Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

MOTION RECORD OF THE FOREIGN REPRESENTATIVE
(Recognition Order (Plan Confirmation Order, etc.))
(Returnable June 28, 2024)

June 26, 2024

OSLER, HOSKIN & HARCOURT LLP
100 King Street West,
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

TO: **THE SERVICE LIST**

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

SERVICE LIST
(as of June 26, 2024)

Party	Contact
OSLER, HOSKIN & HARCOURT LLP 1 First Canadian Place, 100 King Street West Suite 6200 Toronto, Ontario M5X 1B8 Canadian Counsel to the Foreign Representative and the Chapter 11 Debtors	**Tracy Sandler** Tel: 416.862.5890 Email: TSandler@osler.com **Martino Calvaruso** Tel: 416.862.6665 Email: MCalvaruso@osler.com **Mark Sheeley** Tel: 416.862.6791 Email: MSheeley@osler.com **Justin Kanji** Tel: 416.862.6642 Email: JKanji@osler.com

Party	Contact
VINSON & ELKINS LLP 1114 Avenue of the Americas, 32nd Floor New York, NY 10036 2001 Ross Avenue, Suite 3900 Dallas, TX 75201 U.S. Counsel to the Foreign Representative and the Chapter 11 Debtors	**David S. Meyer** Tel: 212.237.0058 Email: dmeyer@velaw.com **Lauren R. Kanzer** Tel: 212.237.0166 Email: lkanzer@velaw.com **William L. Wallander** Tel: 214.220.7905 Email: bwallander@velaw.com **Matthew D. Struble** Tel: 214.220.7800 Email: mstruble@velaw.com **Kiran Vakamudi** Tel: 713.758.2742 Email: kvakamudi@velaw.com
SIERRACONSTELLATION PARTNERS LLC 355 S. Grand Avenue Suite 1450. Los Angeles, California 90071 Financial Advisor to the Chapter 11 Debtors	**Ben Smith** Email: BSmith@scpllc.com **Carl Moore** Email: cmoore@scpllc.com
ROBERT W. BAIRD & CO. INCORPORATED 1155 Avenue of the Americas, New York, NY 10036 (Attention: Ajay Bijoor), if in writing Investment Banker to the Chapter 11 Debtors	Email: abijoor@rwbaird.com

Party	Contact
KSV RESTRUCTURING INC. 220 Bay Street, 13th Floor, PO Box 20, Toronto, Ontario, M5J 2W4 Proposed Information Officer	**David Sieradzki** Tel: 416.932.6030 Email: dsieradzki@ksvadvisory.com **Meg Ostling** Tel: 416.932.6022 Email: mostling@ksvadvisory.com
GOWLING WLG 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5, Canada Counsel to the Proposed Information Officer	**Virginie Gauthier** Tel: 416.369.7256 Email: virginie.gauthier@gowlingwlg.com **Alexandra Misurka** Tel: 416.814.5621 Email: alexandra.misurka@gowlingwlg.com
FASKEN MARTINEAU DUMOULIN LLP Bay Adelaide Centre, 333 Bay Street, Suite 2400 P.O. Box 20, Toronto, ON, M5H 2T6 Canadian Counsel to 1903 Partners, LLC and GB Funding, LLC	**Stuart Brotman** Tel: 416.865.5419 Email: sbrotman@fasken.com **Mitch Stephenson** Tel: 416.868.3502 Email: mstephenson@fasken.com
KATTEN MUCHIN ROSENMAN LLP 2121 North Pearl Street, Suite 1100 Dallas, Texas 75201-2591 50 Rockefeller Plaza New York, New York 10020-1605 US Counsel to 1903 Partners, LLC and GB Funding, LLC	**Weston Michael Love** Tel: 214.765.3663 Email: weston.love@katten.com **Cindi M. Giglio** Tel: 212.940.3828 Email: cgiglio@katten.com **Jennifer Hepner** Tel: 212.940.8570 Email: jennifer.hepner@katten.com

Party	Contact
GIBSON, DUNN & CRUTCHER LLP 200 Park Avenue New York, NY 10166 Counsel to MidOcean	**Andrew Herman** Tel: 202.955.8227 Email: aherman@gibsondunn.com
MCCARTHY TÉTRAULT LLP 66 Wellington St W Suite 5300, Toronto, ON M5K 1E6 Canadian Counsel to Backyard Products LLC	**Heather Meredith** Tel: 416.601.8342 Email: hmeredith@mccarthy.ca **Michael Shahinian** Tel: 416.601.4312 Email: mshahinian@mccarthy.ca **Ella Hantho** Tel: 416.601.7698 Email: ethantho@mccarthy.ca
KING & SPALDING 1185 Avenue of the Americas, 34th Floor New York, NY 10036 1180 Peachtree Street, NE, Suite 1600 Atlanta, GA 30309 U.S. Counsel to Backyard Products LLC	**Roger Schwartz** Tel: 212.556.2331 Email: rschwartz@kslaw.com **Spencer Stockdale** Tel: 404.572.4718 Email: SStockdale@kslaw.com **Kristen Landers** Tel: 404.572.2837 Email: KLanders@kslaw.com **Connor Ciepluch** Tel: 404.572.3516 Email: CCiepluch@kslaw.com
STRETTO, INC. 410 Exchange, St. 100 Irvine, CA 92602 Claims, Noticing, and Solicitation Agent	**Sheryl Betance** Tel: 714.716.1872 Email: sheryl.betance@stretto.com

Party	Contact
MAINFREIGHT INC. 350 Madill Blvd, Suite 2, Mississauga, ON L5W 1Y6, Canada Attn: Katie Becker, Branch Manager	**Katie Becker** Email: katie.becker@mainfreight.com
HSBC BANK CANADA 4550 Hurontario Street Mississauga, ON L5R 4E4 PPSA Registrant	**Philip Kotev** Tel: 972.367.1041 Email: Philip.s.kotev@us.hsbc.com
COFACE FINANZ GMBH ISAAC-FULDA-ALLEE 1 Mainz, Germany 55124 PPSA Registrant	**Marco Flindt** Tel: +49.0.6131 / 323.90153 Email: marco.flindt@coface.com
MCMILLAN LLP 1700, 421 - 7th Avenue S.W. Calgary, Alberta T2P 4K9 Canadian Counsel to Coface Finanz GmbH	**Kourtney Rylands** Tel: 403.355.3326 Email: kourtney.rylands@mcmillan.ca **Spencer Klug** Tel: 403.231.8378 Email: spencer.klug@mcmillan.ca
WESTCHESTER PROFESSIONAL RISK Attention: Professional Risk Division 11575 Great Oaks Way, Suite 200 Alpharetta, GA 30022 Insurer	**Steve Snyder** Tel: 302.476.7816 Email: steve.snyder@chubb.com **Michael Rivas** Tel: 470.539.5318 Email: michael.rivas@chubb.com
AXIS INSURANCE 10000 Avalon Blvd., Suite 200 Alpharetta, GA 30009 Fax: (678) 746-9444 Insurer	Tel: 866.259.5435 (Toll-free) 678.746.9000 Email: notices@axiscapital.com

Party	Contact
TRAVELERS CANADA – SPECIALTY INSURANCE Attn: Claim Department 1275 North Service Rd West Oakville, Ontario L6M 3M3 Insurer	Tel: 1.800.661.5522 Email: newclaims@travelers.com
ATTORNEY GENERAL OF CANADA DEPARTMENT OF JUSTICE Ontario Regional Officer, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, Ontario M5H 1T1 Fax: (416) 973.0810 Attorney General of Canada on behalf of Her Majesty the Queen in Right of Canada as represented by the Minister of National Revenue	**General** Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca **Fozia Chaudary** Email: Fozia.Chaudary@justice.gc.ca **Edward Park** Email: Edward.Park@justice.gc.ca **Meggie Johnson** Email: Meggie.Johnson@justice.gc.ca
CANADA REVENUE AGENCY 1 Front Street West Toronto, Ontario M5J 2X6 Fax: (416) 964.6411 Federal Taxation Authority	Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca
HIS MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE – INSOLVENCY UNIT Ontario Ministry of Finance – Legal Services Branch 11-777 Bay Street Toronto, Ontario M5G 2C8 Fax: (416) 325.1460	**General Enquiries** Email: insolvency.unit@ontario.ca

Party	Contact
ONTARIO MINISTRY OF FINANCE INSOLVENCY UNIT 6th floor, 33 King Street West Oshawa, Ontario L1H 8H5	**General Enquiries** Tel: 1.866.668.8297 Email: insolvency.unit@ontario.ca
MINISTRY OF JUSTICE AND SOLICITOR GENERAL (ALBERTA) Legal Services, 2nd Floor, Peace Hills Trust Tower 10011 – 109 Street, Edmonton, Alberta, T5J 3S8 Fax: (780) 427.2789	**General Enquiries** Tel: 780.427.2711 Email: ministryofjustice@gov.ab.ca
DEPARTMENT OF JUSTICE (ALBERTA) 300 Epcor Tower, 10423 – 101 Street NW Edmonton, AB T5H 0E7	Email: ministryofjustice@gov.ab.ca
MINISTRY OF FINANCE (ALBERTA) The Tax and Revenue Administration 9811 – 109 Street Edmonton, AB T5K 2L5	Email: tra.revenue@gov.ab.ca

E-Service List

TSandler@osler.com; MCalvaruso@osler.com; MSheeley@osler.com; JKanji@osler.com; dmeyer@velaw.com; lkanzer@velaw.com; bwallander@velaw.com; mstruble@velaw.com; kvakamudi@velaw.com; BSmith@scpllc.com; cmoore@scpllc.com; dsieradzki@ksvadvisory.com; mostling@ksvadvisory.com; virginie.gauthier@gowlingwlg.com; alexandra.misurka@gowlingwlg.com; sbrotman@fasken.com; mstephenson@fasken.com; weston.love@katten.com; cgiglio@katten.com; jennifer.hepner@katten.com; aherman@gibsondunn.com; hmeredith@mccarthy.ca; mshahinian@mccarthy.ca; ethantho@mccarthy.ca; rschwartz@kslaw.com; SStockdale@kslaw.com; KLanders@kslaw.com; CCiepluch@kslaw.com; Katie.Becker@mainfreight.com; notices@axiscapital.com; newclaims@travelers.com; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; Fozia.Chaudary@justice.gc.ca; Edward.Park@justice.gc.ca; Meggie.Johnson@justice.gc.ca; insolvency.unit@ontario.ca; ministryofjustice@gov.ab.ca; tra.revenue@gov.ab.ca; Michael.rivas@chubb.com; steve.snyder@chubb.com; Philip.s.kotev@us.hsbc.com; marco.flindt@coface.com; kourtney.rylands@mcmillan.ca; spencer.klug@mcmillan.ca; abijoor@rwbaird.com; sheryl.betance@stretto.com

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APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

NOTICE OF MOTION
(Recognition Order (Plan Confirmation Order, Sale Order and Termination of CCAA Proceedings, and Related Relief))
(Returnable June 28, 2024)

The Applicant, KidKraft, Inc. ("**KidKraft**"), in its capacity as foreign representative (the "**Foreign Representative**") of itself and four other debtors in possession, Solowave Design Holdings Limited, Solowave International Inc., Solowave Design Inc., and Solowave Design LP (the "**Canadian Debtors**"), will make a motion to the Court on Friday June 28, 2024, at 10:00 a.m. E.T., or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard

☐ In writing under subrule 37.12.1 (1) because it is ;

☐ In writing as an opposed motion under subrule 37.12.1 (4);

☐ In person;

☐ By telephone conference;

☒ By video conference.

at the following location:

https://ca01web.zoom.us/j/61804264297?pwd=MEpzRUtlUVB0UGc4eStsVGNtYmkxUT09

THE MOTION IS FOR:

1. An order, substantially in the form of the draft order included in the Motion Record, *inter alia*:

(a) recognizing and enforcing the At-Issue Orders (defined below) entered by the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**U.S. Court**"), pursuant to section 49 of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**");

(b) amending the Supplemental Order to account for the Final DIP Order (each as defined below);

(c) approving the sale of the Canadian Transferred Assets (as defined in the Purchase Agreement (defined below)) of KidKraft and the Canadian Debtors over which the Court has jurisdiction to the Purchaser (as defined below), vesting the Canadian Transferred Assets in and to the Purchaser free and clear of all claims and encumbrances, and authorizing the Chapter 11 Debtors to take such steps and execute such additional documents as may be necessary or desirable for the completion of the sale of the Canadian Transferred Assets to the Purchaser;

(d) providing a mechanism for the termination of these CCAA recognition proceedings, including the discharge of the Information Officer (as defined below);

(e) approving the pre-filing report of KSV Restructuring Inc., dated May 16, 2024 (the "**Pre-filing Report**"), the first report of the Information Officer, dated June 18, 2024 (the "**First Report**"), and the second report of the Information Officer, to be

completed (the "**Second Report**"), and the activities of the Information Officer described therein;

(f) approving the fees and disbursements of the Information Officer and its legal counsel; and

(g) granting such further and other relief as counsel may request and this Honourable Court may provide.

THE GROUNDS FOR THIS MOTION ARE:[1]

The Chapter 11 Cases and the Canadian Proceedings

2. On May 10, 2024, each of KidKraft, the Canadian Debtors and six other debtors and debtors in possession (collectively, the "**Chapter 11 Debtors**")[2] filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court (the "**Chapter 11 Cases**").

3. Contemporaneously therewith, the Chapter 11 Debtors filed several motions and applications with the U.S. Court, and the U.S. Court entered interim and/or final orders in respect thereof (collectively, the "**First Day Orders**"), including the following:

(a) *Interim Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* (the "**Interim Critical Vendors Order**");

(b) *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using*

---

[1] Capitalized terms used herein and not otherwise defined have the meaning given to them in the Fourth Affidavit of Geoffrey Walker, sworn June 26, 2024.

[2] The Chapter 11 Debtors are KidKraft, Inc., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, KidKraft International IP Holdings, LLC, Solowave Design Corp., Solowave Design Holdings Limited, Solowave Design Inc., Solowave Design LP, and Solowave International Inc.

Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief (the "**Interim Cash Management Order**");

(c) *Order (I) Authorizing the Debtors to (A) Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief; and*

(d) *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens And Providing Superpriority Administrative Expense Status, (IV), Granting Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**First Interim DIP Order**").

4. By order dated May 10, 2024, the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**") granted an interim stay of proceeding in respect of KidKraft and the Canadian Debtors, and their respective directors and officers.

5. Also on May 10, 2024, the Chapter 11 Debtors filed the *Debtors' Joint Prepacked Chapter 11 Plan* (as subsequently amended and supplemented, the "**Plan**") and a disclosure statement in respect of the Plan (the "**Disclosure Statement**").

6. On May 13, 2024, the Chapter 11 Debtors filed a motion (the "**Bidder Protections Motion**") seeking the Bidder Protections Order (as defined below). A copy of the Bidder Protections Motion is attached hereto as **Exhibit "A"**.

7. Also on May 14, 2024, the U.S. Court granted an order, among other things, scheduling a combined hearing at which the U.S. Court would consider, among other things, the adequacy of the Disclosure Statement and confirmation of the Plan for June 21, 2024 (the "**Combined Hearing**").

8. Subsequently, by order dated May 17, 2024, the Ontario Court recognized the Chapter 11 Cases as "foreign main proceedings", recognized the appointment of the Foreign Representative, and granted related stays of proceeding in favour of the Chapter 11 Debtors.

9. By further order dated May 17, 2024, the Ontario Court recognized the First Day Orders (the "**Supplemental Order**"). In addition, the Supplemental Order appointed KSV Restructuring Inc. as the information officer in these CCAA Part IV proceedings (in such capacity, the "**Information Officer**"), granted an Administration Charge in the amount of CAD $750,000.00 in favour of Canadian counsel to the Chapter 11 Debtors, the Information Officer and counsel for the Information Officer, a Directors' Charge in the amount of CAD$100,000, and a DIP Charge (each as defined in the Supplemental Order) for advances under the DIP Facility.

