

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	▶ ☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	▶ ☐

Part II	Basic Plan Information —enter all requested information
1a Name of plan MICHAELS STORES, INC. EMPLOYEES 401(K) PLAN	1b Three-digit plan number (PN) ▶ 001
	1c Effective date of plan 02/01/1987
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) MICHAELS STORES, INC. 3939 W. JOHN CARPENTER FRWY IRVING, TX 75063	2b Employer Identification Number (EIN) 75-1943604 2c Plan Sponsor's telephone number 972-409-1300 2d Business code (see instructions) 442299

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/05/2023	LISA A. CUMMINGS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2022)
v. 220413

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 17369
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 15648
a(2) Total number of active participants at the end of the plan year		6a(2) 21202
b Retired or separated participants receiving benefits		6b 103
c Other retired or separated participants entitled to future benefits.....		6c 1893
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 23198
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 17
f Total. Add lines 6d and 6e		6f 23215
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 6186
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 72
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2H 2J 2K 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan MICHAELS STORES, INC. EMPLOYEES 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 MICHAELS STORES, INC.	D Employer Identification Number (EIN) 75-1943604	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
THE VANGUARD GROUP, INC.
23-1945930

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 16 25 37 52 99	NONE	355745	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
JP MORGAN 23-2642616	0	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
THE FRANKLIN TEMPLETON GROUP 94-2990534	15 BPS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
FIDELITY INVESTMENTS 04-2033129	10 BPS	

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BARON FUNDS 767 5TH AVENUE NEW YORK, NY 10153	10 BPS

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
DODGE & COX 94-1441976	10 BPS

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan MICHAELS STORES, INC. EMPLOYEES 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 MICHAELS STORES, INC.	D Employer Identification Number (EIN) 75-1943604	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: VFTC RETIREMENT SAVINGS TRUST III		
b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY		
c EIN-PN 38-7041744-024	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 33210193
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II **Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>12/31/2022</u>		
A Name of plan <u>MICHAELS STORES, INC. EMPLOYEES 401(K) PLAN</u>		B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MICHAELS STORES, INC.</u>		D Employer Identification Number (EIN) <u>75-1943604</u>

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	<u>316313</u>	
(2) Participant contributions.....	1b(2)	<u>655544</u>	
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants).....	1c(7)		
(8) Participant loans.....	1c(8)	<u>3782164</u>	<u>4111025</u>
(9) Value of interest in common/collective trusts.....	1c(9)	<u>30007428</u>	<u>33210193</u>
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	<u>281072583</u>	<u>230855814</u>
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	315834032	268177032

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	315834032	268177032
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	9071462	
(B) Participants	2a(1)(B)	19979544	
(C) Others (including rollovers)	2a(1)(C)	5421929	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		34472935
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	189924	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		189924
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	8699284	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		8699284
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		508872
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-60613822
c Other income	2c		204259
d Total income. Add all income amounts in column (b) and enter total	2d		-16538548
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	30520206	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	41768	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		30561974
f Corrective distributions (see instructions)	2f		195389
g Certain deemed distributions of participant loans (see instructions)	2g		24319
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	336770	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		336770
j Total expenses. Add all expense amounts in column (b) and enter total	2j		31118452
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-47657000
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan MICHAELS STORES, INC. EMPLOYEES 401(K) PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 MICHAELS STORES, INC.		D Employer Identification Number (EIN) 75-1943604
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 23-2186884		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....		☐ Yes ☐ No
11 a Does the ESOP hold any preferred stock?.....		☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....		☐ Yes ☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?.....		☐ Yes ☐ No
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		Schedule R (Form 5500) 2022 v. 220413

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
	a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....	14a	
	b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
	c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year.....	15a	
	b The corresponding number for the second preceding plan year.....	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c) a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____% b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____
20	PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20. a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box: ☐ Yes. ☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date. ☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date. ☐ No. Other. Provide explanation _____

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Michaels Stores, Inc. Employees 401(k) Plan
As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022
With Report of Independent Auditors

Michaels Stores, Inc. Employees 401(k) Plan
Financial Statements and Supplemental Schedule

As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022

Contents

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Report of Independent Auditors

The Administrative Committee and the Investment Committee
Michaels Stores, Inc. Employees 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed audits of the financial statements of Michaels Stores, Inc. Employees 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31 2022, and the related notes (collectively referred to as the “financial statements”).

Management, having determined it is permissible in the circumstances, has elected to have the audits of the financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor’s Responsibilities for the Audit of the Financial Statements section

- the amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of December 31, 2022 (referred to as the "supplemental schedule"), is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Ernst & Young LLP

August 11, 2023

Michaels Stores, Inc. Employees 401(k) Plan
Statements of Net Assets Available for Benefits

	Year Ended December 31,	
	2022	2021
Assets		
Investments at fair value:		
Registered investment companies	\$ 230,855,814	\$ 281,072,583
Collective trust	33,210,193	30,007,428
Total investments at fair value	264,066,007	311,080,011
Receivables:		
Employer contributions	-	316,313
Participant contributions	-	655,544
Notes receivable from participants	4,206,016	3,901,083
Total receivables	4,206,016	4,872,940
Total assets	268,272,023	315,952,951
Liabilities		
Excess contributions payable	227,872	175,494
Net assets available for benefits	\$ 268,044,151	\$ 315,777,457

See accompanying notes.

Michaels Stores, Inc. Employees 401(k) Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

Additions

Investment income (loss):

Dividend and interest income	\$ 9,208,156
Net depreciation in fair value of investments	(60,613,822)
Net investment loss	<u>(51,405,666)</u>

Interest income on notes receivable from participants	189,924
Other income	204,259

Contributions:

Participant	19,927,166
Employer	9,071,462
Rollover	5,421,929
Total contributions	<u>34,420,557</u>

Net additions	(16,590,926)
---------------	--------------

Deductions

Distributions to participants	30,805,610
Administrative expenses	336,770
Total deductions	<u>31,142,380</u>

Net decrease	(47,733,306)
--------------	--------------

Net assets available for benefits:

Beginning of year	315,777,457
End of year	<u><u>\$ 268,044,151</u></u>

See accompanying notes

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements

December 31, 2022

1. Description of the Plan

The Michaels Stores, Inc. Employees 401(k) Plan (the “Plan”) became effective on February 1, 1987, for eligible employees of Michaels Stores, Inc. (the “Employer”, “Company” or “Plan Sponsor”) and its subsidiaries. The Plan is a defined contribution plan designed to comply with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and is intended to satisfy the qualification requirements of the Internal Revenue Code of 1986, as amended (“IRC”).

The following is a brief description of the Plan. Participants should refer to the Plan document for complete information regarding the Plan.

