securing the ABL/FILO Facilities and the Second Lien Notes, and the respective rights and remedies of the various lenders, among other things. The Intercreditor Agreement generally provides that the ABL/FILO Lenders have primacy over the holders of Second Lien Notes in all matters regarding collateral.

2. Common Equity

28. PCHI transitioned from a publicly traded to a privately-held company upon its emergence from the Prior Cases, when it issued new common equity to the holders of its prepetition secured debt and debtor in possession financing facility on account of their claims. Over 97% of the Company's equity is owned by four holders of Second Lien Notes (the "Ad Hoc Noteholder Group"), who also hold over 99% of the Second Lien Notes, and the remaining balance is held by other investors.

3. Governance

29. Upon the Company's emergence from the Prior Cases, a new board of directors of PCHI (the "Board") was appointed. As of the Petition Date, the Board is composed of three members: Bob Hull, Neal Goldman, and Patrick Bartels (the "Independent Directors"). The Independent Directors have supervised and guided the Company's efforts to find additional capital or implement a strategic alternative that could have avoided this liquidation, and have reviewed and authorized these chapter 11 cases.

II. Events Leading to These Chapter 11 Cases

A. Efforts to Reposition the Business Complicated by Underperforming Sales

1. Strategic Initiatives Since the Prior Cases

30. Following the Prior Cases, the Company's management team, together with its new owners, set forth on a plan to prioritize long-term growth by transforming the business into a streamlined, modern, and more profitable retail operation.

31. ***Inventory Management Initiative***. The Company launched an "Inventory Management Initiative," developed to address two main obstacles to PCHI's long-term growth: (a) PCHI possessed excess older, lower quality, and/or dated inventory, the sale of which was

inconsistent with management's plan to modernize and improve the Company's business, and (b) PCHI's prices had risen as a result of macroeconomic pressures post-pandemic. Accordingly, the Inventory Management Initiative involved the sale of older, lower quality, and/or dated inventory at a significant discount, which management anticipated would right-size PCHI's inventory position from $450 million to a more sustainable $300 million over approximately one year. This initiative was expected to fuel PCHI's long-term growth by expanding its market share and building and retaining customer goodwill. However, the Inventory Management Initiative involved certain short-term sacrifices: it both required sales of inventory at decreased margins relative to historical levels and meant that, as PCHI's inventory base contracted, its borrowing base under the ABL/FILO Facilities—and thus the amount of available liquidity—would also decrease over time.

32. ***Divesting Manufacturing Businesses***. The Company also determined to wind down or sell substantially all of its owned manufacturing businesses, shifting its focus to retail and wholesale design and sourcing operations—its most profitable business lines. Specifically, until 2024, the Company operated manufacturing facilities that produced paper and plastic plates and cups, paper napkins, foil balloons, piñatas, and other party and novelty items. PCHI also divested the costume manufacturing portion of its wholesale business operations based in Asia.

33. The Company also separated its balloon business—"Anagram"—shortly after it emerged from the Prior Cases. Although the entities comprising the Anagram business (Anagram Holdings, LLC, Anagram International, Inc., and Anagram International Holdings, Inc. (collectively, the "Anagram Entities")) were wholly-owned subsidiaries of PCHI during the Prior Cases, the Anagram Entities had their own funded debt (on which PCHI was not obligated), faced their own financial difficulties, and filed their own chapter 11 cases following the Prior Cases. In

connection with the Anagram Entities' chapter 11 plan confirmation process, PCHI and the Anagram Entities entered into a comprehensive Omnibus Commercial Arrangement Agreement, dated December 29, 2023, to govern the parties' commercial relationship post-separation.

34. ***Focusing on Profitable Wholesale Partnerships***. PCHI has historically had long-term relationships with many types of consumer products customers, including party superstores (in addition to its owned retail stores and franchised stores operating principally as PCHI) and unaffiliated specialty retailers, mass merchants, e-commerce merchandisers, craft stores, grocery retailers, and dollar stores. In 2024, the Company terminated unprofitable relationships with certain wholesale customers. The Company's consumer products business has since been focused on supplying independent party goods retailers and Canadian Tire, a Canadian retail conglomerate to which PCHI sold its Canadian business in 2019.

35. ***Closing Unprofitable Store Locations***. As noted above, PCHI closed 48 unprofitable and/or underperforming retail locations in connection with the Prior Cases. To effectuate these store closings, the Company retained Gordon Brothers Retail Partners, LLC (together with its affiliate, Gordon Brothers Commercial & Industrial, LLC, "Gordon Brothers") as liquidation consultant. Since the Prior Cases, PCHI has, in consultation with Gordon Brothers, continued to close 27 additional retail locations that are either unprofitable or no longer consistent with its long-term business plan to streamline its store portfolio.