10. On May 23, 2024, the Office of the United States Trustee for the Northern District of Texas appointed an official unsecured creditors' committee (the "**Committee**"), which includes a Chinese unsecured creditor of the Canadian Debtors.

11. On June 11, 2024, the U.S. Court entered the following interim order:

(a) *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Second Interim DIP Order**").

12. On June 12, 2024, the Chapter 11 Debtors filed the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan*.

13. On June 14, 2024, the Chapter 11 Debtors filed the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan*.

14. On June 17, 2024, in connection with discussions seeking a potential global resolution, the Chapter 11 Debtors adjourned the hearing of the following motions to the Combined Hearing on June 21:

(a) *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* (the "**Final Critical Vendors Order**");

(b) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief* (the "**Final Cash Management Order**");

(c) *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Final DIP Order**"); and

(d) *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* (the "**Bidder Protections Order**").

15. On June 17, 2024, the Chapter 11 Debtors, the Committee, the Purchaser and MidOcean reached a global settlement (the "**Global Settlement**"), memorialized in a term sheet, notice of which was filed with the U.S. Court that day.

16. On June 18, 2024, the U.S. Court entered the Final Critical Vendors Order, as no objections had been filed in respect thereof.

17. On June 19, 2024, the Ontario Court granted an order (the "**Second Recognition Order**"), among other things, recognizing the Second Interim DIP Order and amending paragraph 24 of the Supplemental Order to include references to the Second Interim DIP Order.

18. On June 20, 2024, the Chapter 11 Debtors filed the *Debtors' Amended Joint Prepackaged Chapter 11 Plan*.

19. On June 21, 2024, the Chapter 11 Debtors filed the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan*.

20. Following the Combined Hearing, on June 24 and 25, 2024, the U.S. Court entered the following orders (together with the Final Critical Vendors Order, the "**At-Issue Orders**"):

(a) the Final Cash Management Order;

(b) the Final DIP Order;

(c) the Bidder Protections Order;

(d) *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "**Plan Confirmation Order**"); and

(e) *Amended Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (the "**Sale Order**").

Recognition of the Final Critical Vendors Order is appropriate

21. The Final Critical Vendors Order is a final version of Interim Critical Vendors Order previously recognized by the Ontario Court in the Supplemental Order.

22. Recognition of the Final Critical Vendors Order is necessary for the protection of the Chapter 11 Debtors' property, the efficient administration of the Chapter 11 Cases and the interests of the Chapter 11 Debtors' creditors.

Recognition of the Final Cash Management Order is appropriate

23. The Final Cash Management Order is a final version of Interim Cash Management Order previously recognized by the Ontario Court in the Supplemental Order.

24. The Final Cash Management Order is substantially similar to the Interim Cash Management Order subject to certain additions, including a provision providing, for greater certainty, that the Final Cash Management Order shall not impact on the Chapter 11 Debtors' factoring arrangements.

25. Recognition of the Final Cash Management Order is necessary for the protection of the Chapter 11 Debtors' property, the efficient administration of the Chapter 11 Cases and the interests of the Chapter 11 Debtors' creditors.

Recognition of the Final DIP Order is appropriate

26. The Final DIP Order is a final version of Second Interim DIP Order, previously recognized by the Ontario Court in the Second Recognition Order.

27. Following the entry of the Final DIP Order, the DIP Facility consists of an aggregate principal amount of:

(a) $10.5 million, consisting of the Interim DIP Commitment and the Final DIP Commitment (collectively, the "**New Money DIP Loans**");

(b) $23.3 million of Prepetition Obligations (the "**Limited Roll-Up Amount**"), which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis (the "**Limited Roll-Up**"); and

(c) use of the Cash Collateral from the time of the entry of the First Interim DIP Order until the Carve-Out Termination Date (as such term is defined in the Final DIP Order).

28. In exchange for this essential liquidity provided by the New Money DIP Loans and the Cash Collateral, the Chapter 11 Debtors agreed to certain reasonable and customary protections for Gordon Brothers, including superpriority liens on collateral, payment of interest and fees on amounts borrowed, and the Limited Roll-Up Amount of prepetition financing under the Prepetition Credit Agreement which provided the Chapter 11 Debtors with a liquidity runway to file the Chapter 11 Cases and maximize the value of their estates.

29. The proposed Limited Roll-Up Amount is limited to the new capital that Gordon Brothers provided after the Canadian Debtors became guarantors of the Chapter 11 Debtors' prepetition obligations to Gordon Brothers.

30. The proposed Limited Roll-Up will not materially prejudice the Chapter 11 Debtors' factoring counterparty, Coface, as there is no dispute as to the priority of its liens on its separate collateral, as such receivables are the property of Coface and not the Chapter 11 Debtors.

31. Recognition of the Final DIP Order is necessary for the protection of the Chapter 11 Debtors' property, the efficient administration of the Chapter 11 Cases and the interests of the Chapter 11 Debtors' creditors.

Recognition of the Bidder Protections Order is appropriate

32. The Bidder Protections Order, among other things, approves certain bidder protections in favour of the Purchaser (the "**Bidder Protections**"), including:

(a) a break-up fee of $884,754.90, being 2.25% of the purchase price (the "**Break-Up Fee**"),

(b) expense reimbursement of up to $1,000,000, and

(c) requiring any alternative transaction to the Sale Transaction have an overbid of $2,000,000.

33. Following a sale process in the spring of 2024, Backyard Products, LLC (the "**Purchaser**") emerged with a bid to purchase a substantial majority of the Chapter 11 Debtors' assets (including the Canadian Debtors' assets) with such sale to be effectuated in Chapter 11 (the "**Sale Transaction**").

34. After extensive arm's length negotiations, certain of the Chapter 11 Debtors (including KidKraft, Solowave Design LP and Solowave Design Inc.) and the Purchaser entered into an asset purchase agreement (the "**Purchase Agreement**") to effectuate the Sale Transaction in conjunction with the Plan.

35. The Chapter 11 Debtors are confident the Sale Transaction is the best and only offer available to the Chapter 11 Debtors, but the Bidder Protections will balance the Purchaser's desire for certainty regarding closing the Sale Transaction with the Chapter 11 Debtors' ability to exercise their fiduciary duties to maximize the value of their estates in accordance with the terms of the Purchase Agreement.

36. The Bidder Protections are customary provisions in insolvency transactions of this nature and the quantum of the Break-Up Fee relative to the value of the proposed transaction in these Chapter 11 Cases (*i.e.*, 2.25%) is within the range that is commonly accepted and approved by Canadian courts in the context of insolvency proceedings.

37. Recognition of the Bidder Protections Order is necessary for the protection of the Chapter 11 Debtors' property, the efficient administration of the Chapter 11 Cases and the interests of the Chapter 11 Debtors' creditors.

Recognizing the Plan Confirmation Order is appropriate

38. The Plan is the product of good-faith arm's-length negotiations and is consistent with the objectives of Chapter 11 of the U.S. Bankruptcy Code.

39. The Plan was approved by a majority (in value and number) of the classes of creditors entitled to vote on the Plan.

40. The Plan was amended in accordance with the Global Settlement, among other things, to provide for the funding of a general unsecured claims trust.

41. Recognition of the Plan Confirmation Order is necessary to give effect to the Plan, thereby facilitating an orderly claims process and ensuring the protection of the Chapter 11 Debtors' estates for the benefit of all of the Chapter 11 Debtors' stakeholders.

42. The Information Officer is supportive of the relief requested in respect of the Plan Confirmation Order.

Recognition of the Sale Order and Vesting the Canadian Transferred Assets is appropriate

43. Recognition of the Sale Order and vesting the Canadian Transferred Assets are necessary to complete the Sale Transaction and maximize the value of the Chapter 11 Debtors' estates.

44. The Chapter 11 Debtors have acted in good faith in the sale processes and the Purchase Agreement represents the highest and best offer for the Transferred Assets (as defined in the Purchase Agreement).

45. The sale of the Canadian Transferred Assets to the Purchaser is the only opportunity to maximize the value of the Canadian Transferred Assets.

46. The Sale Transaction is fully supported by all of the Chapter 11 Debtors' primary stakeholders, including Gordon Brothers.

Termination of these Part IV CCAA recognition proceedings

47. After the Plan Confirmation Order is recognized in Canada, the Sale Transaction closes and the Plan is effective, these ancillary Part IV CCAA recognition proceedings will have achieved their purpose.

48. Accordingly, the proposed order:

(a) provides for the termination of the CCAA recognition proceedings upon the Plan becoming effective and any remaining matters to be attended to being completed, and the Information Officer filing a certificate confirming same, at which time the Information Officer will be discharged and released and the Administration Charge and the Directors' Charge will be discharged;

(b) provides for the approval of the Pre-filing Report, the First Report, the Second Report, and the Information Officer's activities described therein, and the Information Officer and its counsel's fees.

General

49. The CCAA, including Part IV.

50. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

(a) The Fourth Affidavit of Geoffrey Walker, sworn June 26, 2024;

(b) The Second Report of the Information Officer, dated June 27, 2024; and

(c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

June 26, 2024

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

TO: THE SERVICE LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED Court File No: CV-24-00720035-00CL

AND IN THE MATTER OF KIDKRAFT, INC. SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION
(Recognition Order (Plan Confirmation Order, etc.))
(Returnable June 28, 2024)

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

Tab 2

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

FOURTH AFFIDAVIT OF GEOFFREY WALKER

(Recognition Order (Plan Confirmation Order, Sale Order and Termination of CCAA Proceedings, and Related Relief))
(Sworn June 26, 2024)

I, Geoffrey Walker, of the City of Dallas, in the State of Texas, MAKE OATH AND SAY:

1. I am the Chief Executive Officer and President of KidKraft, Inc. ("**KidKraft**", and together with its debtor and non-debtor affiliates, the "**Company**"). I joined the Company in 2019 and have served in my current role since that time.

2. As Chief Executive Officer and President of KidKraft, I am familiar with, and have personal knowledge regarding, the Chapter 11 Debtors' (defined below) businesses, day-to-day operations, financial affairs, and books and records, including those of Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the "**Canadian Corporate Debtors**"), and Solowave Design LP (together with the Canadian Corporate Debtors, the "**Canadian Debtors**"). As such, I have personal knowledge of the matters deposed herein. Where I have relied on other sources of information, I have so stated and believe them to be true.

In preparing this affidavit (the "**Fourth Affidavit**"), I have also consulted with the Company's senior management team, and financial and legal advisors. The Company does not waive or intend to waive any applicable privilege by any statement in this Fourth Affidavit.

3. KidKraft, the Canadian Debtors, and six other debtors and debtors in possession (collectively, the "**Chapter 11 Debtors**") recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**U.S. Court**"). The cases commenced by the Chapter 11 Debtors in the U.S. Court are referred to herein as the "**Chapter 11 Cases**".

4. I swear this Fourth Affidavit in support of a motion by KidKraft in its capacity as the foreign representative of the Chapter 11 Debtors (in such capacity, the "**Foreign Representative**"), for an order, among other things:

(a) recognizing and enforcing the At-Issue Orders (defined below) entered by the U.S. Court, pursuant to section 49 of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**");

(b) amending the Supplemental Order to account for the Final DIP Order (each as defined below);

(c) approving the sale of the Canadian Transferred Assets (as defined below) of the Chapter 11 Debtors over which the Court has jurisdiction to the Purchaser (as defined below), vesting the Canadian Transferred Assets in and to the Purchaser free and clear of all claims and encumbrances, and authorizing the Chapter 11 Debtors to take such steps and execute such additional documents as may be

necessary or desirable for the completion of the sale of the Canadian Transferred Assets to the Purchaser;

(d) providing a mechanism for the termination of these CCAA recognition proceedings, including the discharge of the Information Officer (as defined below);

(e) approving the pre-filing report of KSV Restructuring Inc., dated May 16, 2024, the first report of the Information Officer, dated June 18, 2024, the Second Report (as defined below), and the activities of the Information Officer described therein;

(f) approving the fees and disbursements of the Information Officer and its legal counsel; and

(g) granting such further and other relief as counsel may request and this Honourable Court may provide.

5. I previously swore an initial affidavit on May 10, 2024 (the "**Initial Affidavit**"), a second affidavit on May 15, 2024 (the "**Second Affidavit**"), and a third affidavit on June 17, 2024 (the "**Third Affidavit**") in support of the Foreign Representative's application for the Interim Stay Order, Initial Recognition Order, Supplemental Order, Bar Dates Order, Second Interim DIP Order, and Final Customer Programs Order (all defined below). Copies of the Initial Affidavit, the Second Affidavit, and the Third Affidavit, without exhibits, are attached hereto as **Exhibits "A"**, **"B"**, and **"C"**, respectively. Capitalized terms used and not otherwise defined in this Fourth Affidavit have the meanings given to them in the Initial Affidavit, Second Affidavit, and Third Affidavit.

6. Unless otherwise indicated, dollar amounts referenced in this Fourth Affidavit are references to United States Dollar.Background and Update on Chapter 11 Cases.

7. On May 10, 2024 (the "**Petition Date**"), each of the Chapter 11 Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court. The Chapter 11 Cases have been assigned to the Honourable Judge Michelle V. Larson.

8. By order dated May 10, 2024, the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**") granted an interim stay of proceeding in respect of KidKraft and the Canadian Debtors, and their respective directors and officers (the "**Interim Stay Order**").

9. On May 10, 2024, the Chapter 11 Debtors filed several motions and applications with the U.S. Court seeking certain interim and/or final orders, including interim and/or final versions of the First Day Orders (as defined below).

10. Also on May 10, 2024, the Chapter 11 Debtors filed the *Debtors' Joint Prepacked Chapter 11 Plan* (as subsequently amended and supplemented, the "**Plan**") and a disclosure statement in respect of the Plan (the "**Disclosure Statement**").

11. On May 13, 2024, the Chapter 11 Debtors filed a motion (the "**Bidder Protections Motion**") seeking the Bidder Protections Order (as defined below). A copy of the Bidder Protections Motion is attached hereto as **Exhibit "D"**.

12. On May 13 and 14, 2024, the U.S. Court entered certain orders, including the following interim and/or final orders (the "**First Day Orders**"):

(a) *Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief;*

(b) *Order Directing Joint Administration of the Debtors' Chapter 11 Cases;*

(c) *Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent* (the "**Claims Agent Retention Order**");

(d) *Interim Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief*;

(e) *Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief*;

(f) *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies From Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief*;

(g) *Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief*;

(h) *Interim Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* (the "**Interim Critical Vendors Order**");

(i) *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief* (the "**Interim Cash Management Order**");

(j) *Order (I) Authorizing the Debtors to (A) Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief; and*

(k) *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens And Providing Superpriority Administrative Expense Status, (IV), Granting Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**First Interim DIP Order**").

13. Also on May 14, 2024, the U.S. Court granted an order, among other things, scheduling a combined hearing at which the U.S. Court would consider, among other things, the adequacy of

the Disclosure Statement and confirmation of the Plan for June 21, 2024 (the "**Combined Hearing**").

14. Subsequently, by order dated May 17, 2024, the Ontario Court recognized the Chapter 11 Cases as "foreign main proceedings", recognized the appointment of the Foreign Representative, and granted related stays of proceeding in favour of the Chapter 11 Debtors (the "**Initial Recognition Order**"). By further order dated May 17, 2024, the Ontario Court recognized the First Day Orders (the "**Supplemental Order**"). In addition, the Supplemental Order appointed KSV Restructuring Inc. as the information officer in these CCAA Part IV proceedings (in such capacity, the "**Information Officer**"), granted an Administration Charge in the amount of CAD $750,000.00 in favour of Canadian counsel to the Chapter 11 Debtors, the Information Officer and counsel for the Information Officer, a Directors' Charge in the amount of CAD$100,000, and a DIP Charge (each as defined in the Supplemental Order) for advances under the DIP Facility (defined below). Copies of the Initial Recognition Order, the Supplemental Order and Justice Cavanagh's endorsement in respect of same are attached as **Exhibits "E"**, **"F"** and **"G"**, respectively.