Participation

Prior to January 1, 2022, full-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a three-month eligibility period. Effective January 1, 2022, full-time employees who are at least 21 years of age are eligible to participate in the Plan on their first day of employment. Prior to July 1, 2022, part-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a one-year eligibility period in which such person is credited with at least 1,000 hours or completion of a three-year eligibility period in which such person is credited with at least 500 hours each year. Effective July 1, 2022, part-time employees who are at least 21 years of age are eligible upon completion of 500 hours of service. The initial eligibility period begins with the month in which an eligible employee is hired. Subsequent eligibility periods begin on the first day of the month.

Contributions

Each participant may elect to have his or her compensation reduced, up to a maximum of 80% of the participant’s considered compensation, as defined by the Plan, through pretax payroll deductions, and have the Employer contribute these amounts (“Salary Reduction Contributions”) for each pay period to the Plan. A participant’s Salary Reduction Contributions to the Plan and other such plans may not exceed an amount determined under the IRC each calendar year (\$20,500 in 2022). Each participant may also elect to make voluntary, after-tax contributions up to a maximum of 10% of the participant’s considered compensation (“Participant Contributions”). Participants in the Plan who have attained the age of 50 are able to make catch-up deferral contributions, subject to statutory limitations. The Plan also allows Roth contributions and In-Plan Roth conversions.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, the Employer is required to make a contribution (“Employer Matching Contributions”) to the account of each participant in an amount equal to 100% of the participant’s Salary Reduction Contributions that do not exceed 3% of the participant’s compensation for the year and 50% of the participant’s Salary Reduction Contributions that do not exceed the next 2% of the participant’s compensation in such pay period. Full-time employees that participate in the Plan are eligible for Employer Matching Contributions after three months of service and part-time employees that participate in the Plan are eligible for Employer Matching Contributions after completion of a one-year eligibility period in which such person is credited with at least 1,000 hours of service. Employer Matching Contributions are deposited as soon as administratively feasible after the Employer Matching Contributions for the applicable pay period have been determined. All contributions are invested based on the participants’ investment elections. Participants may elect to invest their entire Plan account balance in one of, or in any combination of, a variety of investment options, which have been selected by the Plan’s Investment Committee. The Plan is a safe harbor plan.

The Plan intends to meet the requirements of Section 404(c) of ERISA and regulations issued by the U.S. Department of Labor (29 CFR Sec. 2550.404(c)-1). To the extent that a participant chooses how to invest Plan assets under an ERISA Section 404(c) plan, the fiduciaries are not liable for any losses that result from those investment decisions.

Administration of the Plan

The Plan is administered by the Administrative Committee and the Investment Committee, whose members are employees of the Employer and appointed by the Employer’s Board of Directors. The members of the Administrative Committee and the Investment Committee serve at the discretion of the Board of Directors without compensation for their services.

All expenses incidental to the administration of the Plan are charged to the participants’ accounts unless the Employer elects to pay for such expenses. The Employer elected to pay accounting and legal expenses of the Plan in 2022.

Participant Accounts

A separate account is maintained in the Plan for each participant. The account balances for participants are adjusted periodically as follows:

- (a) All contributions are allocated to participants’ accounts with each Company payroll.
- (b) Participants’ withdrawal requests are processed weekly.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

(c) Income and gains and losses from investments are allocated to the participants' accounts daily. Allocations are based on participant account balances.

(d) Transfers are processed on a daily basis.

Custodian of Investments

Vanguard Fiduciary Trust Company ("Vanguard") is the trustee and custodian of the Plan.

Vesting

Employer Matching Contributions (including investment gains and losses thereon) made to participants are vested immediately. For Employer Matching Contributions (including investment gains and losses thereon) made prior to January 1, 2021, participants become vested at the rate of 33% each year over three years. Participants are fully vested in Employer Matching Contributions upon completing three years of service. Salary Reduction Contributions and Participant Contributions are 100% vested and nonforfeitable at all times, as are contributions rolled over to the Plan from another plan ("Rollover Contributions").

The Company may use forfeitures from non-vested participants to reduce future Employer Matching Contributions. Unallocated forfeited balances as of December 31, 2022 and 2021 were \$317,609 and \$138,591, respectively.

Withdrawals

Upon termination of employment with the Company, participants are entitled to, and may withdraw from the Plan, 100% of their Salary Reduction Contributions, Participant Contributions, and Rollover Contributions, as well as their vested portion of Employer Matching Contributions. Participants may request distribution of their account at any time after their employment termination date. Participants with vested account balances greater than \$5,000 as of their termination date may elect to maintain their balance in the Plan until such time the participant requests a distribution. Vested account balances less than \$1,000 will be distributed as soon as administratively feasible to the Participant in a single lump-sum distribution. Participants with account balances of \$1,000 up to \$5,000 at the time of their termination must elect to receive payment directly or roll over their funds into an individual retirement plan ("IRA") or other qualified plan. Absent an affirmative election made by the participant, the Plan administrator must roll over the cash directly into an IRA designated by the Investment Committee.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, there are rules that require minimum distributions to be made from the Plan. Generally, these minimum distributions must begin by April 1 of the calendar year following the later of the year in which the employee retires or the year in which the employee reaches the age of 72.

In-service withdrawal provisions of the Plan allow for early withdrawal of Participant Contributions and Rollover Contributions at any time and for any reason. Such withdrawals may be subject to ordinary income taxes and early distribution penalty taxes.

Participants who are employees and over the age of 59½ may withdraw amounts from their fully vested accounts, either by equal installments or a lump-sum distribution.

Hardship withdrawals of Salary Reduction Contributions may be made under certain limited circumstances while the participant is employed by the Company.

Participant Loans

Notes receivable from participants represent participant loans. Active participants in the Plan may obtain loans from their vested account balances, subject to certain requirements, without incurring income taxes or penalties. Participant loans, except as excluded under the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”), are repaid, with interest, on an after-tax basis through payroll deductions. Loan repayment periods are determined by the participant and may extend up to five years in all cases except that a loan used to purchase a participant’s principal residence may extend up to 10 years. Certain loan repayments under the CARES Act were extended for up to a year. Loan repayments (including interest) are deposited to each participant’s account and invested according to the participant’s investment elections in effect at the time of repayment.

Termination of the Plan

While the Company has not expressed any intent to discontinue the Plan, the Company may terminate the Plan at any time. In the event the Plan is terminated, the Plan accounts of all active participants would become fully vested.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting. Distributions to participants are recorded when paid. Subsequent events have been evaluated by management through August 11, 2023, the date the financial statements were available to be issued.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are valued at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service ("IRS") are recorded as a liability with a corresponding reduction to contributions. The Plan distributes the excess contributions to the applicable participants as soon as administratively feasible.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires the Employer to make estimates that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedule. Actual results could differ from those estimates.