2. Mitigating Declining Performance

36. Despite these actions, which, together, were expected to reposition the Company for long-term success, the Company's sales and store traffic turned out to be significantly lower than anticipated during the year following the Prior Cases. Specifically, PCHI's comparative store sales declined 9.5% year-over-year from July 2023 to July 2024. Sales of PCHI's consumer

products division also declined 24.8% in the same period, due partially to lower intercompany sales to PCHI's retail division. At the same time, the purchases of PCHI's key consumer products partner, Canadian Tire, dropped dramatically.

37. This unanticipated underperformance placed significant strain on the Company's balance sheet. In both January and September 2024, the Company made the difficult decision to implement a reduction in force, affecting 280 corporate employees in total. In fall 2024, the management team also began developing plans for a similar approach to maximize efficiency with respect to its retail operations, in order to ease the financial pressure on the Company and afford management the necessary time and resources with which to implement its long-term growth and revitalization strategy.

B. September 2024 Hilco Appraisal; Efforts to Obtain Incremental Financing; Forbearance Agreement Under the ABL/FILO Facilities

38. Confronting these unexpected challenges, PCHI's management determined that the Company should seek incremental financing to support its ongoing operations and the fulsome implementation of its new business strategies over the next few years. To facilitate these efforts, in September 2024, the Company retained Hilco Valuation Services, LLC ("Hilco") to conduct a reappraisal of its inventory. The ABL Agent also later retained the same Hilco team to conduct the annual inventory appraisal required under the ABL/FILO Facilities. Hilco delivered a preliminary appraisal report to PCHI on or around November 12, 2024, in which Hilco determined to significantly reduce the net orderly liquidation value of the key asset categories supporting the Company's borrowing base under the ABL/FILO Facilities as compared to the Company's historical appraisals.

39. The Company disagreed with key material components of Hilco's methodology and conclusions in its draft report. It promptly initiated discussions with Hilco to address factual inaccuracies and advocate for adjustments aimed at mitigating such inaccuracies in a bid to reduce the decline in net orderly liquidation value. While those conversations were ongoing, on November 18, 2024, the ABL Agent exercised its contractual right under the ABL/FILO Facilities and instituted a $50 million discretionary reserve against the Company's availability thereunder. The Company's efforts with Hilco ultimately resulted in Hilco delivering a revised appraisal to the Company, in which the net orderly liquidation value was increased as compared to the preliminary report. The ABL Agent nonetheless determined to maintain the discretionary reserve. As a result, the Company faced a significant, steep liquidity trough that required immediate engagement with the Ad Hoc Noteholder Group for a new capital investment under an exceptionally accelerated timeline. These discussions did not bear fruit, and without access to new capital from the ABL/FILO Lenders, the Ad Hoc Noteholder Group, or a third party, the Company lacked any meaningful runway to continue exploring going-concern options. Without sufficient time and liquidity, the Company was forced to conserve its remaining cash by ceasing new inventory orders and delaying the payment of rent and other operating costs to preserve funds essential to operate PCHI's business in the immediate term.

40. These events caused the Company to reengage Paul, Weiss, Rifkind, Wharton & Garrison LLP, Porter Hedges LLP, and AlixPartners to review its strategic options and commence contingency planning. PCHI and its advisors intensified the Company's efforts to seek additional financing, engaging with the ABL/FILO Lenders, the Ad Hoc Noteholder Group, and various third-party financing sources. However, by late November 2024, PCHI learned that the Ad Hoc Noteholder Group was not in a position to provide incremental financing to the Company.

Likewise, the ABL/FILO Lenders were not in a position to provide the Company with any incremental liquidity or reduce the discretionary reserve to free up existing liquidity. The Company nevertheless pursued potential third-party sources of financing, but such efforts failed to result in a viable new money alternative in the extremely limited time period available.

41. Notwithstanding the extreme measures PCHI's management team undertook to conserve cash by halting new orders and delaying rent and vendor payments, on December 10, 2024, the Debtors' available liquidity dropped below the required minimum liquidity under the ABL/FILO Facilities, which gave rise to an event of default, triggering the ABL/FILO Lenders' right to exercise remedies, including sweeping the Company's cash as provided in the ABL Credit Agreement. Lacking the time to continue their search for a liquidity infusion from a third party, in order to maximize the value of the Company's assets for the benefit of all stakeholders, the Company and its advisors pivoted to preparing for a potential chapter 11 filing to conduct the orderly wind down of its business while simultaneously negotiating a forbearance agreement and access to chapter 11 funding with the ABL Agent and ABL/FILO Lenders.