15. On May 23, 2024, the Office of the United States Trustee for the Northern District of Texas (the "**U.S. Trustee**") appointed an official unsecured creditors' committee (the "**Committee**"), consisting of:

(a) Fiona Yao of Dongguan Shing Fai Furniture Co. Ltd. (a Chinese supplier to the Chapter 11 Debtors and an unsecured creditor of the Canadian Debtors); and

(b) Anna Liu of Kong Richs Furniture Vietnam Co. Ltd (a Vietnamese supplier to the Chapter 11 Debtors).

16. On May 30, 2024, the U.S. Trustee filed its objection to the motion seeking the proposed Final DIP Order, in which, among other things, it objected to the Limited Roll-Up (as defined below).

17. On June 7, 2024, the U.S. Trustee filed its objection to the motion seeking the proposed Bidder Protections Order, in which it objected to the quantum of the Bidder Protections (as defined below).

18. On June 10, 2024, the Chapter 11 Debtors filed their (a) schedules of assets and liabilities, (b) statements of financial affairs, (c) schedules of current income and expenditures, and (d) statements of executory contracts and unexpired leases.

19. Also on June 10, 2024, the U.S. Court entered the following final orders, as no objections had been filed in respect thereof:

(a) *Final Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief* (the "**Final Customer Programs Order**"); and

(b) *Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice Thereof* (the "**Bar Dates Order**").

20. On June 11, 2024, the U.S. Court entered the following interim order:

(a) *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Second Interim DIP Order**").

21. On June 12, 2024, the Chapter 11 Debtors filed the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* (the "**First Plan Supplement**"). A copy of the First Plan Supplement is attached hereto as **Exhibit "H**". The First Plan Supplement includes the following materials in connection with confirmation:

(a) a copy of the Purchase Agreement (as defined below);

(b) a copy of the Chapter 11 Debtors' *Schedule of Assumed Executory Contracts and Unexpired Leases*; and

(c) a copy of the Chapter 11 Debtors' *Schedule of Retained Causes of Action*.

22. On June 14, 2024, the Chapter 11 Debtors filed the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* (the "**Second Plan Supplement**"). A copy of the Second Plan Supplement is attached hereto as **Exhibit "I"** The Second Plan Supplement includes the Chapter 11 Debtors' *Liquidation Analysis*.

23. On June 17, 2024, in connection with discussions seeking a potential global resolution, the Chapter 11 Debtors adjourned the hearing of the following motions to the Combined Hearing on June 21:

(a) *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* (the "**Final Critical Vendors Order**");

(b) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief* (the "**Final Cash Management Order**");

(c) *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Final DIP Order**"); and

(d) *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* (the "**Bidder Protections Order**").

24. On June 17, 2024, the Chapter 11 Debtors, the Committee, the Purchaser and MidOcean entered into a global settlement term sheet (the "**Global Settlement Term Sheet**"), notice of which was filed with the U.S. Court that day.

25. Also on June 17, 2024, the U.S. Trustee filed its objection to confirmation of the Plan, in which it objected to the proposed releases in favour of professionals engaged by certain stakeholders and the proposed discharge of the Chapter 11 Debtors.

26. On June 18, 2024, the U.S. Court entered the Final Critical Vendors Order, as no objections had been filed in respect thereof. A copy of the Final Critical Vendors Order is attached as **Exhibit "J"**.

27. On June 19, 2024, the Ontario Court granted an order (the "**Recognition Order (Bar Dates Order, etc.)**") recognizing the Final Customer Programs Order, the Second Interim DIP Order, and the Bar Dates Order, and amending paragraph 24 of the Supplemental Order to include references to the Second Interim DIP Order. Copies of the Recognition Order (Bar Dates Order, etc.) and Justice Cavanagh's endorsement in respect of same are attached as **Exhibits "K"** and **"L"**.

28. On June 20, 2024, the Chapter 11 Debtors filed the *Debtors' Amended Joint Prepackaged Chapter 11 Plan*, a copy of which is included as Exhibit "A" to the Plan Confirmation Order.

29. On June 21, 2024, the Chapter 11 Debtors filed the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* (the "**Third Plan Supplement**"). A copy of the Third Plan Supplement is attached hereto as **Exhibit "M"** The Third Plan Supplement includes, among other things, a copy of the Global Settlement Term Sheet.

30. Following the Combined Hearing, on June 24, 2024, the U.S. Court entered the following orders:

(a) the Final Cash Management Order (a copy of which is attached as **Exhibit "N"**);

(b) the Final DIP Order (a copy of which is attached as **Exhibit "O"**);

(c) the Bidder Protections Order (a copy of which is attached as **Exhibit "P"**);

(d) *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "**Plan Confirmation Order**", a copy of which is attached as **Exhibit "Q"**); and

(e) *Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief.*

31. On June 25, 2024, the U.S. Court entered the following order, which added the Exhibit 1 thereto:

(a) *Amended Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (the "**Sale Order**", and together with the Final Critical Vendors Order, the Final Cash Management Order, the Bidder Protections Order, and the Plan Confirmation Order, the "**At-Issue Orders**", a copy of which is attached as **Exhibit "R")**.

32. Background information with respect to the Chapter 11 Debtors, including KidKraft and the Canadian Debtors, and the reasons for the commencement of the Chapter 11 Cases, are set out in the Initial Affidavit, the Second Affidavit, the Third Affidavit and the declaration I submitted on May 10, 2024 to the U.S. Court in support of the First Day Orders (the "**First Day Declaration**") and the declaration I executed on June 19, 2024 (the "**Confirmation Declaration**") and I understand was filed with the U.S. Court on June 20, 2024 in support of confirmation of the Plan. Copies of these First Day Declaration and Confirmation Declaration are attached hereto as **Exhibit "S"** and **"T"**, respectively.

A. Recognition of Foreign Orders

33. The Foreign Representative seeks recognition by the Ontario Court of the At-Issue Orders.

(a) The Final Critical Vendors Order

34. The proposed Final Critical Vendors Order, among other things, authorizes the Chapter 11 Debtors to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to: (a) critical vendors; (b) lien claimants, and (c) vendors from whom the Chapter 11 Debtors received goods within 20 days before the Petition Date in the ordinary course of business (collectively, the "**Vendors**," and the Vendors' prepetition claims, collectively, the "**Vendor Claims**"). The Final Critical Vendors Order also confirms the administrative expense priority status and treatment of the Chapter 11 Debtors' outstanding orders.

35. As described in the Second Affidavit, it is critical to the Chapter 11 Debtors' ongoing business operations that the Chapter 11 Debtors, including the Canadian Debtors, pay certain of the Vendor Claims so that the Chapter 11 Debtors, including the Canadian Debtors, can maintain the going concern value of the Chapter 11 Debtors' business as they work to effect a comprehensive reorganization of their business under Chapter 11 of the U.S. Bankruptcy Code.

36. The Final Critical Vendors Order includes substantially the same material terms as the Interim Critical Vendors Order, except that the authorized limit for payment of Vendor Claims as they become due in the ordinary course of business is increased from $525,000 on an interim basis to $950,000 on a final basis.

37. As noted above, the Final Critical Vendors Order was entered by the U.S. Court on June 18, 2024.

(b) The Final Cash Management Order

38. The proposed Final Cash Management Order, among other things, authorizes the Chapter 11 Debtors to: (a) continue to operate their Cash Management System and maintain existing Bank Accounts (each as defined in the Final Cash Management Order); (b) continue using their existing business forms and cheques; (c) maintain their corporate card program; and (d) continue to engage in intercompany transactions.

39. As described in the Second Affidavit, the Canadian Debtors are dependent on the continued operation of the Chapter 11 Debtors' centralized Cash Management System to collect, transfer, and disburse funds and to facilitate cash monitoring, forecasting, and reporting. The Canadian Debtors' continued access to the Cash Management System is important to collect accounts

receivable and meet immediate-term obligations, thereby ensuring continuity of their operations and ultimately preserving the value of the business in Canada.

40. The proposed Final Cash Management Order contains the same material terms as the Interim Cash Management Order, but adds certain provisions to further facilitate the ordinary course activities of the business, including a provision stating that, for the avoidance of doubt, nothing in the Final Cash Management Order shall restrict or otherwise impair the KidKraft Receivables Sale Agreement and the Solowave Receivables Sale Agreement (each as defined in the Initial Affidavit).

(c) The Final Dip Order

41. As described in the Initial Affidavit, Second Affidavit, and Third Affidavit, the Chapter 11 Debtors' post-petition operations in the near-term will not generate sufficient cash to continue operations in the ordinary course while funding the expenses associated with the Chapter 11 Cases and these CCAA Part IV proceedings. Accordingly, pursuant to the restructuring support agreement (the "**RSA**") entered into by the Chapter 11 Debtors, 1903 Partners, LLC (the lender under the Prepetition Credit Agreement, the "**Prepetition and DIP Lender**"), GB Funding, LLC (the administrative agent under the Prepetition Credit Agreement, the "**Prepetition and DIP Agent**", and together with the Prepetition and DIP Lender, "**Gordon Brothers**"), MidOcean and Backyard Products, LLC (the "**Purchaser**"), Gordon Brothers agreed to provide a multi-draw debtor-in-possession term loan facility (the "**DIP Facility**") to meet the Chapter 11 Debtors' liquidity needs. Access to cash is essential to ensure the viability of the Company as a going concern, ensure the consummation of the Sale Transaction to the Purchaser, and to preserve the value of the Chapter 11 Debtors' estates. Because the Chapter 11 Debtors will continue their pre-

filing Cash Management System, funds available under the DIP Facility will indirectly flow to the Canadian Debtors to enable their continued operation during these CCAA Part IV proceedings.

42. The First Interim DIP Order, the Second Interim DIP Order and the proposed Final DIP Order, among other things, authorize: (a) KidKraft as borrower to receive senior secured super-priority priming debtor-in-possession loans (each, a "**DIP Loan**" and in the aggregate, the "**DIP Loans**") from the Prepetition and DIP Lender on the terms set forth in the DIP Term Sheet and in accordance with an approved budget (included as Exhibit "B" to the First Interim DIP Order); and (b) the Chapter 11 Debtors to use, on a consensual basis, the Cash Collateral of Gordon Brothers under the Prepetition Credit Agreement.

43. Following the entry of the Final DIP Order, the DIP Facility consists of an aggregate principal amount of:

(a) $10.5 million, consisting of the Interim DIP Commitment and the Final DIP Commitment (collectively, the "**New Money DIP Loans**");

(b) $23.3 million of Prepetition Obligations (the "**Limited Roll-Up Amount**"), which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis (the "**Limited Roll-Up**"); and

(c) use of the Cash Collateral from the time of the entry of the First Interim DIP Order until the Carve-Out Termination Date (as such term is defined in the Final DIP Order).

44. As noted in the Second Affidavit, in exchange for this essential liquidity provided by the New Money DIP Loans and the Cash Collateral, the Chapter 11 Debtors agreed to certain reasonable and customary protections for Gordon Brothers, including superpriority liens on

collateral, payment of interest and fees on amounts borrowed, and the Limited Roll-Up Amount of prepetition financing under the Prepetition Credit Agreement which provided the Chapter 11 Debtors with a liquidity runway to file the Chapter 11 Cases and maximize the value of their estates. The proposed Limited Roll-Up Amount is limited to the new capital that the prepetition secured parties, Gordon Brothers, provided the Chapter 11 Debtors after the Debt Sale (as defined below) closed on January 31, 2024, following which the Canadian Debtors became guarantors of the Chapter 11 Debtors' obligations to Gordon Brothers. Importantly, this liquidity provided a runway for the Chapter 11 Debtors to commence the sale process, which in turn led to the Purchaser's offer and the proposed Sale Transaction and has allowed the Chapter 11 Debtors to maintain their operations and preserve the value of their estates leading up to the Chapter 11 Cases. The Limited Roll-Up is a material component of the structure of the DIP Facility and was required by the Prepetition and DIP Lender as a condition to its commitment to provide postpetition financing and its consent to the Chapter 11 Debtors' use of Cash Collateral. Additionally, the proposed Limited Roll-Up is reasonable in light of the ratio of new money provided by the Prepetition and DIP Lender to the Limited Roll-Up Amount. Moreover, the relief granted under the Final DIP Order will not materially prejudice Coface[1] as there is no dispute as to the priority of its liens on its separate collateral, as such receivables are the property of Coface and not the Chapter 11 Debtors.

45. Also as described in the Second Affidavit, the DIP Facility is the product of arm's-length negotiations and represents the best available option for the Chapter 11 Debtors and will benefit

[1] As set out in the Second Affidavit, KidKraft and Solowave Design LP are parties to Receivables Sales Agreements with Coface, pursuant to which Coface purchased accounts receivable from each of them. The Chapter 11 Debtors do not dispute that such sales of accounts receivable to Coface were "true sales".

all parties in interest. Prior to the Petition Date, the Chapter 11 Debtors and their advisors contacted other parties to seek proposals for third-party postpetition financing. No potential lenders were willing to provide financing on an unsecured or junior lien basis. Financing on a postpetition basis is not otherwise available and is not available on terms more favourable than the terms contained in the DIP Facility. The Chapter 11 Debtors believe that, given the limited size of the Limited Roll-Up Amount in comparison to the substantial benefits the Chapter 11 Debtors will receive from the liquidity under the DIP Facility and the substantial benefits provided by the prepetition financing provided by the Prepetition and DIP Lender under the Prepetition Credit Agreement, agreeing to the Limited Roll-Up in the Second Interim DIP Order and the Final DIP Order is a reasonable exercise of their business judgment. As it relates to the Canadian Debtors, the DIP Facility does not increase the existing liability of the Canadian Debtors pursuant to the Prepetition Credit Facility or grant security over assets in Canada in favour of the Prepetition and DIP Lender that were previously unencumbered.

(d) The Bidder Protections Order

46. The Bidder Protections Order, among other things, approves certain bidder protections in favour of the Purchaser (the "**Bidder Protections**"), including:

(a) a break-up fee of $884,754.90, being 2.25% of the purchase price (the "**Break-Up Fee**"),

(b) expense reimbursement of up to $1,000,000 (the "**Expense Reimbursement**"), and

(c) requiring any alternative transaction to the Sale Transaction have an overbid of $2,000,000 (the "**Overbid**").

47. The Bidder Protections Order also approves procedures (the "**Assumption and Assignment Procedures**") for the assumption and assignment of certain executory contracts and the form of notice.

48. As described in the Initial Affidavit, Second Affidavit, and further below, following a sale process in the spring of 2024, the Purchaser emerged with a bid to purchase a substantial majority of the Company's assets (including the Canadian Debtors' assets) with such sale to be effectuated in Chapter 11 (the "**Sale Transaction**"). The RSA documented the parties' commitment, among other things, the Sale Transaction.

49. In connection with the RSA, and after extensive arm's length negotiations, certain of the Chapter 11 Debtors (including KidKraft, Solowave Design LP and Solowave Design Inc.) and the Purchaser entered into an asset purchase agreement (the "**Purchase Agreement**") to effectuate the Sale Transaction in conjunction with the Plan. The Purchase Agreement contemplates the sale of certain of the Chapter 11 Debtors' assets to the Purchaser through the Chapter 11 Cases. This sale includes the assumption of certain of the Chapter 11 Debtors' liabilities, a commitment to offer employment to nearly all of the Chapter 11 Debtors' employees, and payment of contract cure costs incurred in connection with the Chapter 11 Cases.