3. Fair Value Measurements

ASC 820, *Fair Value Measurement* ("ASC 820") establishes a three-level valuation hierarchy for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurements") and the lowest priority to unobservable inputs ("Level 3 measurements"). The fair value hierarchy prescribed by ASC 820 is as follows:

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

Level 1 – Quoted prices for *identical* instruments in active markets;

Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and

Level 3 – Instruments with significant *unobservable* inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Descriptions of the valuation methodologies used for assets measured at fair value are as follows:

- Investments in registered investment companies are valued based on published prices of shares held by the Plan on the last business day of the Plan year.
- The investments in the collective trusts are valued at net asset value ("NAV") as determined by the issuer. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value.

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Registered investment companies	\$ 230,855,814	\$ -	\$ -	\$ 230,855,814
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				33,210,193
Total investments				<u>\$ 264,066,007</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Registered investment companies	\$ 281,072,583	\$ -	\$ -	\$ 281,072,583
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				30,007,428
Total investments				<u>\$ 311,080,011</u>

- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value tables. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Net Assets Available for Benefits.
- (2) This category includes a collective trust that is designed to provide a stable rate of return with preservation of principal and liquidity as primary objectives. This fund is primarily invested in fully benefit-responsive contracts and is valued at the net asset value of units of the collective trust. Participant-directed redemptions must be completed as soon as practicable from the date of request; however, the Plan is required to provide a one-year redemption notice to liquidate its units in the fund.

4. Related Party and Party-In-Interest Transactions

Certain Plan investments in registered investment companies and collective trusts are managed by Vanguard. Vanguard is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. The Plan Sponsor paid certain administrative fees on behalf of the Plan for the year ended December 31, 2022.

5. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedules, including investments held and notes receivable from participants at December 31, 2022 and 2021, and net appreciation (depreciation) in fair value of investments, dividend and interest income, other income and interest income on notes receivable from participants for the year ended December 31, 2022, was obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by Vanguard.

The Plan has investments in various securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' accounts and the amounts reported in the statements of net assets available for benefits.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

6. Income Tax Status

The underlying pre-approved plan has received an opinion letter from the IRS dated June 30, 2020, stating that the written form of the underlying pre-approved document is qualified under Section 401 of the Internal Revenue Code (the “Code”). Any employer adopting this form of the plan will be considered to have a plan qualified under Section 401 of the Code, and, therefore, the related trust is tax-exempt. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Administrative Committee and Investment Committee will take the necessary steps, if any, to bring the Plan’s operations into compliance with the Code.

GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, specifically that the trust is exempt from taxation, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Reconciliation to Form 5500

Excess contributions payable is recorded as a liability in the financial statements for the year the original contributions were made whereas the Form 5500 reflects the excess contributions payable in the year the refunds are distributed back to the participants.

Deemed distributions are reported as a taxable distribution on the Form 5500 in the year the participant becomes delinquent, however, these remain part of the participant’s loan balance in the financial statements until a distributable event occurs, such as death or disability.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	As of December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 268,044,151	\$ 315,777,457
Add: Excess contributions payable	227,872	175,494
Less: Deemed distributions of participant loans	(94,991)	(118,919)
Net assets available for benefits per Form 5500	<u>\$ 268,177,032</u>	<u>\$ 315,834,032</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

7. Reconciliation to Form 5500 (continued)

The following is a reconciliation of the net increase per the financial statements to the Form 5500 for the year ended December 31, 2022:

Net decrease per the financial statements	\$ (47,733,306)
Add: Change in excess contributions payable	52,378
Add: Deemed distribution activity	23,928
Net decrease per Form 5500	<u>\$ (47,657,000)</u>

Supplemental Schedule

Michaels Stores, Inc. Employees 401(k) Plan

EIN #75-1943604 Plan #001

Schedule H; Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2022

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
*	Vanguard Funds	Vanguard Institutional Index Fund Institutional Shares	38,736,704
*	Vanguard Funds	Vanguard Retirement Savings Trust III	33,210,193
	Fidelity Investments	Fidelity OTC K6 Portfolio	23,258,962
*	Vanguard Funds	Vanguard Target Retirement 2030 Fund	13,491,791
	PIMCO	PIMCO Total Return Fund; Institutional Class	13,189,353
	Baron Capital Management	Baron Growth Fund; Institutional Shares	12,570,453
*	Vanguard Funds	Vanguard Target Retirement 2035 Fund	10,951,806
*	Vanguard Funds	Vanguard Target Retirement 2050 Fund	10,652,102
*	Vanguard Funds	Vanguard Target Retirement 2040 Fund	10,632,620
	JP Morgan	JPMorgan Large Cap Value; Class R6	9,877,742
*	Vanguard Funds	Vanguard Target Retirement 2045 Fund	9,848,864
	Dodge and Cox	Dodge & Cox Balanced Fund; Class I	8,983,496
*	Vanguard Funds	Vanguard Target Retirement 2025 Fund	7,567,629
	Capital Group Management	American Funds EuroPacific Growth Fund; Class R-6	6,887,492
	Cohen & Steers Capital Management, Inc.	Cohen & Steers Realty Shares; Institutional Class	5,787,490
*	Vanguard Funds	Vanguard Mid-Cap Index Fund Institutional Shares	5,658,691
*	Vanguard Funds	Undiscovered Managers Behavioral Value Fund; Class R6	5,488,495
	Invesco	Invesco Developing Markets Fund; Class R6	5,345,966
*	Vanguard Funds	Vanguard Total International Stock Index Fund Institutional Shares	4,920,166
*	Vanguard Funds	Vanguard Small-Cap Index Fund Institutional Shares	4,913,811
*	Vanguard Funds	Vanguard Target Retirement 2020 Fund	4,602,180
*	Vanguard Funds	Vanguard Target Retirement 2055 Fund	3,522,925
*	Vanguard Funds	Vanguard Target Retirement Income Fund	3,486,506
*	Vanguard Funds	Templeton Global Bond Fund; R6 Class	2,673,106
	Fidelity Investments	Fidelity Capital and Income Fund; Retail Class	2,157,676
*	Vanguard Funds	Vanguard Target Retirement 2060 Fund	2,008,092
	Fidelity Investments	Fidelity Inflation-Protected Bond Index Fund	976,762
	Sycamore Capital Management	Victory Sycamore Established Value Fund; Class R6	879,306
*	Vanguard Funds	Vanguard Total Bond Market Index Fund Admiral Shares	791,309
	Alger Funds	Alger Small Cap Focus Fund; Class Y	341,980
*	Vanguard Funds	Vanguard Target Retirement 2065 Fund	331,979
*	Vanguard Funds	Vanguard Federal Money Market Fund	317,609
*	Vanguard Funds	Vanguard Target Retirement 2070 Fund	2,751
*	Participant loans	Interest rates ranging from 4.25% to 8.50% with varying maturity dates	4,206,016
			<u>\$ 268,272,023</u>

*Indicates party-in-interest to the Plan.