42. On December 17, 2024, the Company and the ABL/FILO Lenders entered into the Forbearance Agreement. The ABL/FILO Lenders conditioned their willingness to enter into the Forbearance Agreement on the Company's assent to certain milestones contained therein, pursuant to which the Company is required to, among other things, (a) limit disbursements to those set forth in an agreed-upon budget and (b) meet milestones that required, among other things, the Company to (i) retain a liquidation consultant on or before December 16, 2024 and (ii) commence these cases on or before December 22, 2024. As noted above, certain of the Debtors' secured lenders considered it essential to commence store closing sales before the Christmas and New Year's selling season to maximize the proceeds of such sales for the benefit of all stakeholders. In

connection with the commencement of these cases, prior to the Petition Date, the Debtors implemented a reduction in force, affecting approximately 400 corporate employees.

C. **<u>Selection of Store Closing and Real Estate Consultants</u>**

43. In December 2024, given the Company's liquidity position and uncertainty around its ability to attract new capital, the Company solicited proposals from potential third-party store closing consultants to facilitate a potential liquidation process. Initially, PCHI contacted Gordon Brothers, on account of Gordon Brothers' existing knowledge of the Company's operations and business due to its historic relationship with the Company. PCHI also solicited bids from four other potential liquidation consultants to create a competitive bidding process in pursuit of the most favorable terms for the Company and its stakeholders. PCHI ultimately received two formal proposals, one from Gordon Brothers and another from Hilco. After extensive negotiation, and in consultation with the ABL Agent and ABL/FILO Lenders, PCHI determined that the Gordon Brothers proposal presented the value-maximizing transaction for the Company, including because (a) the proposed economic terms were more competitive and (b) of the minimal execution risk associated with the proposal, given Gordon Brothers has facilitated going out of business sales for PCHI since 2017, including in connection with the Prior Cases, and thus is familiar with its business, operations, inventory, and key stakeholders. On December 16, 2024, PCHI entered into a Consulting Agreement with Gordon Brothers to ensure its store closing sales could commence promptly following the Petition Date.

44. Following a competitive proposal process, in which the Company and its advisors negotiated for favorable economic terms, on December 19, 2024, PCHI also renewed its previous engagement of A&G Real Estate Partners, LLC, who served as an advisor to the Company in connection with its Prior Cases, to assist the company in monetizing its lease portfolio.

III. First Day Motions[5]

45. As a result of my first-hand knowledge, and through my review of various materials and information, discussions with members of the Debtors' management, and discussions with the Debtors' outside advisors, I have formed opinions as to (a) the necessity of obtaining the relief sought by the Debtors in the First Day Motions, (b) the need for the Debtors to continue to operate effectively as they run an orderly liquidation process, wind down their businesses, and maximize the value of their assets for the benefit of all stakeholders, and (c) the immediate and irreparable loss of estate value and disruption to the Debtors' liquidation process that will occur if the relief requested in the First Day Motions is delayed.

46. As described more fully below, the Debtors, in consultation with their professionals, have carefully tailored the relief requested in the First Day Motions to ensure the Debtors are able to fund the operations essential to their efforts to monetize their assets, and that the Debtors' carefully crafted orderly liquidation process may function as designed. I, or other members of the Debtors' management and/or operational teams, participated in the analysis that informed each First Day Motion and assisted in developing the relief requested therein, and reviewed the pleadings related thereto. At all times, the Debtors' management and professionals remained cognizant of the limitations imposed on a debtor in possession and, in light of those limitations, the Debtors narrowed the relief requested at the outset of these chapter 11 cases to those matters necessary to preserve the value of the Debtors' assets. It is my opinion that the value of such assets would be immediately and adversely impacted if the relief requested in the First Day Motions is not granted.

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[5] Capitalized terms in this section of the declaration not otherwise defined herein shall have the meaning ascribed to such terms in the applicable First Day Motion.

47. ***Cash Collateral Motion***. As above, the ABL Agent, ABL/FILO Lenders, Second Lien Notes Trustee, and holders of Second Lien Notes have consented to the Debtors' use of cash collateral in order to fund the Debtors' day-to-day business operations through the completion of the Debtors' orderly wind down and liquidation process. As of the Petition Date, the Debtors have approximately $16.4 million total cash on hand, all of which constitutes cash collateral. In the normal course of business, the Debtors use cash on hand and cash flow from operations and other sources to fund working capital and capital expenditures, as well as to operate and maintain their business and leased store locations. Specifically, the Debtors rely on cash collateral to, among other things, obtain essential services from vendors, honor payroll obligations to employees, and satisfy other working capital and operational needs. By this motion (the "Cash Collateral Motion"), the Debtors seek entry of an order authorizing their use of cash collateral to fund these chapter 11 cases in accordance with the terms of an agreed-upon budget. In exchange for the use of cash collateral, the Debtors intend to grant adequate protection to the ABL/FILO Lenders and holders of Second Lien Notes as set forth in more detail in the Cash Collateral Motion. The proposed adequate protection package provides such lenders with a variety of safeguards to protect against any diminution in the value of the cash collateral during the chapter 11 cases.