50. The parties agreed to the original terms of the Bidder Protections in the Purchase Agreement to address the Purchaser's concerns that the Sale Transaction may not be consummated. The Bidder Protections are a material component of the Purchase Agreement, which the Purchaser required as a condition to enter into the Purchase Agreement. Although the Chapter 11 Debtors are confident the Sale Transaction is the best and only offer available to the Chapter 11 Debtors, the Bidder Protections will balance the Purchaser's desire for certainty

regarding closing the Sale Transaction with the Chapter 11 Debtors' ability to exercise their fiduciary duties to maximize the value of their estates in accordance with the terms of the Purchase Agreement. Specifically, the Purchase Agreement only contemplates the payment of the Bidder Protections (i.e. both the Break-Up Fee and Expense Reimbursement, or only the Expense Reimbursement) if the Purchase Agreement is terminated under narrow, prescribed circumstances.

51. As noted above, the U.S. Trustee filed an objection to the Bidder Protections Motion, which had originally sought a Break-Up Fee of $1,179,673.20 and an Overbid of $4,000,000. Those amounts were reduced, and the U.S. Trustee's objections were withdrawn prior to the entry of the Bidder Protections Order.

52. The Chapter 11 Debtors believe that granting the Bidder Protections through the Purchase Agreement (and later reduced) was a valid exercise of their business judgment, having conducted a robust marketing process prior to the Petition Date and being confident that the Sale Transaction presents their best (and only) opportunity to maximize the value of their estates. I understand the Information Officer will be filing a report to the Court (the "**Second Report**") that will, among other things, include its conclusion that the Bidder Protections are customary provisions in insolvency transactions of this nature and the quantum of the Break-Up Fee relative to the value of the proposed transaction in these Chapter 11 Cases (*i.e.*, 2.25%) is within the range that is commonly accepted and approved by Canadian courts in the context of insolvency proceedings.

(e) The Plan Confirmation Order

(i) Background and Summary of the Plan

53. As set out in greater detail in the First Day Declaration, the Company is currently facing significant balance sheet and liquidity challenges, caused by a range of factors that ultimately

resulted in the Company's operating margins being squeezed. In addition, the Company was unable to refinance or replace its funded debt that originally matured in June 2023 (now June 2024). The Company proactively worked to address their balance sheet and liquidity challenges, including through a balance sheet restructuring in 2023 and by running multiple robust out-of-court sale processes prior to the Petition Date.

54. In connection with these actions, the Company engaged advisors to explore strategic alternatives, including a potential sale of all or substantially all of the assets or equity of the Company. After a sale process undertaken in the fall of 2023 failed to result in a sale, the Company continued to face significant liquidity challenges and worked with its advisors to begin contingency planning for a potential in-court restructuring process in December 2023 and January 2024. Subsequently, an agreement was reached pursuant to which the Prepetition and DIP Lender purchased the existing debt under the Prepetition Credit Agreement (the "**Debt Sale**"). In connection therewith, the Prepetition and DIP Lender provided additional financing in the form of revolving priority loans to the Company to maintain its operations and prevent further degradation of its business while the Company and the Prepetition and DIP Lender worked collaboratively to explore value-maximizing strategic alternatives.

55. Following a second sale process in the spring of 2024, and the emergence of the Purchaser's bid, the parties entered the RSA, which documents the parties' commitment to the restructuring transactions, including the Sale Transaction. The RSA is an essential part of the Chapter 11 Debtors' restructuring efforts and provides the Chapter 11 Debtors with significant assurances regarding the ultimate success of the Chapter 11 Cases. In particular, by signing the RSA, Gordon Brothers, MidOcean, and the Purchaser have agreed to take steps and actions that are reasonably necessary to implement the Restructuring Transactions (as defined in the RSA), including, in the

case of Gordon Brothers, providing critical funding to achieve consummation of the Plan and Sale Transaction, voting in favor of the Plan on terms consistent with the RSA, and not objecting to relief sought by the Chapter 11 Debtors. Notably, the RSA also preserves the Chapter 11 Debtors' flexibility to consider alternative transactions that may be in the best interests of their estates and stakeholders consistent with their fiduciary duties.

56. The Purchase Agreement provides for an estimated purchase price of at least $39.0 million, and the Purchaser will also pay additional amounts for potential contract cure claims for any Transferred Contracts (as defined in the Purchase Agreement) and reimbursement to the Chapter 11 Debtors for certain ordinary course payments related to the operation of the Chapter 11 Debtors' businesses made during the Chapter 11 Cases.

57. Following the signing of the RSA and Purchase Agreement, the Company and its advisors began preparations to commence the Chapter 11 Cases. Both the preparation and case timelines have been on an expedited timeline given the Chapter 11 Debtors' limited liquidity and importance of closing the Sale Transaction within the milestones and budget set by the RSA and case financing.

58. In summary, the Plan effectuates the sale of substantially all of KidKraft's inventory, intellectual property, and accounts receivable, among other things, to the Purchaser pursuant to the terms of the Purchase Agreement. The Purchaser has also agreed to assume certain of the Chapter 11 Debtors' liabilities including any liabilities and identified cure costs (if any) arising under the assumption and assignment of the Transferred Contracts and certain transfer taxes and non-income taxes, subject to the terms and conditions of the Purchase Agreement. The Purchaser has also committed, under the terms of the Purchase Agreement, to offer employment to nearly all of the

domestic employees of the Chapter 11 Debtors that are party to the Purchase Agreement who are employed by the same at the closing of the Sale Transaction.

59. As described in the Plan and below, the Chapter 11 Debtors will utilize the proceeds of the Sale Transaction to fund distributions to satisfy claims and wind down their operations in an orderly manner.

60. The Plan will become effective (the "**Effective Date**") on the date on which: (a) no stay of the Plan Confirmation Order, the Sale Order and the proposed order of the Ontario Court recognizing same is in effect; (b) all conditions precedent specified in Article IX have been satisfied or waived (in accordance with Article IX.C); and (c) the Plan becomes effective; provided, however, that if such date does not occur on a business day, the Effective Date shall be deemed to occur on the first business day after such date.

61. The Plan, which was amended in accordance with the Global Settlement Term Sheet, preserves the Sale Transactions, allows them to be implemented on a consensual basis with the Committee, and is the result of the extensive, arm's-length, and good-faith negotiations between parties thereto, all of whom I observed to be acting in good faith at all times. I believe that the Plan (as amended) is the best compromise available considering the realities of the Chapter 11 Debtors' capital structure and lack of any superior actionable bids resulting from the prior sale processes and the absence of any superior bids during these Chapter 11 Cases.

(ii) The Global Settlement Term Sheet

62. Following the appointment of the Committee, the Chapter 11 Debtors and their advisors worked to quickly initiate dialogue with the Committee's professionals and respond to diligence requests so that the Committee could get up to speed on the facts underlying the Chapter 11 Cases.

After these initial discussions, the Committee served the Chapter 11 Debtors with formal discovery requests and the Chapter 11 Debtors and the Committee, as well as other parties in interest, continued to engage in informal discovery and parallel settlement negotiations. Advisors to the Committee also received a summary of the investigation conducted by Jill Frizzley, an independent director of KidKraft (the "**Independent Director**"), for the purpose of determining whether the Chapter 11 Debtors hold colorable causes of action worth pursuing.

63. Although contentious at times, these negotiations were productive and culminated in a global settlement (the "**Global Settlement**") of all issues among the Chapter 11 Debtors, Gordon Brothers, the Purchaser, MidOcean, and the Committee (the "**Global Settlement Parties**"), memorialized in the Global Settlement Term Sheet.

64. In accordance with the Global Settlement Term Sheet, the Chapter 11 Debtors filed an amendment to the Plan that will, among other things, created a general unsecured claims trust (the "**GUC Trust**") and provide a mechanism for certain holders of general unsecured claims to affirmatively opt-in to receiving their *pro rata* share of beneficial interests in the GUC Trust. Under the Plan, the Chapter 11 Debtors and their key stakeholders agreed to fund the GUC Trust with specific assets, including cash and certain claims and causes of action. In exchange, the Committee agreed to, among other things, support the Plan and the Chapter 11 Debtors' proposed DIP financing.

65. I believe that each component of the Global Settlement (as ultimately incorporated into the Plan) is reasonable and appropriate and in the best interests of the Chapter 11 Debtors because:

(a) holders of general unsecured claims may receive a recovery through the GUC Settlement Opt-In Election, which is an improvement to their treatment in the original version of the Plan;

(b) absent these changes to the Plan, the Chapter 11 Debtors and some or all of the other Global Settlement Parties faced the prospect of expensive and time-consuming litigation with uncertain outcomes for all, which would have invariably been a distraction jeopardizing the Sale Transaction in these Chapter 11 Cases;

(c) resolving these disputes through the Global Settlement enhanced the Chapter 11 Debtors' ability to achieve a value-maximizing sale of substantially all of the Chapter 11 Debtors' assets; and

(d) the Global Settlement provided a clear path towards the Chapter 11 Debtors' expeditious emergence from chapter 11.

66. The Global Settlement was negotiated, proposed, and entered into by the Global Settlement Parties at arm's length, after significant negotiations. For all of the above reasons, I believe the Global Settlement represents a fair and reasonable compromise that is in the best interests of the Chapter 11 Debtors, their estates, and all of the Chapter 11 Debtors' stakeholders. The Global Settlement resolves legal issues that are subject to potentially expensive and time-consuming litigation with uncertain outcomes and makes possible a recovery to general unsecured creditors that otherwise likely would not have occurred. All of this will directly benefit the Chapter 11 Debtors' Estates and all parties in interest. Therefore, based on my business judgment, I believe that the Global Settlement is reasonable and appropriate given the facts and circumstances of these Chapter 11 Cases.

(iii) The Treatment of Claims and Interests, Voting Entitlement, and Voting Results

67. The restructuring contemplated by the Plan presents the best opportunity for the Chapter 11 Debtors to maximize the value of their estates. Without the proposed Sale Transaction, the only alternative path for the Chapter 11 Debtors is likely a value-destructive liquidation.

68. The Plan separately classifies claims and interests against each Chapter 11 Debtor (as applicable) as follows:

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Presumed to Accept
2	Other Secured Claims	Unimpaired	Presumed to Accept
3	Prepetition Secured Party Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Deemed to Reject
5	Intercompany Claims	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
6	Intercompany Interests	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
7	KidKraft Intermediate Holdings, LLC Interests	Impaired	Deemed to Reject

69. I believe that (a) the claims and interests in each particular Class for each Chapter 11 Debtor are substantially similar to all other claims and interests in the same Class for such Chapter 11 Debtor, and (b) the claims and interests in each Class for each Chapter 11 Debtor receive the same treatment under the Plan, unless the holder of a particular claim or interest has agreed to less

favorable treatment, and (c) as to all claims and interests, similarly situated claims are treated the same or there is a reasonable basis for any disparate treatment.

70. Classes 1 (Other Priority Claims) and 2 (Other Secured Claims) are unimpaired under the Plan, and I understand they are presumed to accept the Plan. I further understand that holders of claims in Class 3 (Prepetition Secured Party Claims) voted to accept the Plan. Holders of claims and interests in the unimpaired or impaired classes—Classes 5 (Intercompany Claims) and 6 (Intercompany Interests)—will either be unimpaired, and presumed to accept the Plan, or impaired, and deemed to reject the Plan. Holders of interests in Class 7 are impaired and deemed to reject the Plan.

71. As to all Classes that are deemed to reject the Plan, including without limitation Classes 4 (General Unsecured Claims) and 7 (KidKraft Intermediate Holdings, LLC Interests), no holder of any claim or interest that is junior to the claims or interests of such Classes will receive or retain under the Plan on account of its junior claim or interest any property. Moreover, as to all Classes that are deemed to reject the Plan, no holder of any claims in a senior Class will receive more than 100% on account of his, her, or its allowed claims.

72. Although treatment of Class 5 (Intercompany Claims) is different than Class 4 (General Unsecured Claims), I believe this is reasonable because the intercompany claims are owed among the Chapter 11 Debtors and the Chapter 11 Debtors are being dissolved under the Plan.

73. Although the holders of allowed general unsecured claims (Class 4) who elect to opt-in to the Global Settlement will receive a recovery pursuant to Bankruptcy Rule 9019, they will not receive a recovery on account of their claims against the Chapter 11 Debtors.

74. Only record holders of claims in Class 3 (Prepetition Secured Party Claims) as of May 9, 2024 (such class, the "**Voting Class**" and such date the "**Voting Record Date**") were entitled to vote on the Plan. Prior to filing these Chapter 11 Cases, on May 9, 2024 (the "**Solicitation Date**"), the Chapter 11 Debtors commenced solicitation of votes on the Plan from the holder of claims in the Voting Class. The deadline to submit votes was May 9, 2024, at 11:59 p.m. (Prevailing Central Time). Gordon Brothers, as the sole holder of claims in the Voting Class, voted to accept the Plan. Accordingly, 100% in dollar amount and 100% in number of the Class 3 claims voted to accept the Plan.

(iv) Releases, Settlements, Exculpations and Injunctions

75. As set out in more detail in the Confirmation Declaration, the Plan includes certain settlements, releases, exculpations, and injunctions. I have reviewed the provisions of the Plan related thereto, and I have further reviewed the conclusions of the independent investigation commissioned by the Independent Director, who concluded and reported to the Board, among other things, that the Chapter 11 Debtors do not hold any colorable claims or causes of action worth pursuing against any Released Parties.

76. I believe that the releases and exculpation provisions are in the best interests of the Chapter 11 Debtors and are fair and equitable to all parties.

(v) Confirmation of the Plan by the U.S. Court

77. The U.S. Court held its Confirmation Hearing for the Plan on July 21, 2024. Confirmation was supported by all major stakeholders, including Gordon Brothers and the Committee.

78. The U.S. Court confirmed the Plan and entered the Plan Confirmation Order on July 24, 2024.

79. The key elements of the Plan Confirmation Order include the following findings of fact and conclusions of law:

(a) The Plan and the Chapter 11 Debtors comply with applicable provisions of the Bankruptcy Code. The Chapter 11 Debtors retained competent and capable professionals to ensure this was the case. The separate classification of Claims against and Interests in the Chapter 11 Debtors is based on valid business, factual, and legal reasons.

(b) The Plan is proposed in good faith. After extensive good-faith and arm's-length negotiations, the Chapter 11 Debtors determined that the Sale Transaction presented the best opportunity to maximize the Chapter 11 Debtors' value for all stakeholders.

(c) The Plan is feasible. Confirmation of the Plan is unlikely to be followed by the liquidation or further financial reorganization of the Chapter 11 Debtors (other than as contemplated in the Plan).

(d) The releases, settlements, exculpations and injunctions in the Plan are appropriate.

80. The Foreign Representative is seeking an order from the Ontario Court recognizing and enforcing the Plan Confirmation Order. The Foreign Representative is of the view that it is appropriate for the Ontario Court to recognize the Plan Confirmation Order and such recognition is necessary to affect the Plan and to protect the interests of the Chapter 11 Debtors and their creditors.

81. The Chapter 11 Debtors believe that the Plan best maximizes stakeholder recoveries and provides the best available alternative for their estates and creditor recoveries.

82. I have been advised that the Information Officer is supportive of the recognition of the Plan Confirmation Order by the Ontario Court and explaining such support in the Second Report.

(f) The Sale Order

83. The Chapter 11 Debtors have acted in good faith in the exercise of their business judgment to maximize the value of the Transferred Assets (as defined in the Purchase Agreement) through the pre-filing sale processes. As found by the U.S. Court, the Purchase Agreement represents the highest and best offer for the Transferred Assets.

84. Given their relative size, and the integration of the Chapter 11 Debtors' Canadian business with the U.S. operations, the Chapter 11 Debtors determined, in their reasonable business judgment, that a separate sale process for the limited Canadian Transferred Assets would not have been appropriate.

85. The U.S. Court found in the Sale Order and the Plan Confirmation Order that the Chapter 11 Debtors undertook robust and extensive efforts to secure the Sale Transaction. I do not believe that marketing the Canadian Transferred Assets separately from the Transferred Assets would have resulted in a greater return to Canadian creditors or the Estates of the Chapter 11 Debtors.