Column (d) is not required as the Plan's investments are participant-directed and participant loans have no cost basis.

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Michaels Stores, Inc. Employees 401(k) Plan
As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022
With Report of Independent Auditors

Michaels Stores, Inc. Employees 401(k) Plan
Financial Statements and Supplemental Schedule

As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022

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Report of Independent Auditors

The Administrative Committee and the Investment Committee
Michaels Stores, Inc. Employees 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed audits of the financial statements of Michaels Stores, Inc. Employees 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”).

Management, having determined it is permissible in the circumstances, has elected to have the audits of the financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor’s Responsibilities for the Audit of the Financial Statements section

- the amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of December 31, 2022 (referred to as the "supplemental schedule"), is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Ernst & Young LLP

August 11, 2023

Michaels Stores, Inc. Employees 401(k) Plan
Statements of Net Assets Available for Benefits

	Year Ended December 31,	
	2022	2021
Assets		
Investments at fair value:		
Registered investment companies	\$ 230,855,814	\$ 281,072,583
Collective trust	33,210,193	30,007,428
Total investments at fair value	<u>264,066,007</u>	<u>311,080,011</u>
Receivables:		
Employer contributions	-	316,313
Participant contributions	-	655,544
Notes receivable from participants	4,206,016	3,901,083
Total receivables	<u>4,206,016</u>	<u>4,872,940</u>
Total assets	<u>268,272,023</u>	<u>315,952,951</u>
Liabilities		
Excess contributions payable	227,872	175,494
Net assets available for benefits	<u>\$ 268,044,151</u>	<u>\$ 315,777,457</u>

See accompanying notes.

Michaels Stores, Inc. Employees 401(k) Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

Additions

Investment income (loss):

Dividend and interest income	\$ 9,208,156
Net depreciation in fair value of investments	(60,613,822)
Net investment loss	<u>(51,405,666)</u>

Interest income on notes receivable from participants	189,924
Other income	204,259

Contributions:

Participant	19,927,166
Employer	9,071,462
Rollover	5,421,929
Total contributions	<u>34,420,557</u>

Net additions	(16,590,926)
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Deductions

Distributions to participants	30,805,610
Administrative expenses	336,770
Total deductions	<u>31,142,380</u>

Net decrease	(47,733,306)
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Net assets available for benefits:

Beginning of year	315,777,457
End of year	<u><u>\$ 268,044,151</u></u>

See accompanying notes

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements

December 31, 2022

1. Description of the Plan

The Michaels Stores, Inc. Employees 401(k) Plan (the “Plan”) became effective on February 1, 1987, for eligible employees of Michaels Stores, Inc. (the “Employer”, “Company” or “Plan Sponsor”) and its subsidiaries. The Plan is a defined contribution plan designed to comply with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and is intended to satisfy the qualification requirements of the Internal Revenue Code of 1986, as amended (“IRC”).

The following is a brief description of the Plan. Participants should refer to the Plan document for complete information regarding the Plan.

Participation

Prior to January 1, 2022, full-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a three-month eligibility period. Effective January 1, 2022, full-time employees who are at least 21 years of age are eligible to participate in the Plan on their first day of employment. Prior to July 1, 2022, part-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a one-year eligibility period in which such person is credited with at least 1,000 hours or completion of a three-year eligibility period in which such person is credited with at least 500 hours each year. Effective July 1, 2022, part-time employees who are at least 21 years of age are eligible upon completion of 500 hours of service. The initial eligibility period begins with the month in which an eligible employee is hired. Subsequent eligibility periods begin on the first day of the month.

Contributions

Each participant may elect to have his or her compensation reduced, up to a maximum of 80% of the participant’s considered compensation, as defined by the Plan, through pretax payroll deductions, and have the Employer contribute these amounts (“Salary Reduction Contributions”) for each pay period to the Plan. A participant’s Salary Reduction Contributions to the Plan and other such plans may not exceed an amount determined under the IRC each calendar year (\$20,500 in 2022). Each participant may also elect to make voluntary, after-tax contributions up to a maximum of 10% of the participant’s considered compensation (“Participant Contributions”). Participants in the Plan who have attained the age of 50 are able to make catch-up deferral contributions, subject to statutory limitations. The Plan also allows Roth contributions and In-Plan Roth conversions.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, the Employer is required to make a contribution (“Employer Matching Contributions”) to the account of each participant in an amount equal to 100% of the participant’s Salary Reduction Contributions that do not exceed 3% of the participant’s compensation for the year and 50% of the participant’s Salary Reduction Contributions that do not exceed the next 2% of the participant’s compensation in such pay period. Full-time employees that participate in the Plan are eligible for Employer Matching Contributions after three months of service and part-time employees that participate in the Plan are eligible for Employer Matching Contributions after completion of a one-year eligibility period in which such person is credited with at least 1,000 hours of service. Employer Matching Contributions are deposited as soon as administratively feasible after the Employer Matching Contributions for the applicable pay period have been determined. All contributions are invested based on the participants’ investment elections. Participants may elect to invest their entire Plan account balance in one of, or in any combination of, a variety of investment options, which have been selected by the Plan’s Investment Committee. The Plan is a safe harbor plan.

The Plan intends to meet the requirements of Section 404(c) of ERISA and regulations issued by the U.S. Department of Labor (29 CFR Sec. 2550.404(c)-1). To the extent that a participant chooses how to invest Plan assets under an ERISA Section 404(c) plan, the fiduciaries are not liable for any losses that result from those investment decisions.

Administration of the Plan

The Plan is administered by the Administrative Committee and the Investment Committee, whose members are employees of the Employer and appointed by the Employer’s Board of Directors. The members of the Administrative Committee and the Investment Committee serve at the discretion of the Board of Directors without compensation for their services.

All expenses incidental to the administration of the Plan are charged to the participants’ accounts unless the Employer elects to pay for such expenses. The Employer elected to pay accounting and legal expenses of the Plan in 2022.

Participant Accounts

A separate account is maintained in the Plan for each participant. The account balances for participants are adjusted periodically as follows:

- (a) All contributions are allocated to participants’ accounts with each Company payroll.
- (b) Participants’ withdrawal requests are processed weekly.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

(c) Income and gains and losses from investments are allocated to the participants' accounts daily. Allocations are based on participant account balances.

(d) Transfers are processed on a daily basis.

Custodian of Investments

Vanguard Fiduciary Trust Company ("Vanguard") is the trustee and custodian of the Plan.

Vesting

Employer Matching Contributions (including investment gains and losses thereon) made to participants are vested immediately. For Employer Matching Contributions (including investment gains and losses thereon) made prior to January 1, 2021, participants become vested at the rate of 33% each year over three years. Participants are fully vested in Employer Matching Contributions upon completing three years of service. Salary Reduction Contributions and Participant Contributions are 100% vested and nonforfeitable at all times, as are contributions rolled over to the Plan from another plan ("Rollover Contributions").