48. The Debtors' access to cash collateral is essential to the success of their carefully crafted orderly liquidation and wind down process. Absent immediate access to cash collateral, the Debtors will not have adequate unencumbered cash on hand to fund critical expenses or effectuate an orderly wind down of their business. Accordingly, if the Debtors could not obtain access to cash collateral to fund their expenses during their wind down and liquidation process, the Debtors would be forced to liquidate in a disorderly and value-destructive fashion. Thus, I

believe the relief requested in the Cash Collateral Motion is in the best interests of the Debtors and their stakeholders.

49. ***Store Closing Motion***. By this motion (the "Store Closing Motion"), the Debtors seek entry of interim and final orders: (a) authorizing the Debtors to assume that certain Consulting Agreement between the Debtors and Gordon Brothers, (b) authorizing and approving the initiation of store closings and related matters in accordance with the terms of the Consulting Agreement and the store closing sale procedures, with such sales to be free and clear of all liens, claims, and encumbrances, (c) authorizing customary bonuses to non-insider Closing Store and distribution center employees who remain employed for the duration of the Store Closing Sales, (d) approving modifications to certain customer programs, and (d) granting related relief.

50. Pursuant to the Store Closing Motion, the Debtors seek to close their 692 retail locations, with the assistance of the Consultant, in 10 to 12 weeks. The Store Closing Sales are a critical component of the Debtors' carefully crafted orderly liquidation plan, given that the majority of the Debtors' salable assets consist of inventory and merchandise located at their stores and distribution facilities. The Debtors and the Board have determined that, in the exercise of their business judgment and in consultation with their advisors, the Store Closing Procedures provide the best and most efficient means of selling the Store Closing Assets to maximize the value of the Debtors' estates for all stakeholders. Specifically, the Consultant's services will ensure that the liquidation process is seamless and therefore maximizes the value of the salable inventory at the Closing Stores, and the payment of Store Closing Bonuses will ensure that the Debtors can maintain adequate staffing to facilitate the Store Closing Sales.

51. As above, it is essential that the Debtors are able to continue the Store Closing Sales as soon as possible, to capture the benefit of increased store traffic and sales related to the holiday

season. Accordingly, I believe that the relief requested in the Store Closing Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, is essential to enable the Debtors to conduct their carefully considered orderly liquidation for the benefit of all stakeholders, and thus should be granted.

52. ***Bidding Procedures and Sale Motion***. In addition to seeking authority to conduct the Store Closing Sales (as defined in the Store Closing Motion) and close their distribution centers, the Debtors seek approval of the sale of all or substantially all of their other non-inventory assets pursuant to a bidding procedures and sale motion (the "Bidding Procedures and Sale Motion"). The Bidding Procedures and Sale Motion contemplates an open, competitive bidding process for all or any portion of the Debtors' assets on a timeline consistent with the Debtors' Store Closing Sales, and, among other things, requests approval of (a) separate procedures for the sale of (i) the Debtors' assets and (ii) certain of such assets that are of de minimis value; (b) procedures for scheduling an Auction and Sale Hearing; and (c) certain forms of notice related thereto, as well as authorization (a) to enter into a Stalking Horse Agreement with a Stalking Horse Bidder; (b) of Assumption and Assignment Procedures to be used in connection with any Sale Transaction; and (c) of the Debtors' assumption of any Assigned Contracts in connection with such Sale Transaction.

53. As above, the Debtors intend to sell all merchandise and inventory located at their stores and distribution facilities through the Store Closing Sales. The Debtors, however, have other assets that may be salable and could provide additional value for their estates and stakeholders, including, for example, intellectual property assets, unexpired leases of non-residential real property, and the AmPro business. I believe that the De Minimis Asset Sale Procedures and Bidding Procedures will facilitate the sale of substantially all of the Debtors' assets

in a transparent and value-maximizing fashion. Further, the relief requested in the Bidding Procedures and Sale Motion will facilitate the Debtors' carefully crafted orderly liquidation process, which has been designed to preserve the value of the Debtors' estates for the benefit of all stakeholders. I also believe it is essential that the Debtors are able to begin marketing these assets pursuant to Court-approved procedures at the outset of these chapter 11 cases to maximize the proceeds the Debtors may receive for their sale. Accordingly, I believe the requested relief should be granted.