86. The Sale Transaction is the only opportunity to potentially preserve the Chapter 11 Debtors' Canadian business and maximize the value of the Canadian Transferred Assets.

87. Obtaining an order from the Ontario Court vesting the Canadian Transferred assets in and to the Purchaser is a condition precedent to the closing of the Sale Transaction and the Plan

becoming effective. Accordingly, if the requested relief is not obtained, the closing of the Sale Transaction (and the implementation of the Plan) may be imperiled.

88. I have been advised that the Information Officer is supportive of the recognition of the Sale Order by the Ontario Court and will explain such support in the Second Report.

B. Termination of these CCAA Recognition Proceedings

89. The Plan provides for the end of the Chapter 11 Cases. After the Plan Confirmation Order is recognized in Canada and the Plan is effective, these ancillary Part IV CCAA recognition proceedings will have achieved their purpose.

90. Accordingly, the proposed order provides that:

(a) upon the Plan becoming effective and any remaining matters to be attended to in these CCAA proceedings having been completed, the Information Officer will file a certificate (the "**Information Officer's Termination Certificate**") with the Ontario Court confirming same;

(b) upon the filing of the Information Officer's Termination Certificate:

(i) these CCAA proceedings shall be terminated;

(ii) the Administration Charge, the Directors' Charge and the DIP Charge shall be terminated, released and discharged;

(iii) the Information Officer and its counsel, Gowling WLG (Canada) LLP, will be discharged and released.

91. The Foreign Representative believes it is more efficient to seek the Ontario Court's approval of a mechanism for terminating these CCAA recognition proceedings now, rather than incurring the cost and time of a further motion.

92. The Information Officer is supportive of the proposed mechanism for terminating these CCAA recognition proceedings, as will be set out in the Second Report.

SWORN BEFORE ME over videoconference in accordance with the *Administering Oath or Declaration Remotely Regulation*, O. Reg 431/20, on June 26, 2024, while I was located in the City of Toronto, in the Province of Ontario, and the affiant was located in Dallas in the State of Texas.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

GEOFFREY WALKER

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

AFFIDAVIT OF GEOFFREY WALKER

I, Geoffrey Walker, of the City of Dallas, in the State of Texas, MAKE OATH AND SAY:

1. I am the Chief Executive Officer and President of KidKraft, Inc. ("**KidKraft**", and together with its debtor and non-debtor affiliates, the "**Company**"). I joined the Company in 2019 and have served in my current role since that time.

2. As Chief Executive Officer and President of the KidKraft, I am familiar with, and have personal knowledge regarding, the Chapter 11 Debtors' (defined below) businesses, day-to-day operations, financial affairs, and books and records, including those of Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the "**Canadian Corporate Debtors**"), and Solowave Design LP (together with the Canadian Corporate Debtors, the "**Canadian Debtors**"). As such, I have personal knowledge of the matters deposed herein. Where I have relied on other sources of information, I have so stated and believe them to be true. In preparing this affidavit, I have also consulted with the Company's senior management team,

and financial and legal advisors. The Company does not waive or intend to waive any applicable privilege by any statement in this affidavit.

3. On May 10, 2024, KidKraft, the Canadian Debtors, and six other debtors and debtors in possession[1] (collectively, the "**Chapter 11 Debtors**") filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**U.S. Court**"). The cases commenced by the Chapter 11 Debtors in the U.S. Court are referred to herein as the "**Chapter 11 Cases**".

4. I affirm this affidavit in support of the application by KidKraft, in its capacity as the proposed foreign representative of the Chapter 11 Debtors (in such capacity, the "**Foreign Representative**"), for an order (the "**Interim Stay Order**") pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and section 106 of the *Courts of Justice Act,* R.S.O. 1990, c C.43, among other things, granting an interim stay of proceedings in respect of the Canadian Debtors and KidKraft, and their respective directors and officers.

5. In its notice of application, KidKraft is also seeking the following orders, *inter alia*, which will be the subject of a future hearing following the entry of orders (the "**First Day Orders**") by the U.S. Court in respect of certain First Day Motions (as defined below):

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[1] The Chapter 11 Debtors are KidKraft, Inc., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, KidKraft International IP Holdings, LLC, Solowave Design Corp., Solowave Design Holdings Limited, Solowave Design Inc., Solowave Design LP, and Solowave International Inc.

(a) an order (the "**Initial Recognition Order**"), among other things:

(i) recognizing the Chapter 11 Cases in respect of KidKraft and the Canadian Debtors as "foreign main proceedings" pursuant to Part IV of the of the CCAA; and

(ii) recognizing KidKraft as the "foreign representative" in respect of the Chapter 11 Cases 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 (as defined below);

(ii) granting a stay of proceedings in respect of KidKraft and the Canadian Debtors and their respective directors and officers;

(iii) appointing KSV Restructuring Inc. 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:

(A) 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 (up to a maximum amount of CAD$750,000);

(B) 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 (up to a maximum amount of CAD$100,000); and

(C) advances under a debtor-in-possession credit facility.

6. The Interim Stay Order is being sought as soon as possible to ensure that the status quo is preserved in respect of KidKraft, the Canadian Debtors and the Canadian Property pending the granting of the First Day Orders by the U.S. Court, including an order authorizing KidKraft to act as Foreign Representative (the "**Foreign Representative Order**"). In particular, I am concerned that certain of the agreements held by KidKraft relating to its Canadian business and by the Canadian Debtors contain provisions allowing the counterparties to terminate such agreements upon commencement of insolvency proceedings or a change in the Chapter 11 Debtors' financial condition. Further, a third-party logistics provider is in possession of inventory in Canada owned by KidKraft and/or the Canadian Debtors in respect of which the third-party logistics provider may be able to exercise remedies in the absence of a stay. Accordingly, the Interim Stay Order is being requested to protect the Company's Canadian business and the Canadian Property from immediate actions of creditors and contract counterparties in Canada.

7. Shortly after the U.S. Court has issued the Foreign Representative Order and the other First Day Orders, KidKraft, in its capacity as the Foreign Representative, intends to return to this Court to seek the Initial Recognition Order and the Supplemental Order.

8. All monetary references in this affidavit are in U.S. dollars, unless otherwise stated.

9. This affidavit is organized into the following sections:

PART I - OVERVIEW

10. On May 10, 2024 (the "**Petition Date**"), each of the Chapter 11 Debtors filed voluntary petitions for relief (together, the "**Petitions**") pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court.

11. Also on May 10, 2024, the Chapter 11 Debtors filed or intend to file several first day motions and applications, including a motion seeking the Foreign Representative Order, with the U.S. Court (collectively, the "**First Day Motions**"). A hearing in respect of the following First Day Motions is expected to be heard by the U.S. Court on May 13:

(a) *Emergency Motion for Entry of an Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief*;

(b) *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions and (II) Granting Related Relief*;

(c) *Emergency Application for Entry of Order Appointing Stretto, Inc. as Claims, Noticing, and Solicitation Agent*;

(d) *Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated Creditor Matrix; (B) File a Consolidated List of 30 Largest Unsecured Creditors; and (C) Redact Certain Personal Identification Information; and (II) Granting Related Relief*;

(e) *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief*;

(f) *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief*;

(g) *Emergency Motion for Entry of an Order (I) Scheduling a Combined Hearing, (II) Establishing Objection Deadlines, (III) Approving the Solicitation Materials and Tabulation Procedures, and (IV) Granting Related Relief*;

(h) *Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*;

(i) *Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief*;

(j) *Emergency Motion for Entry of an Order Directing Joint Administration of the Debtors' Chapter 11 Cases*;

(k) *Emergency Motion for an Order Pursuant to Bankruptcy Rule 1007 Granting an Extension of Time for Filing Schedules and Statements of Financial Affairs*;

(l) *Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief*;

(m) *Emergency Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting*

Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief; and

(n) *Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief*.

12. In support of the First Day Motions, I will submit a declaration (the "**First Day Declaration**") to the U.S. Court.

13. The First Day Declaration will provide a comprehensive overview of the Company and the events leading up to the commencement of the Chapter 11 Cases. As such, this Affidavit provides only a general overview of the foregoing and focuses on giving this Court information about the operations of the Chapter 11 Debtors incorporated or established under the law of Canada or one of the provinces (*i.e.*, the Canadian Debtors) or otherwise holding any of the Canadian Property, as relevant to the granting of the proposed Interim Stay Order and these proceedings.

14. I, or another representative of KidKraft, will provide a further affidavit containing information to support a finding of the centre of main interest of each of the Chapter 11 Debtors and the granting of the other relief sought in the proposed Initial Recognition Order and Supplemental Order.

15. In addition, I understand that copies of the Petitions and the filed First Day Declaration will be attached to the affidavit of Emilie Dillon, an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP ("**Osler**"), Canadian counsel to the Chapter 11 Debtors, and will be provided to the Court at or before the hearing of the application for the Interim Stay Order. I am advised by the Chapter 11 Debtors' U.S. counsel and believe that the U.S. Court office was unable to process certified copies of the Petitions on May 10, 2024. The Foreign Representative will

obtain certified copies of the Petitions as soon as it is able and then immediately forward them to Osler. The certified copies will be provided to this Court as soon as possible upon arrival.

PART II - THE BUSINESS

A. Overview

16. Founded in Dallas in 1968, KidKraft is a privately held company that is a leader in branded, sustainable, wood-based active and imaginative play products such as swing sets, dollhouses, playhouses, and more. Originally focused on made-from-wood children's furniture, the Company later expanded its product offerings, focusing on imaginative play including dollhouses and role-play kitchens, and in 2008 and 2009 expanded its global footprint by opening offices in the Netherlands to serve the European, Middle Eastern, African, and Asian markets and China to facilitate the production and distribution of the Company's products. The Company further expanded its product offerings to include outdoor playhouses and swing sets and, in 2016, acquired the Solowave Design business — a leading maker of outdoor wood play sets in Canada.

17. The Company's various product lines are generally divided between products sold for use outdoors (the "**Outdoor Business**") and products sold for use indoors (the "**Indoor Business**"). Approximately 59% of the Company's sales were attributable to the Outdoor Business with the remaining 41% attributable to the Indoor Business during the fiscal year ended March 31, 2024.

(a) The Outdoor Business has several product lines, including swing sets, playhouses, outdoor furniture, and climbers, with swing sets and playhouses making up the majority of the Company's sales in the Outdoor Business.

(b) The Indoor Business similarly has several product lines, including indoor furniture, vehicles and playsets, role play, and doll play. The Indoor Business is well

diversified, with each product category making up between 16% to 35% of the Indoor Business sales. The products are designed to be easily assembled in the home, creating imaginative play for children.

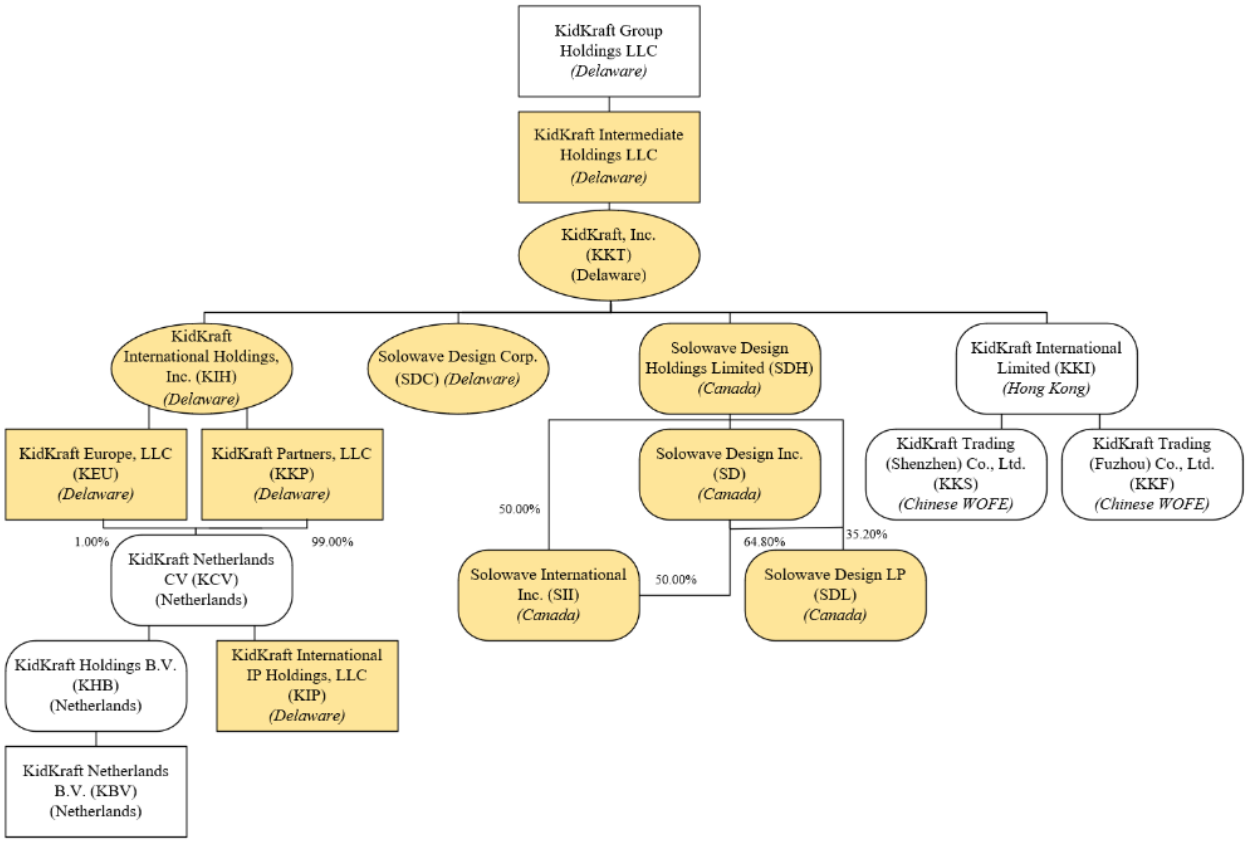
B. The Chapter 11 Debtors and Their Non-Debtor Affiliates

18. The Company's organizational structure consists of eighteen entities, of which eleven are debtors in the Chapter 11 Cases. All of the Chapter 11 Debtors are incorporated or established under the laws of the U.S., with the exception of the Canadian Debtors.

19. Each of the Canadian Corporate Debtors is incorporated under the laws of Ontario. Solowave Design LP is a limited partnership formed under the laws of the Province of Alberta.

20. Solowave Design Holdings Limited is a direct wholly-owned subsidiary of KidKraft. Solowave Design Inc. is a direct wholly-owned subsidiary of Solowave Design Holdings Limited. Solowave International Inc. is 50% owned by Solowave Design Inc. and 50% owned by Solowave Design Holdings Limited. Solowave Design LP's limited partner is Solowave Design Holdings Limited and its general partner is Solowave Design Inc.

21. Each of the other Chapter 11 Debtors are also direct or indirect wholly-owned subsidiaries of KidKraft, or its immediate parent, KidKraft Intermediate Holdings LLC. The Netherlands and Chinese Company entities are not Chapter 11 Debtors in the Chapter 11 Cases. The following is a simplified organization chart of the Company, with the Chapter 11 Debtor entities highlighted in yellow:



22. The non-debtors include the ultimate parent company, KidKraft Group Holdings LLC, which is not a guarantor or borrower on any of the Company's funded debt, as well as the Company's subsidiaries in China and the Netherlands. The China subsidiaries oversee production and distribution of the Company's products in China, and are also not guarantors or borrowers on any of the Company's funded debt. The Netherlands subsidiaries support sales and distribution of the Company's products in Europe, the Middle East, Africa, and Asia-Pacific. As noted below, KidKraft Netherlands B.V. is a borrower and the other Netherlands subsidiaries are guarantors under the Prepetition Credit Agreement (defined below), but the obligations of each of the Netherlands subsidiaries is not to exceed $10,000,000.