The Company may use forfeitures from non-vested participants to reduce future Employer Matching Contributions. Unallocated forfeited balances as of December 31, 2022 and 2021 were \$317,609 and \$138,591, respectively.

Withdrawals

Upon termination of employment with the Company, participants are entitled to, and may withdraw from the Plan, 100% of their Salary Reduction Contributions, Participant Contributions, and Rollover Contributions, as well as their vested portion of Employer Matching Contributions. Participants may request distribution of their account at any time after their employment termination date. Participants with vested account balances greater than \$5,000 as of their termination date may elect to maintain their balance in the Plan until such time the participant requests a distribution. Vested account balances less than \$1,000 will be distributed as soon as administratively feasible to the Participant in a single lump-sum distribution. Participants with account balances of \$1,000 up to \$5,000 at the time of their termination must elect to receive payment directly or roll over their funds into an individual retirement plan ("IRA") or other qualified plan. Absent an affirmative election made by the participant, the Plan administrator must roll over the cash directly into an IRA designated by the Investment Committee.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, there are rules that require minimum distributions to be made from the Plan. Generally, these minimum distributions must begin by April 1 of the calendar year following the later of the year in which the employee retires or the year in which the employee reaches the age of 72.

In-service withdrawal provisions of the Plan allow for early withdrawal of Participant Contributions and Rollover Contributions at any time and for any reason. Such withdrawals may be subject to ordinary income taxes and early distribution penalty taxes.

Participants who are employees and over the age of 59½ may withdraw amounts from their fully vested accounts, either by equal installments or a lump-sum distribution.

Hardship withdrawals of Salary Reduction Contributions may be made under certain limited circumstances while the participant is employed by the Company.

Participant Loans

Notes receivable from participants represent participant loans. Active participants in the Plan may obtain loans from their vested account balances, subject to certain requirements, without incurring income taxes or penalties. Participant loans, except as excluded under the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”), are repaid, with interest, on an after-tax basis through payroll deductions. Loan repayment periods are determined by the participant and may extend up to five years in all cases except that a loan used to purchase a participant’s principal residence may extend up to 10 years. Certain loan repayments under the CARES Act were extended for up to a year. Loan repayments (including interest) are deposited to each participant’s account and invested according to the participant’s investment elections in effect at the time of repayment.

Termination of the Plan

While the Company has not expressed any intent to discontinue the Plan, the Company may terminate the Plan at any time. In the event the Plan is terminated, the Plan accounts of all active participants would become fully vested.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting. Distributions to participants are recorded when paid. Subsequent events have been evaluated by management through August 11, 2023, the date the financial statements were available to be issued.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are valued at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service ("IRS") are recorded as a liability with a corresponding reduction to contributions. The Plan distributes the excess contributions to the applicable participants as soon as administratively feasible.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires the Employer to make estimates that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedule. Actual results could differ from those estimates.

3. Fair Value Measurements

ASC 820, *Fair Value Measurement* ("ASC 820") establishes a three-level valuation hierarchy for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurements") and the lowest priority to unobservable inputs ("Level 3 measurements"). The fair value hierarchy prescribed by ASC 820 is as follows:

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

Level 1 – Quoted prices for *identical* instruments in active markets;

Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and

Level 3 – Instruments with significant *unobservable* inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Descriptions of the valuation methodologies used for assets measured at fair value are as follows:

- Investments in registered investment companies are valued based on published prices of shares held by the Plan on the last business day of the Plan year.
- The investments in the collective trusts are valued at net asset value ("NAV") as determined by the issuer. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value.

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Registered investment companies	\$ 230,855,814	\$ -	\$ -	\$ 230,855,814
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				33,210,193
Total investments				<u>\$ 264,066,007</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Registered investment companies	\$ 281,072,583	\$ -	\$ -	\$ 281,072,583
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				30,007,428
Total investments				<u>\$ 311,080,011</u>

- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value tables. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Net Assets Available for Benefits.
- (2) This category includes a collective trust that is designed to provide a stable rate of return with preservation of principal and liquidity as primary objectives. This fund is primarily invested in fully benefit-responsive contracts and is valued at the net asset value of units of the collective trust. Participant-directed redemptions must be completed as soon as practicable from the date of request; however, the Plan is required to provide a one-year redemption notice to liquidate its units in the fund.

4. Related Party and Party-In-Interest Transactions

Certain Plan investments in registered investment companies and collective trusts are managed by Vanguard. Vanguard is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. The Plan Sponsor paid certain administrative fees on behalf of the Plan for the year ended December 31, 2022.

5. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedules, including investments held and notes receivable from participants at December 31, 2022 and 2021, and net appreciation (depreciation) in fair value of investments, dividend and interest income, other income and interest income on notes receivable from participants for the year ended December 31, 2022, was obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by Vanguard.

The Plan has investments in various securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' accounts and the amounts reported in the statements of net assets available for benefits.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

6. Income Tax Status

The underlying pre-approved plan has received an opinion letter from the IRS dated June 30, 2020, stating that the written form of the underlying pre-approved document is qualified under Section 401 of the Internal Revenue Code (the “Code”). Any employer adopting this form of the plan will be considered to have a plan qualified under Section 401 of the Code, and, therefore, the related trust is tax-exempt. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Administrative Committee and Investment Committee will take the necessary steps, if any, to bring the Plan’s operations into compliance with the Code.

GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, specifically that the trust is exempt from taxation, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Reconciliation to Form 5500

Excess contributions payable is recorded as a liability in the financial statements for the year the original contributions were made whereas the Form 5500 reflects the excess contributions payable in the year the refunds are distributed back to the participants.

Deemed distributions are reported as a taxable distribution on the Form 5500 in the year the participant becomes delinquent, however, these remain part of the participant’s loan balance in the financial statements until a distributable event occurs, such as death or disability.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	As of December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 268,044,151	\$ 315,777,457
Add: Excess contributions payable	227,872	175,494
Less: Deemed distributions of participant loans	(94,991)	(118,919)
Net assets available for benefits per Form 5500	<u>\$ 268,177,032</u>	<u>\$ 315,834,032</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

7. Reconciliation to Form 5500 (continued)

The following is a reconciliation of the net increase per the financial statements to the Form 5500 for the year ended December 31, 2022:

Net decrease per the financial statements	\$ (47,733,306)
Add: Change in excess contributions payable	52,378
Add: Deemed distribution activity	23,928
Net decrease per Form 5500	<u>\$ (47,657,000)</u>