54. ***Cash Management Motion***. By this motion (the "Cash Management Motion"), the Debtors seek entry of interim and final orders authorizing the Debtors to (a) continue using their existing cash management system and honoring prepetition obligations related thereto, (b) maintain their existing business forms and books and records, and (c) continue certain intercompany transactions, and granting administrative expense priority to the intercompany claims. As described in detail in the Cash Management Motion, the Debtors maintain an integrated cash management system in the ordinary course of their businesses. To lessen the disruption caused by the bankruptcy filings and maximize the value of their assets as they wind down their businesses through these chapter 11 cases, it is vital that the Debtors be permitted to maintain their cash management system and be authorized to, *inter alia*, pay any outstanding bank, processing, and security fees owed in relation to their cash management system, continue utilizing their corporate credit cards, maintain their existing business forms, and continue engaging in ordinary course intercompany transactions. The Debtors believe that each of their bank accounts complies with section 345(b) of the Bankruptcy Code because it is maintained at a bank that is (a) an authorized depository in accordance with the U.S. Trustee Guidelines and/or (b) insured by the Federal Deposit Insurance Company.

55. If the Debtors are required to alter the way in which they collect and disburse cash throughout the cash management system, I believe that their operations would experience severe disruptions, which ultimately would frustrate the Debtors' ability to effectuate an orderly liquidation process for the benefit of all stakeholders. It is, therefore, critical that the Debtors be able to continue to utilize their existing cash management system to consolidate management of cash and centrally coordinate transfers of funds to efficiently and effectively operate their businesses.

56. ***Vendors Motion***. The Debtors seek entry of interim and final orders authorizing them to pay, in their business judgment, certain prepetition amounts owed to certain (a) essential vendors and service providers (collectively, the "Critical Vendors"), and (b) lien claimants (collectively, the "Lien Claimants," and together with the Critical Vendors, the "Vendors"). The Debtors request authorization to pay the prepetition claims of such parties in light of the importance of the products and services provided by such Vendors to the Debtors' orderly liquidation process and the maximization of the value of the Debtors' assets for the benefit of all stakeholders.

57. Because of the nature of the Debtors' businesses, the Debtors believe that many vendors will make credible and actionable threats to cease supplying the Debtors with the specialized goods and services necessary to effectuate a value-maximizing orderly liquidation process, unless they are paid on account of their prepetition debt. More specifically, the Debtors rely on the Critical Vendors to supply helium and digital advertising services, without which the Debtors cannot sell their remaining inventory through the Store Closing Sales. Similarly, the Debtors believe that if they do not pay prepetition amounts attributable to their respective claims, the Lien Claimants may assert possessory liens and refuse to deliver or release goods in their

possession until their claims are satisfied and their liens redeemed. The Lien Claimants assist the Debtors with the storage and transportation of the Debtors' inventory as it travels through the Debtors' substantial supply chain.

58. Accordingly, to avoid jeopardizing the Debtors' carefully crafted orderly liquidation process and the value of their assets, I believe that the relief requested in this motion should be granted. The following table summarizes the types of claimants that the Debtors request authority to pay in an aggregate amount of up to $9 million pursuant to this motion.

Category	**Description of Claims**
Critical Vendors	Specialized suppliers of helium, on-demand delivery of products, and digital advertising, which are critical to monetizing the Debtors' remaining assets for the benefit of all stakeholders
Lien Claimants	Suppliers of goods and services that may assert mechanic's, possessory, or other similar liens

59. The aggregate amount requested herein is approximately 10% of all accounts payable, with $6 million to be paid within 21 days of the Petition Date.

60. ***Automatic Stay Enforcement Motion***. Pursuant to this motion (the "Automatic Stay Enforcement Motion"), the Debtors seek entry of an order restating and enforcing the worldwide automatic stay, anti-discrimination provisions, and *ipso facto* protections of the Bankruptcy Code. The Debtors have many foreign creditors and counterparties to contracts in various jurisdictions that may not be familiar with the restrictions of the Bankruptcy Code. Many of these creditors do not transact business on a regular basis with companies that have filed for chapter 11 and therefore may be unfamiliar with the scope of a debtor in possession's authority to conduct its business and the scope of the Bankruptcy Code's protections.

61. The Debtors thus seek the relief requested in the Automatic Stay Enforcement Motion out of an abundance of caution to protect their international operations throughout the pendency of their orderly liquidation process. There is a risk that various interested parties may attempt to seize the Debtors' assets located outside of the United States to the detriment of the Debtors, their estates, and creditors, or take other actions in contravention of section 362 of the Bankruptcy Code, as well as attempt to terminate leases and executory contracts pursuant to *ipso facto* provisions therein in contravention of section 365 of the Bankruptcy Code. For the avoidance of doubt, the relief requested under the Automatic Stay Enforcement Motion does not seek to expand or enlarge the rights afforded to the Debtors under the Bankruptcy Code.