C. The Financial Position of the Canadian Debtors

23. There are no stand-alone audited financial statements for the Canadian Debtors. The financial results of these entities have historically been consolidated with the Company's financial statements, and an audit is performed on a consolidated basis only.

24. Based on the trial balance for Solowave Design LP, which partnership carries on the business of the Canadian Debtors, as at March 31, 2024 (the "**March 2024 Trial Balance**"), the Canadian Debtors had total assets of approximately CAD$5,643,477, including accounts receivable of approximately CAD$3,259,732 and inventory of approximately CAD$564,753.

25. Based on the March 2024 Trial Balance, the Canadian Debtors had liabilities of approximately CAD$1,893,682, before considering their potentially substantial obligations under their guarantees of Chapter 11 Debtors' indebtedness under the Prepetition Credit Agreement (as defined below). Those contingent obligations would in all likelihood erode the book value of any equity that may be reflected on the Canadian Debtors' unaudited financial statements.

26. Based on the March 2024 Trial Balance, during the fiscal year ended March 31, 2024, the Canadian Debtors had gross sales of approximately CAD$10,970,094.

D. Operations

(a) General

27. KidKraft distributes its products through several large stores, including Costco, Sam's Club, Target, and Walmart, online retailers, including Amazon and Wayfair, and direct-to-consumer sales from the Company's website. In recent years the Company has scaled its global drop-shipping infrastructure to support continued growth in its online direct to consumer sales and complement its existing warehouse and distribution capabilities. In addition, the Company has

strong business relationships across global retailers with more than 3,000 points of distribution in over 90 countries, as well as within the global logistics community.

(b) Operations in Canada

28. The Company is headquartered at 4630 Olin Road in Dallas, Texas. The business of the Chapter 11 Debtors, including the Canadian Debtors, is run out of the U.S. headquarters. The Company has no Canadian headquarters or office locations.

29. The Company's business in Canada is principally as a distributor. Both KidKraft and Solowave Design LP sell products to Canadian customers. The Company has no retail locations in Canada. Rather, the Company's key customers in Canada are retailers, including Costco, Toys "R" Us, Canadian Tire, Home Depot and Walmart. The Company also sells its products through Wayfair on a consignment basis. Canadian consumers can also place orders directly through the Company's website, which is operated by KidKraft.

30. In Canada, the Company supplies its products to its customers via a third-party logistics provider, Mainfreight Inc. ("**Mainfreight**"), pursuant to a logistics services agreement between KidKraft and Mainfreight, dated July 28, 2023. As of April 30, 2024, Mainfreight was in possession of inventory valued at approximately CAD$323,000, all of which inventory is owned by KidKraft or Solowave Design LP and is maintained at Mainfreight's facility in Mississauga (or is in transit thereto or therefrom).

31. On a consolidated basis, during the fiscal year ended March 31, 2024, the Company's gross sales to Canadian customers exceeded $12.8 million.

32. KidKraft and Solowave Design LP have entered into Receivables Sales Agreements dated August 4, 2021 and April 21, 2022, respectively, with Coface Finanz GmbH ("**Coface**"), pursuant to which Coface purchases accounts receivable from KidKraft and Solowave Design LP (the "**KidKraft Receivables Sale Agreement**" and the "**Solowave Receivables Sale Agreement**", respectively). Among other things, the parties to these agreements and the lenders under the Prepetition Credit Agreement (as defined below) have entered into lien release and acknowledgment agreements that govern the respective security interests over the accounts receivable of KidKraft and Solowave Design LP. On April 20, 2022, Coface registered financing statements pursuant to the *Personal Property Security Act* (Ontario) and the *Personal Property Security Act* (Alberta) against Solowave Design LP and Solowave Design Inc. Coface's financing statements are for a period of ten years and cover the accounts receivable and other security as provided for under the Solowave Receivables Sale Agreement. To the extent the terms of the KidKraft Receivables Sale Agreement and the Solowave Receivables Sale Agreement are relevant to the granting of the Initial Recognition Order and Supplemental Order, additional information will be included in the affidavit made in support thereof.

E. Employees

33. As of the Petition Date, the Chapter 11 Debtors employ over 60 individuals on a full-time or part-time basis in the U.S. and Canada (the "**Employees**").[2] The Company's management team is supported by mid-level executives who are vital to the Company's operations, these Chapter 11 Cases, and the ability to successfully consummate the Sale Transaction (as defined below). Their skills, knowledge, and understanding of the Debtors' operations are essential to preserving

[2] The Company's non-debtor affiliates in the Netherlands and China employ an additional 170 individuals.

operational stability, safety, and efficiency. KidKraft employs one full-time Employee in Canada. The Canadian Debtors do not employ any Employees, in Canada or otherwise.

34. None of the Employees are represented by a union or are subject to a collective bargaining agreement. There is no registered pension plan in Canada.

PART III - PREPETITION CAPITAL STRUCTURE AND INDEBTEDNESS

35. As of the Petition Date, the Chapter 11 Debtors' funded debt liabilities total approximately $151.9 million, including approximately (i) $149.9 million in outstanding principal and (ii) $2.0 million in accrued and unpaid interest. The Chapter 11 Debtors' funded debt obligations include:

Facility	Maturity	Total Approx. Principal Amount Outstanding
Prepetition First Lien Revolving Facility[3]	June 2024	$63.2 million
Prepetition First Lien Term Facility[3]	June 2024	$81.7 million
Total Funded Secured Debt		**$144.9 million**
Subordinated Unsecured Note[4]	January 2025	$5.0 million
Total Funded Debt		**$149.9 million**

A. Prepetition Credit Agreement

36. The Chapter 11 Debtors' primary long-term debt consists of that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, KidKraft Intermediate Holdings, LLC and its subsidiaries that are guarantors thereto, the lender party

[3] As described below, the Canadian Debtors are guarantors of the Prepetition First Lien Revolving Facility and the Prepetition First Lien Term Facility.

[4] The Canadian Debtors are neither obligors, nor guarantors, of the subordinated unsecured note.

thereto, and the administrative agent (as amended by that certain (a) Forbearance and Amendment No. 1 to Amended and Restated First Lien Credit Agreement, dated as of January 13, 2023 (the "**First Amendment**"), (b) Amendment No. 2 to Amended and Restated First Lien Credit Agreement, dated as of March 22, 2023, (c) Forbearance and Amendment No. 3 to Amended and Restated First Lien Credit Agreement, dated as of September 29, 2023 (the "**Third Amendment**"), (d) Amendment No. 4 to Amended and Restated First Lien Credit Agreement, dated as of October 27, 2023, (e) Forbearance, Amendment No. 5 and Joinder to Amended and Restated First Lien Credit Agreement, dated as of January 31, 2024 (the "**Fifth Amendment**"), and (f) Amendment No. 6 to the Amended and Restated First Lien Credit Agreement, dated as of May 9, 2024 (the "**Sixth Amendment**"), and as may be further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Prepetition Credit Agreement**"). The lender has provided commitments under the Prepetition Credit Agreement consisting of revolving credit commitments (such commitments, collectively, the "**Prepetition First Lien Revolving Facility**") and term loan commitments (such commitments, collectively, the "**Prepetition First Lien Term Facility**"), each of which is secured by a first priority lien on substantially all of the Chapter 11 Debtors' assets, as well as liens on the Company's Dutch subsidiaries' assets.

37. The Fifth Amendment was entered in connection with the Debt Sale (defined below) and joined KidKraft's Dutch and Canadian affiliates (i.e., the Canadian Debtors) as guarantors under the Prepetition Credit Agreement, joined KidKraft Netherlands B.V. as a co-borrower, increased the priority revolving commitments under the Prepetition Credit Agreement to $26,780,000, and extended the maturity of the term loans under the Prepetition Credit Agreement from June 30, 2023 to June 30, 2024, giving the Company crucial liquidity and runway to pursue

restructuring alternatives. As security for the guarantees, *inter alia*, the following agreements were entered into:

(a) a security agreement supplement dated January 31, 2024, whereby the Canadian Debtors became parties to the original security agreement securing the obligations under the Prepetition Credit Agreement;

(b) a general security agreement dated January 31, 2024, whereby the Canadian Debtors pledged a security interest in all of the Canadian Debtors' personal property and securities (except certain excluded personal property and interests over which Coface holds security pursuant to the Solowave Receivables Sale Agreement);

(c) patent security agreements dated January 31, 2024 and February 8, 2024, whereby security interests were granted over certain U.S. and Canadian patents held by Solowave Design Inc., Solowave Design LP and/or KidKraft; and

(d) trademark security agreements dated January 31, 2024 and February 8, 2024, whereby security interests were granted over certain U.S. and Canadian trademark mark registrations and applications owned by Solowave Design Inc. and/or KidKraft.

38. Prior to the Petition Date, the Sixth Amendment was entered into to document the amendments to the Prepetition First Lien Term Facility pursuant to the RSA (as hereinafter defined) and account for the $4,766,198 in additional priority revolving commitments that had been advanced since entry into the Fifth Amendment.

39. As of the Petition Date, the Chapter 11 Debtors' aggregate principal outstanding funded debt obligations under the Prepetition Credit Agreement total approximately $144,900,000, comprised of: (i) $81,700,000 under the Prepetition First Lien Term Facility; and (ii) $63,200,000 under the Prepetition First Lien Revolving Facility. In addition, the Chapter 11 Debtors owe accrued and unpaid interest under both the Prepetition First Lien Term Facility and the Prepetition First Lien Revolving Facility.

B. Subordinated Note, Trade Vendors, and Other Unsecured Liabilities

40. In connection with the First Amendment, MidOcean Partners IV, L.P. ("**MidOcean**"), the Company's equity sponsor, agreed to provide an unsecured subordinated loan to KidKraft in the amount of $5,000,000 (the "**Subordinated Note**"). The loan is documented in that certain Note Purchase Agreement, dated as of January 13, 2023 among KidKraft and MidOcean, and subordinated to the Prepetition Credit Agreement via a Subordination Agreement, dated as of January 13, 2023 among KidKraft, MidOcean, KidKraft Intermediate Holdings, LLC and the administrative agent under the Prepetition Credit Agreement. As of the Petition Date, the Subordinated Note is outstanding; however, MidOcean has agreed under the RSA (as defined below) to a waiver of the Subordinated Note obligations on the effective date of the Plan.

41. In the ordinary course of business, the Chapter 11 Debtors rely on numerous trade vendors to operate their businesses. These trade vendors include producers of the Chapter 11 Debtors' products, marketing and advertising services, and shipping and logistics services that deliver the finished products to the Chapter 11 Debtors and to various customers. As a result of the Chapter 11 Debtors' business with these trade vendors, the Chapter 11 Debtors (which for greater certainty includes the Canadian Debtors) have accrued approximately $30,000,000 in unsecured trade claims as of the Petition Date.

C. Equity Interests in KidKraft Intermediate Holdings, LLC

42. Non-Chapter 11 Debtor KidKraft Group Holdings LLC owns 100% of the equity interests in KidKraft Intermediate Holdings, LLC. KidKraft Group Holdings LLC is majority owned by MidOcean.

D. Canadian PPSA Searches

43. I am advised by Justin Kanji, a lawyer at Osler, and believe, that lien searches were conducted on or about April 7 (in the case of Ontario) and April 8 (in the case of Alberta), 2024, against the Canadian Debtors under the *Personal Property Security Act* (or equivalent legislation) in Ontario and Alberta (the "**PPSA Searches**"). Copies of the PPSA Searches are attached hereto as **Exhibit "A"**.

44. Of the entities with PPSA registrations against the Canadian Debtors and/or KidKraft, other than the PPSA registrations in respect of the Prepetition Credit Agreement and the guarantees thereof, the only entity that is currently a creditor of the Canadian Debtors and/or KidKraft is Coface.

PART IV - EVENTS LEADING TO THE CHAPTER 11 CASES

45. As will be set out in greater detail in the First Day Declaration, the Company is currently facing significant balance sheet and liquidity challenges, caused by a range of factors that ultimately resulted in the Company's operating margins being squeezed. In addition, the Company was unable to refinance or replace its funded debt that originally matured in June 2023 (now June 2024). The Company proactively worked to address their balance sheet and liquidity challenges, including through a balance sheet restructuring in 2023 and by running multiple robust out-of-court sale processes prior to the Petition Date.

46. In connection with these actions, the Company engaged advisors to explore strategic alternatives, including a potential sale of all or substantially all of the assets or equity of the Company. After a sale process undertaken in the fall of 2023 failed to result in a sale, the Company continued to face significant liquidity challenges and worked with its advisors to begin contingency planning for a potential in-court restructuring process in December 2023 and January 2024. Subsequently, an agreement was reached pursuant to which 1903 Partners, LLC ("**Gordon Brothers**") purchased the existing debt under the Prepetition Credit Agreement (the "**Debt Sale**"). In connection therewith, Gordon Brothers provided additional financing in the form of revolving priority loans to the Company to maintain its operations and prevent further degradation of its business while the Company and Gordon Brothers worked collaboratively to explore value-maximizing strategic alternatives.

47. Following a second sale process in the spring of 2024, Backyard Products, LLC (the "**Purchaser**") emerged with a bid to purchase a substantial majority of the Company's assets with such sale to be effectuated in Chapter 11 (the "**Sale Transaction**"). On April 25, 2024, the Chapter 11 Debtors, Gordon Brothers, MidOcean and the Purchaser entered into a restructuring support agreement (the "**RSA**"), documenting the parties' commitment to the restructuring transactions described in the RSA.

48. Among other things, the RSA contemplates Gordon Brothers voting in favour of a joint prepacked Chapter 11 plan (the "**Plan**") and providing debtor-in-possession financing, and the sale of certain of the Chapter 11 Debtors' assets to the Purchaser through the Chapter 11 Cases. Additional information regarding the RSA, the Plan and the proposed debtor-in-possession facility will be included in the further affidavit made in support of the Initial Recognition Order and Supplemental Order.

PART V - URGENT NEED FOR RELIEF IN CANADA

49. Given the filing of the Petitions with the U.S. Court and the commencement of the Chapter 11 Cases, and the nature of the operations in Canada, KidKraft and the Canadian Debtors are in urgent need of an interim stay of proceedings in Canada pending the entry of the First Day Orders and a further hearing in Canada seeking their recognition and commencing proceedings under the CCAA.

50. Maintaining the status quo will prevent unnecessary disruptions within the Chapter 11 Debtors' Canadian supply chain and Canadian business. In particular, an interim stay is necessary to protect the Company's valuable inventory, which is currently stored in, or in transit within, Canada by third parties. Preservation of such inventory is essential to the success of the Chapter 11 Cases given that such inventory is proposed to secure the Company's proposed debtor-in-possession facility and be included as part of the Sale Transaction.

51. Subject to the automatic stay that arises upon the filing of the Petitions with the U.S. Court and the proposed Canadian stay of proceedings requested from this Court, (a) counterparties to agreements with KidKraft relating to its Canadian business and with the Canadian Debtors could seek to terminate such agreements due to the recent commencement of Chapter 11 Cases; and (b) creditors of KidKraft and the Canadian Debtors could seek to pursue self-help remedies against the Canadian Property in Canada.

PART VI - RELIEF SOUGHT

52. By operation of the U.S. Bankruptcy Code, the Chapter 11 Debtors obtained the benefit of a stay of proceedings upon filing the Petitions with the U.S. Court.

53. The proposed Interim Stay Order provides for a stay of proceedings in favour of KidKraft and the Canadian Debtors in respect of the Canadian Property. The proposed Interim Stay Order also provides for a stay of proceedings in favour of the directors and officers of the KidKraft and the Canadian Debtors. The proposed Interim Stay Order will give effect in Canada to the stay of proceedings in the Chapter 11 Cases and provide stability and preserve the value of the Canadian business until KidKraft can be duly authorized to act as the Foreign Representative by the U.S. Court and return before this Court to seek the Initial Recognition Order and Supplemental Order.

