

PARTY CITY HOLDCO INC.

POLICY WITH RESPECT TO RELATED PERSON TRANSACTIONS

December 9, 2021

Overview

Party City Holdco Inc. (the “Company”) recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that decisions of the Company are based on considerations other than the best interests of the Company and its stockholders. Accordingly, as a general matter, it is the Company’s preference to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review and approval of Related Person Transactions.

Pursuant to this Policy with respect to Related Person Transactions (this “Policy”), all Related Person Transactions will be reviewed and approved by the Board of Directors, acting through the Audit Committee (the “Committee”). This Policy has been approved by the Committee and the Committee will review and may amend this Policy from time to time.

Related Person Transactions

For the purposes of this Policy, a “Related Person Transaction” is any transaction that is reportable by the Company under paragraph (a) of Item 404 of Regulation S-K in which the Company is or will be a participant and the amount involved exceeds \$120,000 and in which any Related Person has or will have a direct or indirect material interest. A “transaction” includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangement or relationships.

The amount involved in any Related Person Transaction shall be determined in accordance with paragraph (a) of Item 404 of Regulation S-K.

For purposes of this Policy, a “Related Person” is any person described in paragraph (a) of Item 404 of Regulation S-K, including:

- (1) a director, nominee for director or executive officer of the Company;
- (2) a beneficial owner of 5% or more of any class of the Company’s voting securities; and
- (3) a person who is an immediate family member of any such director, nominee for director, executive officer or 5% beneficial owner (the term “immediate family member” shall include any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any person (other than a tenant or employee) sharing the household of any such director, nominee for director, executive officer or 5% beneficial owner).

Identification of Related Persons

1. Directors, Executive Officers and Nominees. On an annual basis (or on a more frequent basis if the Audit Committee deems necessary), each director and executive officer shall submit to the legal department or confirm the following information: (a) a list of his or her immediate family members (as defined above); (b) for each person listed and for each director, such person's employer and job title or brief job description; (c) for each person listed and each director and executive officer, each firm, corporation or other entity in which such person is a general partner or in a similar position, or in which such person has a 5% or greater beneficial ownership interest and (d) any Related Person Transaction in which such Related Person has or will have a direct or indirect material interest and all material facts with respect thereto.

Any person nominated to stand for election as a director shall submit to the General Counsel or the Deputy General Counsel (or their delegates) (each, a "Company Legal Representative") the information described above no later than the date of his or her nomination.

Any person who is appointed as a director or an executive officer shall submit to a Company Legal Representative the information described above prior to such person's appointment as a director or executive officer, except in the case of an executive officer where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

Directors and executive officers are expected to promptly notify a Company Legal Representative of any updates to the information provided pursuant to the first paragraph of this Section 1.

The legal department, on an annual basis (or on a more frequent basis if the Audit Committee deems necessary), by examining SEC filings and through the use of Internet search engines and a review of applicable websites, shall, if necessary, update the lists provided by directors, executive officers and nominees to reflect the addition of new parent companies, subsidiaries and sibling companies, as well as any updated information provided by the directors, executive officers and nominees. Copies of such updated lists will be provided to the relevant directors and executive officers for confirmation by such director or executive officer.

2. Five Percent Owners. At the time the Company becomes aware of a person's status as a beneficial owner of more than 5% of any class of the Company's voting securities, and annually thereafter for so long as such ownership status is maintained, the legal department shall request (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person is a firm, corporation or other entity, a list of the principals or executive officers of the firm, corporation or entity.

The legal department, by examining SEC filings and through the use of Internet search engines and a review of applicable websites, shall, if necessary, expand the list provided by any 5% owner to include, or if no list is provided, create a list of, parent companies, subsidiaries and sibling companies and principals and executive officers, as applicable, and shall update the list on an annual basis and provide such list to the relevant 5% owner for confirmation.

Approval Procedures

Related Person Transactions that are identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Prior to entering into the Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person and/or (c) the business unit or function/department leader responsible for the potential Related Person Transaction shall provide notice to a Company Legal Representative of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. In the event the notice is provided to the Company Legal Representative by someone other than the business unit or function/department leader responsible for the potential Related Person Transaction, the Company Legal Representative shall meet with the relevant business unit or function/department leader to confirm and supplement the information provided in the original notice. The Company Legal Representative will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.
2. If the Company Legal Representative determines that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next Committee meeting or, in those instances in which the Company Legal Representative, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, by unanimous written consent (unless in such cases where the Related Person is a member of the Committee).
3. The Committee shall consider all of the relevant facts and circumstances available to the Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director has a position or relationship; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee determines in good faith. The Committee shall convey the decision to the Company Legal Representative, who shall convey the decision to the appropriate persons within the Company.

The Committee has reviewed the transactions described below in "Standing Pre-Approval for Certain Transactions" and determined that each of the transactions described therein shall be deemed to be pre-approved (as applicable) by the Committee under the terms of this Policy, unless specifically determined otherwise by the Committee. In connection with each regularly scheduled meeting of the Committee, a summary of each new transaction deemed pre-approved pursuant to paragraph (3) or (4) under "Standing Pre-Approval for Certain Transactions" below shall be provided by a Company Legal Representative for its information.

Standing Pre-Approval for Certain Transactions

The Committee has reviewed the types of transactions described below and determined that each of the following transactions shall be deemed to be pre-approved by the Committee, even if the aggregate amount involved will exceed \$120,000, unless otherwise specifically determined by the Committee:

1. Any employment by the Company of an executive officer of the Company or any of its wholly-owned subsidiaries if the related compensation is approved (or recommended to the Board of Directors for approval) by the Compensation Committee of the Board of Directors.
2. Any compensation paid to a director if the compensation is consistent with the Company's director compensation policies and is required to be reported in the Company's proxy statement under applicable compensation disclosure requirements.
3. Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer) or director or beneficial owner of less than 10% of that company's equity, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of the company's total annual revenues.
4. Any charitable contribution, grant or endowment by the Company or a charitable foundation created by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or director, if the aggregate amount involved does not exceed the lesser of \$1,000,000 or 2% of the charitable organization's total annual receipts.
5. Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).
6. Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
7. Any service provided by the Company to any Related Person, provided that such service is in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable services provided to non-Related Persons.

Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the SEC, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations. The Company shall identify any disclosed Related Person Transaction that was not reviewed and approved pursuant to this Policy.

The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.