Supplemental Schedule

Michaels Stores, Inc. Employees 401(k) Plan

EIN #75-1943604 Plan #001

Schedule H; Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2022

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
*	Vanguard Funds	Vanguard Institutional Index Fund Institutional Shares	38,736,704
*	Vanguard Funds	Vanguard Retirement Savings Trust III	33,210,193
	Fidelity Investments	Fidelity OTC K6 Portfolio	23,258,962
*	Vanguard Funds	Vanguard Target Retirement 2030 Fund	13,491,791
	PIMCO	PIMCO Total Return Fund; Institutional Class	13,189,353
	Baron Capital Management	Baron Growth Fund; Institutional Shares	12,570,453
*	Vanguard Funds	Vanguard Target Retirement 2035 Fund	10,951,806
*	Vanguard Funds	Vanguard Target Retirement 2050 Fund	10,652,102
*	Vanguard Funds	Vanguard Target Retirement 2040 Fund	10,632,620
	JP Morgan	JPMorgan Large Cap Value; Class R6	9,877,742
*	Vanguard Funds	Vanguard Target Retirement 2045 Fund	9,848,864
	Dodge and Cox	Dodge & Cox Balanced Fund; Class I	8,983,496
*	Vanguard Funds	Vanguard Target Retirement 2025 Fund	7,567,629
	Capital Group Management	American Funds EuroPacific Growth Fund; Class R-6	6,887,492
	Cohen & Steers Capital Management, Inc.	Cohen & Steers Realty Shares; Institutional Class	5,787,490
*	Vanguard Funds	Vanguard Mid-Cap Index Fund Institutional Shares	5,658,691
*	Vanguard Funds	Undiscovered Managers Behavioral Value Fund; Class R6	5,488,495
	Invesco	Invesco Developing Markets Fund; Class R6	5,345,966
*	Vanguard Funds	Vanguard Total International Stock Index Fund Institutional Shares	4,920,166
*	Vanguard Funds	Vanguard Small-Cap Index Fund Institutional Shares	4,913,811
*	Vanguard Funds	Vanguard Target Retirement 2020 Fund	4,602,180
*	Vanguard Funds	Vanguard Target Retirement 2055 Fund	3,522,925
*	Vanguard Funds	Vanguard Target Retirement Income Fund	3,486,506
*	Vanguard Funds	Templeton Global Bond Fund; R6 Class	2,673,106
	Fidelity Investments	Fidelity Capital and Income Fund; Retail Class	2,157,676
*	Vanguard Funds	Vanguard Target Retirement 2060 Fund	2,008,092
	Fidelity Investments	Fidelity Inflation-Protected Bond Index Fund	976,762
	Sycamore Capital Management	Victory Sycamore Established Value Fund; Class R6	879,306
*	Vanguard Funds	Vanguard Total Bond Market Index Fund Admiral Shares	791,309
	Alger Funds	Alger Small Cap Focus Fund; Class Y	341,980
*	Vanguard Funds	Vanguard Target Retirement 2065 Fund	331,979
*	Vanguard Funds	Vanguard Federal Money Market Fund	317,609
*	Vanguard Funds	Vanguard Target Retirement 2070 Fund	2,751
*	Participant loans	Interest rates ranging from 4.25% to 8.50% with varying maturity dates	4,206,016
			<u>\$ 268,272,023</u>

*Indicates party-in-interest to the Plan.

Column (d) is not required as the Plan's investments are participant-directed and participant loans have no cost basis.

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Michaels Stores, Inc. Employees 401(k) Plan
As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022
With Report of Independent Auditors

Michaels Stores, Inc. Employees 401(k) Plan
Financial Statements and Supplemental Schedule

As of December 31, 2022 and 2021, and for the
Year Ended December 31, 2022

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Report of Independent Auditors

The Administrative Committee and the Investment Committee
Michaels Stores, Inc. Employees 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed audits of the financial statements of Michaels Stores, Inc. Employees 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”).

Management, having determined it is permissible in the circumstances, has elected to have the audits of the financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor’s Responsibilities for the Audit of the Financial Statements section

- the amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of December 31, 2022 (referred to as the "supplemental schedule"), is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Ernst & Young LLP

August 11, 2023

Michaels Stores, Inc. Employees 401(k) Plan
Statements of Net Assets Available for Benefits

	Year Ended December 31,	
	2022	2021
Assets		
Investments at fair value:		
Registered investment companies	\$ 230,855,814	\$ 281,072,583
Collective trust	33,210,193	30,007,428
Total investments at fair value	<u>264,066,007</u>	<u>311,080,011</u>
Receivables:		
Employer contributions	-	316,313
Participant contributions	-	655,544
Notes receivable from participants	4,206,016	3,901,083
Total receivables	<u>4,206,016</u>	<u>4,872,940</u>
Total assets	<u>268,272,023</u>	<u>315,952,951</u>
Liabilities		
Excess contributions payable	227,872	175,494
Net assets available for benefits	<u>\$ 268,044,151</u>	<u>\$ 315,777,457</u>

See accompanying notes.

Michaels Stores, Inc. Employees 401(k) Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

Additions

Investment income (loss):

Dividend and interest income	\$ 9,208,156
Net depreciation in fair value of investments	(60,613,822)
Net investment loss	<u>(51,405,666)</u>

Interest income on notes receivable from participants	189,924
Other income	204,259

Contributions:

Participant	19,927,166
Employer	9,071,462
Rollover	5,421,929
Total contributions	<u>34,420,557</u>

Net additions	(16,590,926)
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Deductions

Distributions to participants	30,805,610
Administrative expenses	336,770
Total deductions	<u>31,142,380</u>

Net decrease	(47,733,306)
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Net assets available for benefits:

Beginning of year	315,777,457
End of year	<u><u>\$ 268,044,151</u></u>

See accompanying notes

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements

December 31, 2022

1. Description of the Plan

The Michaels Stores, Inc. Employees 401(k) Plan (the “Plan”) became effective on February 1, 1987, for eligible employees of Michaels Stores, Inc. (the “Employer”, “Company” or “Plan Sponsor”) and its subsidiaries. The Plan is a defined contribution plan designed to comply with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and is intended to satisfy the qualification requirements of the Internal Revenue Code of 1986, as amended (“IRC”).

The following is a brief description of the Plan. Participants should refer to the Plan document for complete information regarding the Plan.

Participation

Prior to January 1, 2022, full-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a three-month eligibility period. Effective January 1, 2022, full-time employees who are at least 21 years of age are eligible to participate in the Plan on their first day of employment. Prior to July 1, 2022, part-time employees were eligible to participate in the Plan after (i) attainment of the age of 21 and (ii) completion of a one-year eligibility period in which such person is credited with at least 1,000 hours or completion of a three-year eligibility period in which such person is credited with at least 500 hours each year. Effective July 1, 2022, part-time employees who are at least 21 years of age are eligible upon completion of 500 hours of service. The initial eligibility period begins with the month in which an eligible employee is hired. Subsequent eligibility periods begin on the first day of the month.