62. ***Utilities Motion***. By this motion (the "Utilities Motion"), and to ensure continued provision of utility services at the Debtors' leased properties during their orderly liquidation process and the implementation of store closing sales, the Debtors seek entry of an order (a) prohibiting utility providers from altering, refusing, or discontinuing utility services, (b) deeming the utility providers to be adequately assured of future payment, and (c) establishing procedures for determining adequate assurance of payment. The Debtors propose to fund a segregated account with a deposit equal to approximately two weeks of the Debtors' estimated aggregate utility expenses (plus an additional $50,000 buffer to cover any unidentified utility providers) as adequate assurance of future payment required under the Bankruptcy Code and, additionally, have proposed standard procedures to address any request made by the utility providers for additional adequate assurance.

63. Any disruption of the Debtors' utility services would cause irreparable harm to their ability to maximize value for their stakeholders through their orderly liquidation process and store closing sales. For the foregoing reasons, I believe that the relief requested in the Utilities Motion

is in the best interests of the Debtors, their estates, and their creditors, and should therefore be approved.

64. ***Wages and Benefits Motion***. Pursuant to this motion (the "Wages Motion"), the Debtors seek entry of an order authorizing them to (a) pay certain prepetition wages, salaries, other compensation, and reimbursable expenses and (b) continue certain employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto. As described in detail in the Wages Motion, the Debtors employ approximately 3,600 full-time and part-time employees and approximately 7,600 part-time and temporary workers. This workforce relies on the compensation and benefits provided or funded by the Debtors to continue to pay their daily living expenses, and will be exposed to significant financial difficulties if the Debtors are not permitted to pay these obligations. I believe that if they are unable to honor all such obligations immediately, these employees will terminate their employment with the Debtors at a time when the support of these individuals is crucial.

65. Moreover, a stable workforce is critical to the success of the Debtors' carefully considered orderly liquidation process and the maximization of the value of their assets for the benefit of their stakeholders. Any significant number of departures among the Debtors' workforce at this time will immediately and substantially adversely impact the Debtors' efforts in this regard. There is a real, immediate risk that if the Debtors are not authorized to continue to honor their prepetition obligations to these parties in the ordinary course, the employees and temporary workers would no longer support and maintain the operations of the Debtors, thereby crippling them. Absent an order granting the relief requested by the Wages Motion, many employees would undoubtedly suffer hardship and, in many instances, serious financial difficulties, as the amounts in question are needed to enable certain employees to meet their own personal financial

obligations. Without the requested relief, the stability of the Debtors would be undermined, perhaps irreparably, by the possibility that employees will immediately seek other employment alternatives. Consequently, all of the Debtors' creditors will benefit if the requested relief is granted.

66. I strongly believe it is critical that the Debtors be permitted to pay prepetition wages and continue with their ordinary course personnel policies, programs, and procedures, including, but not limited to, maintenance of workers' compensation programs and health care programs, that were in effect prior to the Petition Date.

67. ***Insurance and Surety Bonds Motion***. The Debtors seek entry of an order authorizing the Debtors to continue their existing insurance policies and surety arrangements and to pay premiums and other amounts arising thereunder, including any prepetition amounts. The Debtors' existing insurance and surety programs are essential to preserve the value of the Debtors' business, properties, and assets during their liquidation and wind down. I understand that, in many cases, the insurance coverage provided by the existing insurance policies is required by diverse regulations, laws, and contracts. Failure to make the payments required to maintain the Debtors' insurance policies could have a significant negative impact on the Debtors' ability to implement their carefully crafted orderly liquidation process and store closing sales. Absent sufficient and continuing insurance coverage, the Debtors may also be exposed to substantial liability and may be unable to operate in certain key jurisdictions. Accordingly, I believe that the relief requested in the insurance and surety bonds motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

68. ***Taxes Motion***. The Debtors seek authority to pay taxes, fees, assessments, and other charges to applicable taxing authorities in the ordinary course of business, including any prepetition amounts that may be due. The Debtors' failure to pay certain taxes and fees when due may adversely affect their ability to implement an orderly liquidation process and maximize the value of their assets for all stakeholders. Depending on the relevant jurisdiction, tax authorities may have the ability to initiate audits if taxes and fees are not timely paid. Similarly, tax authorities may attempt to suspend the Debtors' operations, seek to lift the automatic stay, or even seek to hold the Debtors' directors and officers personally liable for any unpaid amounts. Moreover, I understand that certain taxes and fees may give rise to tax liens and some or all may be entitled to priority, which would therefore require that these amounts be paid in full.

