



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00720035-00CL

DATE: May 17, 2024

NO. ON LIST: 1

TITLE OF PROCEEDING: KIDKRAFT, INC.

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE CAVANAGH:

- [1] KidKraft, Inc. (“KidKraft”, and together with its debtor and non-debtor affiliates, the “Company”), in its capacity as the proposed foreign representative of Solowave Design Holdings Limited, Solowave International Inc., and Solowave Design Inc. (the “Canadian Corporate Debtors”), Solowave Design LP (together with the Canadian Corporate Debtors, the “Canadian Debtors”), and itself, brings this application for:

- a. an order (the “Initial Recognition Order”), among other things:
 - i. recognizing the Chapter 11 Cases (as defined in the application materials) in respect of KidKraft and the Canadian Debtors as “foreign main proceedings” pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (the “CCAA”); and
 - ii. recognizing KidKraft as the “foreign representative” in respect of the Chapter 11 Cases (as defined in the application materials) of KidKraft and the Canadian Debtors; and
- b. an order (the “Supplemental Order”), among other things:
 - i. recognizing certain other First Day Orders issued by the U.S. Court in the Chapter 11 Cases, including the Foreign Representative Order (each as defined in the application materials);
 - ii. granting a stay of proceedings in respect of KidKraft and the Canadian Debtors and their respective directors and officers (the “Canadian Stay”);
 - iii. appointing KSV Restructuring Inc. (“KSV Restructuring”) as the information Officer in this proceeding (in such capacity, the “Information Officer”);
 - iv. granting a Court-ordered charge on the present and future assets, property and undertakings of KidKraft located in Canada and of the Canadian Debtors (the “Canadian Property”) to secure:
 1. the professional fees and disbursements incurred in respect of this proceeding by the Information Officer, its counsel and KidKraft and the Canadian Debtors’ Canadian counsel (the “Administration Charge”);
 2. the indemnity granted by KidKraft and the Canadian Debtors in favour of their respective directors and officers in respect of obligations and liabilities in Canada that they may incur as directors or officers after the commencement of this proceeding (the “D&O Charge”); and
 3. advances under a debtor-in-possession credit facility (the “DIP Charge”).

[2] No one appeared today to oppose this application.

[3] On May 10, 2024, KidKraft, and the Canadian Debtors, and six other debtors and debtors in possession filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code and several first day motions and applications (the “First Day Motions”), with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “U.S. Court”), commencing the “Chapter 11 Cases”.

[4] The U.S. Court heard the First Day Motions on May 13, 2024 and entered orders (the “First Day Orders”) on May 13 and 14, including an order authorizing KidKraft to act as the Foreign Representative on behalf of itself and the Canadian Debtors in the *CCAA* proceedings.

[5] Now that the First Day Orders have been granted, the Foreign Representative seeks the proposed Initial Recognition Order and Supplemental Order from this Court.

[6] The Foreign Representative submits that this Court should exercise its discretion to grant the requested orders because this relief is necessary to protect and preserve the operations and value of the Company’s business in Canada, while the Chapter 11 Debtors, including the Canadian Debtors, pursue a comprehensive and coordinated restructuring in the Chapter 11 Cases. The Foreign Representative also submits that granting the requested orders is consistent with the principles of comity that underlie the provisions of Part IV of the *CCAA* and will assist in providing the Company with the breathing room to restructure its business and emerge as a strong and sustainable enterprise for the benefit of a broad range of stakeholders.

[7] The facts in respect of this application are set out in the materials and are summarized in the Applicant’s factum at paragraphs 7-20.

[8] I am satisfied that the Chapter 11 Cases should be recognized as foreign main proceedings. In this respect, I accept the submissions made on behalf of the Applicant at paragraphs 22-35 of its factum.

[9] I am satisfied that the Initial Recognition Order and Supplemental Order should be granted. In this respect, I accept the submissions made on behalf of the Applicant at paragraphs 36-54 of its factum.

[10] Orders to issue in forms of Orders signed by me today.