54. It is important for KidKraft and the Canadian Debtors to be protected by a stay of proceedings and from the potential exercise of enforcement rights in Canada pursuant to a Canadian court order. It is critical to the preservation of the value of the business in Canada and the Chapter 11 Debtors' overall efforts to proceed with the Chapter 11 Cases and the completion of a restructuring.

PART VII - PROPOSED NEXT HEARING

55. After the First Day Orders have been entered by the U.S. Court, KidKraft intends to return to this Court, in its capacity as Foreign Representative, to seek the Initial Recognition Order and Supplemental Order. As noted above, I, or another representative of KidKraft, will make an affidavit in support thereof.

PART VIII - NOTICE

56. This application has been brought on notice to counsel for Gordon Brothers, the Purchaser and the proposed Information Officer. The major stakeholders of the Chapter 11 Debtors are located outside of Canada and notice will be given to them within the Chapter 11 Cases.

SWORN BEFORE ME over videoconference in accordance with the *Administering Oath or Declaration Remotely Regulation*, O. Reg 431/20, on May 10, 2024, while I was located in the City of Toronto, in the Province of Ontario, and the affiant was located in Dallas in the State of Texas.

EMILIE DILLON
LSO # 85199L
Commissioner for Taking Affidavits
(or as may be)

GEOFFREY WALKER

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

SECOND AFFIDAVIT OF GEOFFREY WALKER
(Initial Recognition Order and Supplemental Order)

(Sworn May 15, 2024)

I, Geoffrey Walker, of the City of Dallas, in the State of Texas, MAKE OATH AND SAY:

1. I am the Chief Executive Officer and President of KidKraft, Inc. ("**KidKraft**", and together with its debtor and non-debtor affiliates, the "**Company**"). I joined the Company in 2019 and have served in my current role since that time.

2. As Chief Executive Officer and President of KidKraft, I am familiar with, and have personal knowledge regarding, the Chapter 11 Debtors' (defined below) businesses, day-to-day operations, financial affairs, and books and records, including those of Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the "**Canadian Corporate Debtors**"), and Solowave Design LP (together with the Canadian Corporate Debtors, the "**Canadian Debtors**"). As such, I have personal knowledge of the matters deposed herein. Where I have relied on other sources of information, I have so stated and believe them to be true.

In preparing this affidavit (the "**Second Affidavit**"), I have also consulted with the Company's senior management team, and financial and legal advisors. The Company does not waive or intend to waive any applicable privilege by any statement in this Second Affidavit.

3. Capitalized terms used and not otherwise defined in this Second Affidavit have the meanings given to them in my initial affidavit sworn May 10, 2024 (the "**Initial Affidavit**"). Unless otherwise indicated, dollar amounts referenced in this Second Affidavit are references to United States Dollars.

4. This Second Affidavit supplements the Initial Affidavit and is sworn in support of an application by KidKraft in its capacity as the Foreign Representative (as defined below), for the following orders:

(a) an order (the "**Initial Recognition Order**"), among other things:

(i) recognizing the Chapter 11 Cases (as defined below) in respect of KidKraft and the Canadian Debtors as "foreign main proceedings" pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**"); and

(ii) recognizing KidKraft as the "foreign representative" in respect of the Chapter 11 Cases of KidKraft and the Canadian Debtors; and

(b) an order (the "**Supplemental Order**"), among other things:

(i) recognizing certain other First Day Orders (as defined below) issued by the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**U.S. Court**") in the Chapter 11 Cases, including the Foreign Representative Order (as defined below);

(ii) granting a stay of proceedings in respect of KidKraft and the Canadian Debtors and their respective directors and officers;

(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:

(A) 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 (up to a maximum amount of CAD$750,000);

(B) 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 (up to a maximum amount of CAD$100,000); and

(C) advances under a debtor-in-possession credit facility.

5. This Second Affidavit is organized into the following sections:

PART I - OVERVIEW

6. On May 10, 2024 (the "**Petition Date**"), KidKraft, the Canadian Debtors, and six other debtors and debtors in possession (collectively, the "**Chapter 11 Debtors**") filed voluntary petitions for relief (together, the "**Petitions**") pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court. The cases commenced by the Chapter 11 Debtors in the U.S. Court are referred to herein as the "**Chapter 11 Cases**". The Chapter 11 Cases have been assigned to the Honourable Judge Michelle V. Larson.

7. Uncertified copies of the Petitions as filed were appended to the affidavit of Emilie Dillon, an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP ("**Osler**"), Canadian counsel to the Chapter 11 Debtors, sworn May 10, 2024 as Exhibits "A" to "K" thereto. I am advised by the Chapter 11 Debtor's U.S. counsel that certified copies of the Petitions have been obtained from the U.S. Court and are currently in transit to Osler, and will be provided to this Court as soon as they are available.

8. I am advised by the Chapter 11 Debtors' U.S. counsel that a certified copy of the Foreign Representative Order has been obtained from the U.S. Court and is currently in transit to Osler, and will be provided to this Court as soon as it is available.

9. On May 10, 2024, the Chapter 11 Debtors filed several first day motions and applications, including a motion seeking the Foreign Representative Order, with the U.S. Court (collectively, the "**First Day Motions**").

10. Also on May 10, 2024, KidKraft, in its capacity as the proposed foreign representative of itself and the Canadian Debtors in respect of the Chapter 11 Cases (the "**Foreign Representative**"), brought an application before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Interim Stay Order**") pursuant to Part IV of the CCAA and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, among other things, granting a stay of proceedings in respect of KidKraft and the Canadian Debtors, and their respective directors and officers. The Interim Stay Order was necessary to create a direct stay in Canada, alongside the automatic stay of proceedings created under the U.S. Bankruptcy Code upon the electronic filing of the Petitions. A copy of the Interim Stay Order is attached hereto as **Exhibit "A".**

11. On May 13, 2024, the U.S. Court heard the First Day Motions, including the following:

(a) The "**Joint Administration Motion**": *Emergency Motion for Entry of an Order Directing Joint Administration of the Debtors' Chapter 11 Cases*;

(b) The "**Claim Agent Retention Motion**": *Emergency Application for Entry of Order Appointing Stretto, Inc. as Claims, Noticing, and Solicitation Agent*;

(c) The "**Employee Wages Motion**": *Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*;

(d) The "**Foreign Representative Motion**": *Emergency Motion for Entry of an Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief*;

(e) The "**Cash Management Motion**": *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions and (II) Granting Related Relief*;

(f) The "**Insurance Motion**": *Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief*;

(g) The "**Taxes and Fees Motion**": *Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief*.

(h) The "**Utilities Motion**": *Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief*;

(i) The "**Critical Vendors Motion**": *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief*;

(j) The "**Customer Programs Motion**": *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief*; and

(k) The "**DIP Motion**": *Emergency Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured*

Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief.

12. In support of the First Day Motions, I submitted a declaration (the "**First Day Declaration**") to the U.S. Court, a copy of which is attached hereto as **Exhibit "B"**.

13. As discussed further below, on May 13 and 14, 2024, the U.S. Court entered orders in respect of the First Day Motions listed above in paragraph 11 (the "**First Day Orders**"). The First Day Orders that KidKraft, as Foreign Representative, seeks recognition in Canada pursuant to the Supplemental Order are set out in further detail in Part III of this Second Affidavit.

14. Background information with respect to the Chapter 11 Debtors, including KidKraft and the Canadian Debtors, and the reasons for the commencement of the Chapter 11 Cases, are set out in the Initial Affidavit and the First Day Declaration.

PART II - ADDITIONAL INFORMATION REGARDING KIDKRAFT AND THE CANADIAN DEBTORS

15. The Initial Affidavit at Section II provides information regarding the Company's business, including the business of the Canadian Debtors.

16. This section provides certain additional information regarding KidKraft and the Canadian Debtors and should be read in conjunction with Section II of the Initial Affidavit.

A. Cash Management System and Intercompany Transactions

17. The Chapter 11 Debtors and their non-debtor affiliates manage their cash, receivables, and payables, in the ordinary course of business, through a centralized cash management system (the "**Cash Management System**"). The Chapter 11 Debtors use the Cash Management System to efficiently collect, transfer, concentrate, and disburse funds generated from their operations. The

Cash Management System also enables the Chapter 11 Debtors to monitor the collection and disbursement of funds and the administration of their bank accounts, which are maintained at JPMorgan Chase Bank, N.A. ("**JPMorgan**"), HSBC Bank USA, and China Merchants Bank (each, a "**Bank**," and collectively, the "**Banks**").

18. The Chapter 11 Debtors maintain accounting controls with respect to each of their bank accounts and are able to accurately trace the funds through their Cash Management System to ensure that all transactions are adequately documented and readily ascertainable, including in connection with the intercompany transactions more fully described below. The Chapter 11 Debtors will continue to maintain their books and records relating to the Cash Management System to the same extent such books and records were maintained prior to the Petition Date. Accordingly, the Chapter 11 Debtors will be able to accurately document, record, and track the transactions occurring within the Cash Management System for the benefit of their estates.

19. The Chapter 11 Debtors' Cash Management System consists of a total of 16 bank accounts (collectively, the "**Bank Accounts**"), which are maintained at the Banks, held by either KidKraft, Inc., Solowave Design Corp, or Solowave Design LP.[1]

20. KidKraft holds eight Bank Accounts in total, including a "**Main Operating Account**" with JPMorgan, which is primarily used for the day-to-day operating disbursements (automated clearing house transfers, wires, auto drafts) for KidKraft and its domestic affiliates, including taxes and other expenses. Funds are transferred to and from the various other Bank Accounts in the ordinary course on an as-needed basis. The Main Operating Account is subject to a deposit account

[1] Each of the Canadian Corporate Debtors has a bank account for each of their respective disbursements, which accounts are not part of the Cash Management System. These accounts generally had minimal activity. These accounts will be repurposed for the uses specified in the Cash Management Motion.

control agreement in favor of GB Funding, LLC, in its capacity as the administrative agent under the Prepetition Credit Agreement (the "**Prepetition and DIP Agent**").

21. Solowave Design LP holds four Bank Accounts at JPMorgan:

(a) The "**SDL USD Factoring Account**": This account is primarily used to collect receipts paid in USD from Solowave Design LP's sales that are subject to the Solowave Receivables Sale Agreement (defined below). The SDL USD Factoring Account is subject to a deposit account control agreement in favor of Coface Finanz GmbH ("**Coface**") and the Prepetition and DIP Agent.

(b) The "**SDL USD Operating Account**": This account is primarily used to collect receipts paid in USD on account of Solowave Design LP's non-factored receivables. Unused amounts in the SDL USD Factoring Account are transferred into this account. The SDL USD Operating Account is subject to a deposit account control agreement in favor of the Prepetition and DIP Agent.

(c) The "**SDL CAD Factoring Account**": This account is primarily used to collect receipts paid in CAD from Solowave Design LP's sales that are subject to the Solowave Receivables Sale Agreement. The SDL CAD Factoring Account is subject a deposit account control agreement in favor of Coface (defined below) and the Prepetition and DIP Agent.

(d) The "**SDL CAD Operating Account**": This account is primarily used to collect receipts paid in CAD on account of Solowave Design LP's non-factored receivables. Unused amounts in the SDL CAD Factoring Account are transferred

into this account. The SDL CAD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.

22. As of the Petition Date, the Bank Accounts had a combined value of approximately $3,510,000, with less than 10% being held in Solowave Design LP's Bank Accounts.

23. A more detailed description of each of the Bank Accounts, the relationship between them, and the general flow of funds in the Cash Management System is included in the Cash Management Motion, a copy of which is attached as **Exhibit "C"**.

24. In the ordinary course of business, the Chapter 11 Debtors maintain business relationships with each other and with certain of their non-debtor affiliates, conducting intercompany transactions from time-to-time that result in intercompany receivables and payables. The Chapter 11 Debtors track all fund transfers in their respective accounting systems through the centralized Cash Management System and can ascertain, trace, and account for all intercompany transactions and will continue to do so postpetition.

25. Among the Chapter 11 Debtors, intercompany transactions are made periodically to reimburse certain Chapter 11 Debtors for various expenditures associated with their businesses or to fund certain Chapter 11 Debtors' accounts in anticipation of certain upcoming expenditures, as needed. Transferring cash to the Main Operating Account allows the Chapter 11 Debtors to run their operations and financing activities from a centralized Bank Account. This system not only maximizes efficiency but also simplifies third-party interactions with the Chapter 11 Debtors as an enterprise.

B. The Canadian Debtors' Integrated Operations with the U.S.

26. The Canadian Debtors are fully integrated with the Company's U.S. operations and managed by senior leadership from the U.S. In particular:

(a) the Canadian Debtors are wholly-owned subsidiaries of KidKraft, a Delaware corporation;

(b) each of the Canadian Corporate Debtors' directors and officers are U.S. residents and are directors or officers of KidKraft;

(c) KidKraft and the Canadian Debtors' senior leadership is located in the U.S. and exercises primary strategic management and control of the Chapter 11 Debtors, including all of the Canadian Debtors;

(d) Canadian sales make up approximately 7% of the Company's annual net revenue;

(e) the Chapter 11 Debtors' only Employee in Canada (out of the Chapter 11 Debtors' 66 employees) is employed by KidKraft and not by any of the Canadian Debtors;

(f) payroll processing for the one Canadian employee of KidKraft is processed in the U.S. through KidKraft's third-party payroll services provider (Ultimate Kronos Group, Inc.), directed by U.S.-based employees at KidKraft's headquarters in Dallas, Texas;

(g) the controllers and administrators of all Bank Accounts, including Solowave Design LP's accounts, are not in Canada and are primarily based in the U.S.;

(h) the Canadian Debtors' overall financial position is managed on a consolidated basis by the Company's management team located in the U.S.;

(i) the Chapter 11 Debtors (including the Canadian Debtors) operate an integrated, centralized Cash Management System to collect, transfer and disburse funds generated by their operations;

(j) much of the Company's funded indebtedness is owed to U.S.-based lenders and governed by U.S. law; and

(k) the Canadian Debtors primarily rely on the purchasing power and supplier relationships of the Chapter 11 Debtors in the U.S.

27. In summary, the Canadian Debtors are integrated members of the broader group of Chapter 11 Debtors that is centrally managed from an overall strategic and financial perspective by a management team in the U.S., with creditors looking to the parties in the U.S. for action on their contractual obligations.

C. Coface Matters

28. As set out in my Initial Affidavit, KidKraft and Solowave Design LP have entered into Receivables Sales Agreements dated August 4, 2021 and April 21, 2022, respectively, with Coface, pursuant to which Coface purchases accounts receivable from KidKraft and Solowave Design LP (the "**KidKraft Receivables Sale Agreement**" and the "**Solowave Receivables Sale Agreement**", respectively, and together, the "**Receivables Sale Agreements**"). On April 20, 2022, Coface registered financing statements pursuant to the *Personal Property Security Act* (Ontario) and the *Personal Property Security Act* (Alberta) against Solowave Design LP and Solowave

Design Inc. (two of the Canadian Debtors). Coface's Canadian financing statements cover the purchased accounts receivable, funds in the SDL USD Factoring Account and the SDL CAD Factoring Account, and other security as provided for under the Solowave Receivables Sale Agreement.

29. Coface has first ranking security over the purchased accounts receivable under the Receivables Sales Agreements. The Receivables Sale Agreements each include the following provision granting security (capitalized terms as defined therein, emphasis added):

> 10.1 In the event that the sale of the Purchased Receivables and their Related Assets contemplated herein is for any reason ***not deemed to be a true sale thereof*** despite the parties' intentions, and in any event, as security for all of the obligations of [KidKraft / Solowave Design LP], [KidKraft / Solowave Design LP] grants to [Coface] …

30. As this provision indicates, Coface's security over the accounts receivable acts as a backstop in the event that its purchases of accounts receivable are found to not be "true sales". The Chapter 11 Debtors do not dispute that the sales of accounts receivable to Coface under the Receivables Sale Agreements were "true sales". Further, the Chapter 11 Debtors do not expect that any receivables generated postpetition will be subject to the Receivables Sale Agreements. Copies of the KidKraft Receivables Sale Agreement and the Solowave Receivables Sale Agreement are attached as **Exhibits "D"** and **"E"**, respectively.