69. ***Schedules and Statements Extension Motion***. The Debtors seek entry of an order extending the deadlines by which the Debtors must file their (a) schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the "Schedules and Statements") and (b) initial reports of financial information with respect to entities in which the Debtors hold a controlling or substantial interest as set forth in rule 2015.3 of the Federal Rules of Bankruptcy Procedure (the "2015.3 Reports"). To prepare the Schedules and Statements and 2015.3 Reports, the Debtors must compile information from books, records, and documents relating to claims, assets, leases, and contracts from each Debtor entity. Given the size and complexity of the Debtors' businesses and financial affairs, this information is voluminous and collecting it will require an enormous expenditure of time and effort on the part of the Debtors, their employees, and their professional advisors in the near term. The extension the Debtors seek is warranted because focusing the attention of key personnel on critical operational and chapter 11 compliance

issues during the early days of these chapter 11 cases will facilitate the Debtors' implementation of an orderly liquidation process, thereby maximizing value for their estates, their creditors, and other parties in interest. While the Debtors and their professionals are working diligently and expeditiously to prepare the Schedules and Statements and 2015.3 Reports, due to the quantity of work necessary to complete them and the competing demands upon the Debtors' employees and professionals to assist in efforts to stabilize business operations during this critical time, the Debtors will not be able to properly and accurately complete the Schedules and Statements and 2015.3 Reports within the statutory 14-day period.

70. ***Creditor Matrix Motion***. By this motion, the Debtors seek entry of an order (a) authorizing them to file a consolidated creditor matrix in lieu of submitting separate mailing matrices, (b) authorizing the redaction of certain personal information, (c) approving the form and manner of notifying the creditors of these chapter 11 cases, and (d) modifying the requirement to file a list of equity security holders. Given the interrelated nature of the Debtors' business operations, the preparation of separate lists of creditors for each Debtor would be expensive, time consuming, and administratively burdensome; as such, utilizing a consolidated list of key creditors will help alleviate these burdens and costs, while reducing the possibility of duplicative service. Moreover, I understand that, under the *Procedures for Complex Cases in the Southern District of Texas*, the lead debtor in a jointly administered "complex case" is required to file a consolidated list of unsecured creditors consisting of the 30 largest unsecured creditors of all jointly administered debtors. The Debtors submit that filing a single consolidated list in these cases is appropriate for these reasons.

71. Finally, I believe that it is appropriate to authorize the Debtors to redact certain personal identification information from any paper filed or to be filed with the Court in these

chapter 11 cases because such papers filed or to be filed with the Court in these chapter 11 cases may contain the personally identifiable information used to perpetrate identity theft or locate survivors of domestic violence, harassment, or stalking.

IV. Second Day Motions

72. ***Assumption and Rejection Procedures Motion***. The Debtors are party to thousands of contracts, which include, inter alia, contracts with vendors for the supply of goods and services, contracts related to the operation of the Debtors' businesses, and leases of real and personal property. The Debtors and their advisors are in the process of evaluating all of their contracts to determine whether such contracts should be (a) rejected as burdensome to the Debtors' estates or (b) assumed and assigned to third parties (including those that may be amended following consensual negotiations with applicable counterparties), as they are valuable to the Debtors' estates. As of the Petition Date, this analysis is underway. By this motion (the "Assumption/Rejection Procedures Motion"), which has been filed on 21 days' notice, the Debtors seek entry of an order authorizing and approving certain procedures for rejecting and assuming and assigning executory contracts and unexpired leases.

73. Absent the approval of these procedures, the Debtors would be required to file separate motions to assume and assign or reject individual contracts, which I believe would result in substantial costs to, and administrative burdens on, the Debtors' estates. Moreover, absent an expedited process for approval of such assumptions and rejections, the Debtors would be forced to bear the costs of the contracts and leases beyond the period in which they provide any benefit to the estates. Accordingly, I believe that the relief sought in the Assumption/Rejection Procedures Motion will reduce costs and burdens, and is therefore essential to the Debtors' orderly liquidation and the maximization of value for the benefit of all stakeholders.