Contributions

Each participant may elect to have his or her compensation reduced, up to a maximum of 80% of the participant’s considered compensation, as defined by the Plan, through pretax payroll deductions, and have the Employer contribute these amounts (“Salary Reduction Contributions”) for each pay period to the Plan. A participant’s Salary Reduction Contributions to the Plan and other such plans may not exceed an amount determined under the IRC each calendar year (\$20,500 in 2022). Each participant may also elect to make voluntary, after-tax contributions up to a maximum of 10% of the participant’s considered compensation (“Participant Contributions”). Participants in the Plan who have attained the age of 50 are able to make catch-up deferral contributions, subject to statutory limitations. The Plan also allows Roth contributions and In-Plan Roth conversions.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, the Employer is required to make a contribution (“Employer Matching Contributions”) to the account of each participant in an amount equal to 100% of the participant’s Salary Reduction Contributions that do not exceed 3% of the participant’s compensation for the year and 50% of the participant’s Salary Reduction Contributions that do not exceed the next 2% of the participant’s compensation in such pay period. Full-time employees that participate in the Plan are eligible for Employer Matching Contributions after three months of service and part-time employees that participate in the Plan are eligible for Employer Matching Contributions after completion of a one-year eligibility period in which such person is credited with at least 1,000 hours of service. Employer Matching Contributions are deposited as soon as administratively feasible after the Employer Matching Contributions for the applicable pay period have been determined. All contributions are invested based on the participants’ investment elections. Participants may elect to invest their entire Plan account balance in one of, or in any combination of, a variety of investment options, which have been selected by the Plan’s Investment Committee. The Plan is a safe harbor plan.

The Plan intends to meet the requirements of Section 404(c) of ERISA and regulations issued by the U.S. Department of Labor (29 CFR Sec. 2550.404(c)-1). To the extent that a participant chooses how to invest Plan assets under an ERISA Section 404(c) plan, the fiduciaries are not liable for any losses that result from those investment decisions.

Administration of the Plan

The Plan is administered by the Administrative Committee and the Investment Committee, whose members are employees of the Employer and appointed by the Employer’s Board of Directors. The members of the Administrative Committee and the Investment Committee serve at the discretion of the Board of Directors without compensation for their services.

All expenses incidental to the administration of the Plan are charged to the participants’ accounts unless the Employer elects to pay for such expenses. The Employer elected to pay accounting and legal expenses of the Plan in 2022.

Participant Accounts

A separate account is maintained in the Plan for each participant. The account balances for participants are adjusted periodically as follows:

- (a) All contributions are allocated to participants’ accounts with each Company payroll.
- (b) Participants’ withdrawal requests are processed weekly.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

(c) Income and gains and losses from investments are allocated to the participants' accounts daily. Allocations are based on participant account balances.

(d) Transfers are processed on a daily basis.

Custodian of Investments

Vanguard Fiduciary Trust Company ("Vanguard") is the trustee and custodian of the Plan.

Vesting

Employer Matching Contributions (including investment gains and losses thereon) made to participants are vested immediately. For Employer Matching Contributions (including investment gains and losses thereon) made prior to January 1, 2021, participants become vested at the rate of 33% each year over three years. Participants are fully vested in Employer Matching Contributions upon completing three years of service. Salary Reduction Contributions and Participant Contributions are 100% vested and nonforfeitable at all times, as are contributions rolled over to the Plan from another plan ("Rollover Contributions").

The Company may use forfeitures from non-vested participants to reduce future Employer Matching Contributions. Unallocated forfeited balances as of December 31, 2022 and 2021 were \$317,609 and \$138,591, respectively.

Withdrawals

Upon termination of employment with the Company, participants are entitled to, and may withdraw from the Plan, 100% of their Salary Reduction Contributions, Participant Contributions, and Rollover Contributions, as well as their vested portion of Employer Matching Contributions. Participants may request distribution of their account at any time after their employment termination date. Participants with vested account balances greater than \$5,000 as of their termination date may elect to maintain their balance in the Plan until such time the participant requests a distribution. Vested account balances less than \$1,000 will be distributed as soon as administratively feasible to the Participant in a single lump-sum distribution. Participants with account balances of \$1,000 up to \$5,000 at the time of their termination must elect to receive payment directly or roll over their funds into an individual retirement plan ("IRA") or other qualified plan. Absent an affirmative election made by the participant, the Plan administrator must roll over the cash directly into an IRA designated by the Investment Committee.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In addition, there are rules that require minimum distributions to be made from the Plan. Generally, these minimum distributions must begin by April 1 of the calendar year following the later of the year in which the employee retires or the year in which the employee reaches the age of 72.

In-service withdrawal provisions of the Plan allow for early withdrawal of Participant Contributions and Rollover Contributions at any time and for any reason. Such withdrawals may be subject to ordinary income taxes and early distribution penalty taxes.

Participants who are employees and over the age of 59½ may withdraw amounts from their fully vested accounts, either by equal installments or a lump-sum distribution.

Hardship withdrawals of Salary Reduction Contributions may be made under certain limited circumstances while the participant is employed by the Company.

Participant Loans

Notes receivable from participants represent participant loans. Active participants in the Plan may obtain loans from their vested account balances, subject to certain requirements, without incurring income taxes or penalties. Participant loans, except as excluded under the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”), are repaid, with interest, on an after-tax basis through payroll deductions. Loan repayment periods are determined by the participant and may extend up to five years in all cases except that a loan used to purchase a participant’s principal residence may extend up to 10 years. Certain loan repayments under the CARES Act were extended for up to a year. Loan repayments (including interest) are deposited to each participant’s account and invested according to the participant’s investment elections in effect at the time of repayment.

Termination of the Plan

While the Company has not expressed any intent to discontinue the Plan, the Company may terminate the Plan at any time. In the event the Plan is terminated, the Plan accounts of all active participants would become fully vested.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting. Distributions to participants are recorded when paid. Subsequent events have been evaluated by management through August 11, 2023, the date the financial statements were available to be issued.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are valued at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service ("IRS") are recorded as a liability with a corresponding reduction to contributions. The Plan distributes the excess contributions to the applicable participants as soon as administratively feasible.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires the Employer to make estimates that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedule. Actual results could differ from those estimates.

3. Fair Value Measurements

ASC 820, *Fair Value Measurement* ("ASC 820") establishes a three-level valuation hierarchy for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurements") and the lowest priority to unobservable inputs ("Level 3 measurements"). The fair value hierarchy prescribed by ASC 820 is as follows:

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

Level 1 – Quoted prices for *identical* instruments in active markets;

Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and

Level 3 – Instruments with significant *unobservable* inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Descriptions of the valuation methodologies used for assets measured at fair value are as follows:

- Investments in registered investment companies are valued based on published prices of shares held by the Plan on the last business day of the Plan year.
- The investments in the collective trusts are valued at net asset value ("NAV") as determined by the issuer. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value.