74. ***Omnibus Contract and Lease Rejection Motion***. The Debtors also seek immediate entry of an order authorizing the rejection, effective as of the Petition Date, of certain executory contracts and unexpired leases, as well as the abandonment of certain personal property, and granting related relief (the "Omnibus Rejection Motion"). The Omnibus Rejection Motion has also been filed on 21 days' notice. The Debtors have determined, as an exercise of their business judgment, that these contracts and leases are liabilities to their estates, such that the rejection of these contracts is the value-maximizing approach, and that any personal property the Debtors intend to abandon at any leased premises is of no realizable value to the Debtors' estates. Accordingly, I believe the relief requested in the Omnibus Rejection Motion should be granted, as it will avoid the Debtors' incurrence of administrative expenses related to such contracts and is in the best interests of the Debtors estates and their stakeholders.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

December 22, 2024

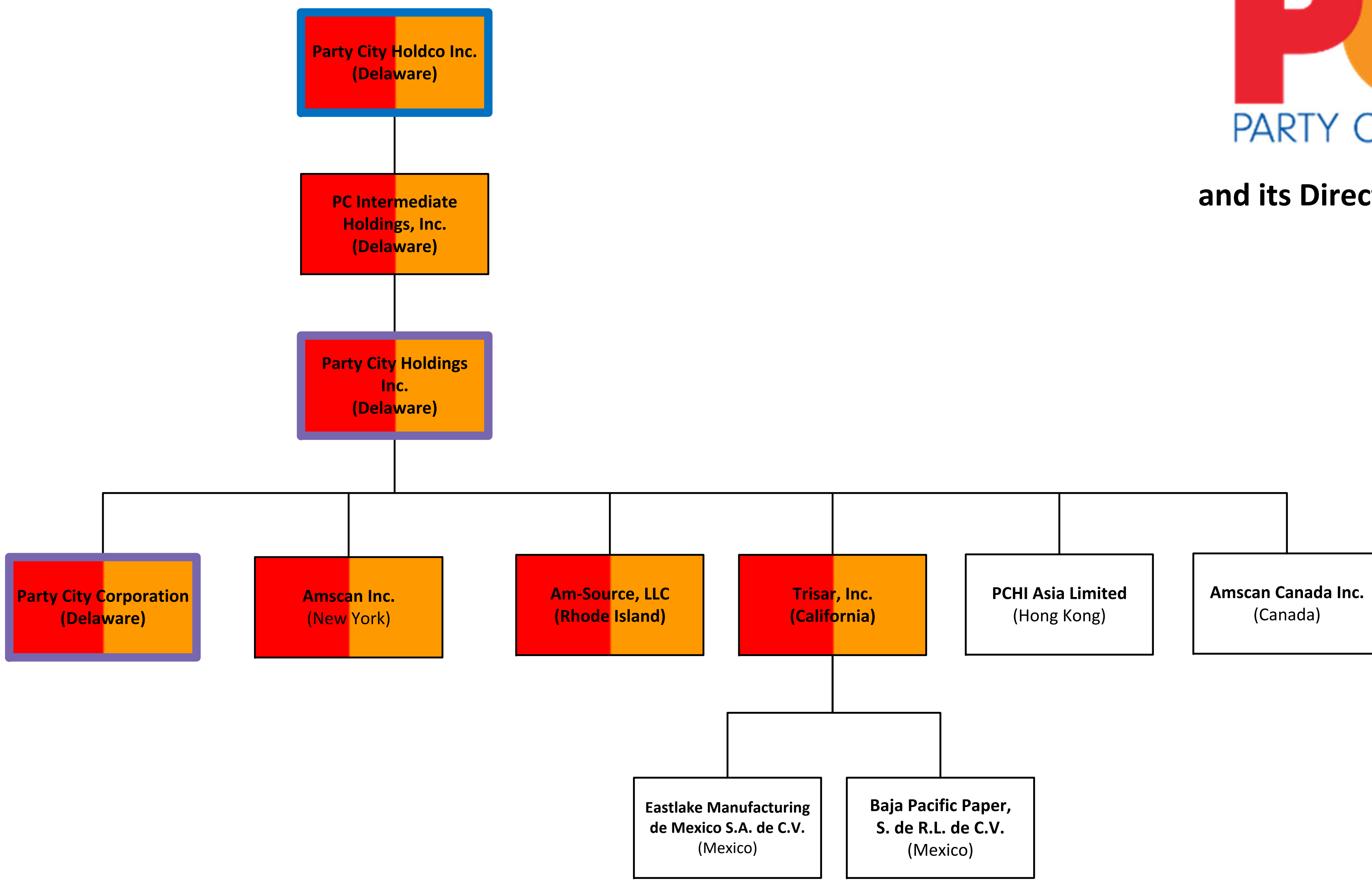
/s/ Deborah Rieger-Paganis
Deborah Rieger-Paganis
Chief Restructuring Officer
Party City Holdco Inc.

Exhibit A

Organizational Chart

PARTY CITY HOLDCO INC.

and its Direct and Indirect Subsidiaries



Legend

- Borrower (Party City ABL/FILO Facility)
- Issuer (Party City Second Lien Notes due 2029)
- Guarantor (Party City ABL/FILO Facility)
- Guarantor (Party City Second Lien Notes due 2029)

Unless otherwise noted, all equity ownership percentages are 100%