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Registered investment companies	\$ 230,855,814	\$ -	\$ -	\$ 230,855,814
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				33,210,193
Total investments				<u>\$ 264,066,007</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

The table below sets forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Registered investment companies	\$ 281,072,583	\$ -	\$ -	\$ 281,072,583
Investments measured at net asset value ⁽¹⁾ :				
Stable value collective trust fund ⁽²⁾				30,007,428
Total investments				<u>\$ 311,080,011</u>

- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value tables. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Net Assets Available for Benefits.
- (2) This category includes a collective trust that is designed to provide a stable rate of return with preservation of principal and liquidity as primary objectives. This fund is primarily invested in fully benefit-responsive contracts and is valued at the net asset value of units of the collective trust. Participant-directed redemptions must be completed as soon as practicable from the date of request; however, the Plan is required to provide a one-year redemption notice to liquidate its units in the fund.

4. Related Party and Party-In-Interest Transactions

Certain Plan investments in registered investment companies and collective trusts are managed by Vanguard. Vanguard is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. The Plan Sponsor paid certain administrative fees on behalf of the Plan for the year ended December 31, 2022.

5. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedules, including investments held and notes receivable from participants at December 31, 2022 and 2021, and net appreciation (depreciation) in fair value of investments, dividend and interest income, other income and interest income on notes receivable from participants for the year ended December 31, 2022, was obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by Vanguard.

The Plan has investments in various securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' accounts and the amounts reported in the statements of net assets available for benefits.

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

6. Income Tax Status

The underlying pre-approved plan has received an opinion letter from the IRS dated June 30, 2020, stating that the written form of the underlying pre-approved document is qualified under Section 401 of the Internal Revenue Code (the “Code”). Any employer adopting this form of the plan will be considered to have a plan qualified under Section 401 of the Code, and, therefore, the related trust is tax-exempt. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Administrative Committee and Investment Committee will take the necessary steps, if any, to bring the Plan’s operations into compliance with the Code.

GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, specifically that the trust is exempt from taxation, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Reconciliation to Form 5500

Excess contributions payable is recorded as a liability in the financial statements for the year the original contributions were made whereas the Form 5500 reflects the excess contributions payable in the year the refunds are distributed back to the participants.

Deemed distributions are reported as a taxable distribution on the Form 5500 in the year the participant becomes delinquent, however, these remain part of the participant’s loan balance in the financial statements until a distributable event occurs, such as death or disability.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	As of December 31,	
	2022	2021
Net assets available for benefits per the financial statements	\$ 268,044,151	\$ 315,777,457
Add: Excess contributions payable	227,872	175,494
Less: Deemed distributions of participant loans	(94,991)	(118,919)
Net assets available for benefits per Form 5500	<u>\$ 268,177,032</u>	<u>\$ 315,834,032</u>

Michaels Stores, Inc. Employees 401(k) Plan

Notes to Financial Statements (continued)

7. Reconciliation to Form 5500 (continued)

The following is a reconciliation of the net increase per the financial statements to the Form 5500 for the year ended December 31, 2022:

Net decrease per the financial statements	\$ (47,733,306)
Add: Change in excess contributions payable	52,378
Add: Deemed distribution activity	23,928
Net decrease per Form 5500	<u>\$ (47,657,000)</u>

Supplemental Schedule

Michaels Stores, Inc. Employees 401(k) Plan

EIN #75-1943604 Plan #001

Schedule H; Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2022

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
*	Vanguard Funds	Vanguard Institutional Index Fund Institutional Shares	38,736,704
*	Vanguard Funds	Vanguard Retirement Savings Trust III	33,210,193
	Fidelity Investments	Fidelity OTC K6 Portfolio	23,258,962
*	Vanguard Funds	Vanguard Target Retirement 2030 Fund	13,491,791
	PIMCO	PIMCO Total Return Fund; Institutional Class	13,189,353
	Baron Capital Management	Baron Growth Fund; Institutional Shares	12,570,453
*	Vanguard Funds	Vanguard Target Retirement 2035 Fund	10,951,806
*	Vanguard Funds	Vanguard Target Retirement 2050 Fund	10,652,102
*	Vanguard Funds	Vanguard Target Retirement 2040 Fund	10,632,620
	JP Morgan	JPMorgan Large Cap Value; Class R6	9,877,742
*	Vanguard Funds	Vanguard Target Retirement 2045 Fund	9,848,864
	Dodge and Cox	Dodge & Cox Balanced Fund; Class I	8,983,496
*	Vanguard Funds	Vanguard Target Retirement 2025 Fund	7,567,629
	Capital Group Management	American Funds EuroPacific Growth Fund; Class R-6	6,887,492
	Cohen & Steers Capital Management, Inc.	Cohen & Steers Realty Shares; Institutional Class	5,787,490
*	Vanguard Funds	Vanguard Mid-Cap Index Fund Institutional Shares	5,658,691
*	Vanguard Funds	Undiscovered Managers Behavioral Value Fund; Class R6	5,488,495
	Invesco	Invesco Developing Markets Fund; Class R6	5,345,966
*	Vanguard Funds	Vanguard Total International Stock Index Fund Institutional Shares	4,920,166
*	Vanguard Funds	Vanguard Small-Cap Index Fund Institutional Shares	4,913,811
*	Vanguard Funds	Vanguard Target Retirement 2020 Fund	4,602,180
*	Vanguard Funds	Vanguard Target Retirement 2055 Fund	3,522,925
*	Vanguard Funds	Vanguard Target Retirement Income Fund	3,486,506
*	Vanguard Funds	Templeton Global Bond Fund; R6 Class	2,673,106
	Fidelity Investments	Fidelity Capital and Income Fund; Retail Class	2,157,676
*	Vanguard Funds	Vanguard Target Retirement 2060 Fund	2,008,092
	Fidelity Investments	Fidelity Inflation-Protected Bond Index Fund	976,762
	Sycamore Capital Management	Victory Sycamore Established Value Fund; Class R6	879,306
*	Vanguard Funds	Vanguard Total Bond Market Index Fund Admiral Shares	791,309
	Alger Funds	Alger Small Cap Focus Fund; Class Y	341,980
*	Vanguard Funds	Vanguard Target Retirement 2065 Fund	331,979
*	Vanguard Funds	Vanguard Federal Money Market Fund	317,609
*	Vanguard Funds	Vanguard Target Retirement 2070 Fund	2,751
*	Participant loans	Interest rates ranging from 4.25% to 8.50% with varying maturity dates	4,206,016
			\$ 268,272,023

*Indicates party-in-interest to the Plan.

Column (d) is not required as the Plan's investments are participant-directed and participant loans have no cost basis.