D. Creditors of the Canadian Debtors and the Canadian Business

31. As described in the Initial Affidavit, the Canadian Debtors have certain liabilities in addition to their obligations as guarantors of the Chapter 11 Debtors' indebtedness under the Prepetition Credit Agreement. Based on a preliminary trial balance for the Canadian Debtors for

the period ending April 30, 2024, as of that date, the Canadian Debtors (on a consolidated basis) had total liabilities of approximately CAD$998,000, as follows (in approximate amounts):

(a) Accounts payable: CAD$834,500

(b) Canadian sales tax accruals: CAD$27,800

(c) Canadian income tax accruals: CAD$136,000.

32. The approximately CAD$834,500 in accounts payable includes the following:[2]

(a) approximately CAD$749,000 was owing to ShingFai, a Chinese supplier;

(b) approximately CAD$74,000 was accounts receivables refunds owing to one of the Canadian Debtors' Canadian customers (Costco); and

(c) approximately CAD$10,500 was owing to FedEx Canada, a former supplier of logistics services to the Canadian Debtors.

33. In addition, as of April 30, 2024, KidKraft owed certain amounts to Mainfreight, the third-party logistics provider for the Canadian business. Immediately prior to the Petition Date, KidKraft made payment to Mainfreight to bring its account current.

PART III - RELIEF SOUGHT

A. Recognition of Foreign Main Proceedings

34. The Foreign Representative seeks recognition of the Chapter 11 Cases as "foreign main proceedings" pursuant to Part IV of the CCAA.

35. Other than the Canadian Debtors, the remaining Chapter 11 Debtors are incorporated or formed under U.S. law, have their registered head offices and corporate headquarters in the U.S.,

[2] Amounts below CAD$2,000 are not included.

carry out their businesses in the U.S., and have all, or substantially all, of their assets located in the U.S.

36. As described above, the Canadian Debtors are managed on a consolidated basis and are wholly reliant on the Chapter 11 Debtors for corporate, administrative, and back-office support. The Canadian Corporate Debtors have a registered office address in Canada (1565 Carling Avenue, #400, Ottawa, Ontario) through the services of a registered agent CT Corporation System for compliance purposes only. The Canadian operations are dependent on and integrated with the U.S. operations. The Canadian Debtors would not be able to function independently without the corporate functions performed by the Chapter 11 Debtors in the U.S.

37. Other than the Chapter 11 Proceedings, no other foreign proceeding (as defined in subsection 45(1) of the CCAA) in respect of KidKraft and the Canadian Debtors has been commenced.

B. Stay of Proceedings in Canada

38. By operation of the U.S. Bankruptcy Code, the Chapter 11 Debtors obtained the benefit of an automatic stay of proceedings upon filing the Petitions with the U.S. Court.

39. In issuing the Interim Stay Order, this Court granted a stay of proceedings in favour of KidKraft and the Canadian Debtors (including Solowave Design LP) and their respective officers and directors, in respect of their business and property in Canada.

40. In the proposed Initial Recognition Order and Supplemental Order, the Foreign Representative is seeking a similar stay of proceedings and extension of protections and authorizations granted pursuant to the Interim Stay Order.

41. As set out in the Initial Affidavit, it is important for the Canadian Debtors to be protected by a stay of proceedings and from enforcement rights in Canada pursuant to a Canadian court order. This is critical to the preservation of the value of the business in Canada and the Chapter 11 Debtors' overall efforts to proceed with the Chapter 11 Cases and the completion of the Sale Transaction.

C. Recognition of Certain U.S. Orders

42. Pursuant to the proposed Supplemental Order, the Foreign Representative seeks recognition by this Court of the following First Day Orders that have been entered by the U.S. Court.

(a) Foreign Representative Order

43. A copy of the entered *Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative, and (II) Granting Related Relief* (the "**Foreign Representative Order**"), provided by the Chapter 11 Debtors' U.S. counsel, is attached hereto as **Exhibit "F"**.

44. The Foreign Representative Order authorizes KidKraft to act as the Foreign Representative on behalf of itself and the Canadian Debtors in these CCAA Part IV proceedings. I am advised by Justin Kanji of Osler that the form of order requested is similar to such orders granted in other cross-border proceedings.

45. I am advised by the Chapter 11 Debtors' U.S. counsel that a certified copy of the Foreign Representative Order has been obtained from the U.S. Court and is currently in transit to Osler, and will be provided to this Court as soon as it is available.

(b) Joint Administration Order

46. A copy of the entered *Order Directing Joint Administration of the Debtors' Chapter 11 Cases* (the "**Joint Administration Order**") is attached hereto as **Exhibit "G"**.

47. The Joint Administration Order consolidates the administration of the Chapter 11 Cases for procedural purposes only, pursuant to the terms and conditions as set out therein.

48. Given the integrated nature of the operations of the Chapter 11 Debtors, including the Canadian Debtors, joint administration of the Chapter 11 Cases provides significant administrative convenience without harming the substantive rights of any party in interest, and reduces fees and costs by avoiding duplicative filings and objections.

(c) Claims Agent Retention Order

49. A copy of the entered *Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent* (the "**Claims Agent Retention Order**") is attached hereto as **Exhibit "H"**.

50. The Claims Agent Retention Order authorizes Stretto Inc. ("**Stretto**") — a chapter 11 administrator comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex Chapter 11 cases — to act as the Chapter 11 Debtors' claims, noticing, and solicitation agent in the Chapter 11 Cases. The work to be performed by Stretto will include, among other things:

(a) assisting the Chapter 11 Debtors with the preparation and distribution of all required notices and documents in accordance with the U.S. Bankruptcy Code and

the U.S. Bankruptcy Rules in the form and manner directed by the Chapter 11 Debtors and/or the U.S. Court;

(b) maintaining an official copy of the Chapter 11 Debtors' schedules of assets and liabilities and statements of financial affairs, listing the Chapter 11 Debtors' known creditors and the amounts owed thereto;

(c) assisting in the dissemination of information to the public and responding to requests for administrative information regarding the Chapter 11 Cases as directed by the Chapter 11 Debtors or the U.S. Court;

(d) assisting the Chapter 11 Debtors with plan solicitation services; and

(e) managing and coordinating any distributions pursuant to a chapter 11 plan.

51. I believe Stretto's services, as authorized by the Claims Agent Retention Order, will ensure the efficient, orderly and fair treatment of creditors, equity security holders, and all parties in interest in the Chapter 11 Cases including with respect to the Canadian Debtors and the business in Canada.

(d) Interim Customer Programs Order

52. A copy of the entered *Interim Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief* (the "**Interim Customer Programs Order**") is attached hereto as **Exhibit "I"**.

53. The Interim Customer Programs Order, among other things, authorizes the Chapter 11 Debtors to: (a) maintain and administer certain of their customer programs, promotions, and practices (the "**Customer Programs**"); and (b) honour certain prepetition obligations related thereto.

54. The Chapter 11 Debtors have developed their brand and designed various marketing strategies to generate business in the face of sophisticated competition. Among these strategies are the Customer Programs, which are designed to enhance revenues by, among other things, encouraging repeat business and developing new customer relationships. As of the Petition Date, Customer Programs consist of various discounts, rebates, returns, and markdowns, all of which are considered when determining the transaction price. The Customer Programs offered are unique to each customer and may be contractual or discretionary depending on the customer and the circumstances. In general, the Chapter 11 Debtors offer (i) discounts that range from 0.5 percent to 10 percent of sales; (ii) rebates that range from 1 percent to 6 percent of sales; (iii) allowances to cover returns that range from 1 percent to 5 percent of sales; and (iv) markdowns that range from 0.5 percent to 5 percent of sales, in each case to a given customer. The majority of these Customer Programs are booked as deductions from invoices, and the remainder are paid through invoices received from customers.

55. The success of the Chapter 11 Debtors' businesses is highly dependent upon the loyalty of the Chapter 11 Debtors' customers. Consequently, continuation of the Customer Programs is vital to maintaining and maximizing the value of the Chapter 11 Debtors' estates. If the Chapter 11 Debtors are unable to honor Customer Program obligations, the Chapter 11 Debtors' brand could be immediately and irreparably harmed. Continued use of the Customer Programs, on the other

hand, will enable the Chapter 11 Debtors to protect their customer base and maximize the value of their estates.

56. Once a final version of the Interim Customer Programs Order is obtained and issued in the U.S. Court, the Foreign Representative intends to return to this Court to seek recognition of such order.

(e) Insurance Order

57. A copy of the entered *Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief* (the "**Insurance Order**") is attached hereto as **Exhibit "J"**.

58. The Insurance Order authorizes the Chapter 11 Debtors to maintain their existing insurance policies, pay prepetition obligations related thereto upon entry of the order renew, amend, supplement, extend, or purchase new insurance policies, and maintain their Customs Bond on a postpetition basis in the ordinary course of business.

59. It is essential that the Chapter 11 Debtors have the ability to continue or renew their insurance policies and enter into new insurance policies or agreements to preserve the value of their businesses. In many cases, regulations, laws, and contract provisions that govern the Chapter 11 Debtors' commercial activities require the types of coverage provided under the insurance policies.

60. Further, the Chapter 11 Debtors, in the ordinary course of business, are required to maintain one or more bonds to assure the United States Customs and Border Protection Agency of their ability to pay applicable duties, taxes, and fees on account of their imports. As of the Petition Date, the Chapter 11 Debtors maintain one customs bond in the bond amount of approximately $400,000 (the "**Customs Bond**"). Failure to provide, maintain, or timely replace the Customs Bond may prevent the Chapter 11 Debtors from importing essential products, which may create an interruption in the Chapter 11 Debtors' business operations, and thus it is essential that the Chapter 11 Debtors be authorized to pay any prepetition and postpetition amounts in the ordinary course of business associated with the continuation, renewal, or extension of the Customs Bond.

(f) Utilities Order

61. A copy of the entered *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief* (the "**Utilities Order**") is attached hereto as **Exhibit "K"**.

62. The Utilities Order, among other things: (a) approves the Chapter 11 Debtors' proposed adequate assurance of payment for future utility services; (b) prohibits utility providers from altering, refusing, or discontinuing services; and (c) approves the Chapter 11 Debtors' proposed procedures for resolving adequate assurance requests.

63. Certain companies (the "**Utility Companies**") provide the Chapter 11 Debtors with traditional utility services (the "**Utility Services**"), such as electricity, gas, water, waste disposal, telecommunications, internet, and other similar services that the Chapter 11 Debtors utilize in the

ordinary course of business and are necessary for the continued operation of their day-to-day affairs. Uninterrupted Utility Services are critical to the Chapter 11 Debtors' ability to operate and maintain the value of their businesses while maximizing value for the benefit of their estates. Should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Chapter 11 Debtors' business operations could be significantly disrupted, which could immediately and irreparably harm and jeopardize the Chapter 11 Debtors' operations and strategic objectives. Accordingly, it is essential that the Utility Services continue uninterrupted during the Chapter 11 Cases.

(g) Taxes and Fees Order

64. A copy of the entered *Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief* (the "**Taxes and Fees Order**") is attached hereto as **Exhibit "L".**

65. The Taxes and Fees order authorizes the Chapter 11 Debtors to remit and pay (or use tax credits to offset) certain accrued and outstanding prepetition taxes and fees that will become payable during the pendency of the Chapter 11 Cases in the ordinary course of business.

66. In the ordinary course of business, the Chapter 11 Debtors collect, withhold, or incur property taxes, franchise taxes, and sales, use, and excise taxes (collectively, the "**Taxes and Fees**"). The Chapter 11 Debtors remit and pay the Taxes and Fees to various state, local, and national governments, including taxing authorities in the U.S. and Canada (collectively, the "**Authorities**"). The Chapter 11 Debtors remit and pay the Taxes and Fees through cheques and electronic funds transfers that are processed through their Banks and other financial institutions. The Chapter 11 Debtors may also receive tax credits from time-to-time for overpayments or refunds in respect of the Taxes and Fees, which the Chapter 11 Debtors generally use to offset

against future Taxes and Fees or have the amount of such credits refunded to the Chapter 11 Debtors. As of the Petition Date, the Chapter 11 Debtors estimate that approximately $292,000 in Taxes and Fees is accrued and is outstanding (approximately CAD$26,000 in Canada), approximately $144,000 of which will become due and payable within the first 21 days after the Petition Date.

67. That the payment of the Taxes and Fees, including by the Canadian Debtors, is necessary to avoid potential administrative difficulties is unquestionable. If the Taxes and Fees are not paid, the Authorities may attempt to take precipitous action, including additional state audits, lien filings, and lift stay motions. Only the prompt and regular payment of the Taxes and Fees will avoid these and other unnecessary governmental actions.

(h) Interim Critical Vendors Order

68. A copy of the entered *Interim Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* (the "**Interim Critical Vendors Order**") is attached hereto as **Exhibit "M"**.

69. The Interim Critical Vendors Order, among others things, authorizes the Chapter 11 Debtors to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to: (a) critical vendors; (b) lien claimants, and (c) vendors from whom the Chapter 11 Debtors received goods within 20 days before the Petition Date in the ordinary course of business (collectively, the "**Vendors**," and the Vendors' prepetition claims, collectively, the "**Vendor Claims**"). The Interim Critical Vendors Order also confirms the administrative expense priority status and treatment of the Chapter 11 Debtors' outstanding orders.

70. The Chapter 11 Debtors rely on continuing access to, and relationships with, the Vendors, which provide the Chapter 11 Debtors with goods and services that are critical to their ongoing business operations, including software and internet services, marketing and brand awareness services, and shipping services, among others. Any disruption in the Chapter 11 Debtors' access to these services would have significant and detrimental economic and operational impacts on the Chapter 11 Debtors' businesses.

71. Accordingly, it is critical that the Chapter 11 Debtors, including the Canadian Debtors, pay certain of the Vendor Claims so that the Chapter 11 Debtors, including the Canadian Debtors, can maintain the going concern value of the Chapter 11 Debtors' business and minimizing operational degradation as they work to effect a comprehensive reorganization of their business under Chapter 11 of the U.S. Bankruptcy Code.

(i) Interim Cash Management Order

72. A copy of the entered *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions and (II) Granting Related Relief* (the "**Interim Cash Management Order**") is attached hereto as **Exhibit "N"**.

73. The Interim Cash Management Order, among other things, authorizes the Chapter 11 Debtors to: (a) continue to operate their Cash Management System and maintain existing Bank Accounts; (b) continue using their existing business forms and cheques; (c) maintain their corporate card program; and (d) continue to engage in intercompany transactions.

74. The Canadian Debtors are dependent on the continued operation of the Cash Management System (as described above) to collect, transfer, and disburse funds and to facilitate cash monitoring, forecasting, and reporting. The Canadian Debtors' continued access to the Cash Management System is important to meet immediate-term obligations and preserve the value of the business in Canada. Any disruption to the Cash Management System could have an immediate and significant effect on the Canadian Debtors to the detriment of all stakeholders. The Interim Cash Management Order in the Chapter 11 Cases addresses these issues. Further, the Interim Cash Management Order ensures that the Chapter 11 Debtors can (and will) accurately document, record, and track postpetition transactions occurring within the Cash Management System, for the benefit of their estates.

(j) Employee Wages Order

75. A copy of the entered *Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief* (the "**Employee Wages Order**") is attached hereto as **Exhibit "O"**.

76. The Employee Wages Order, among other things, authorizes the Chapter 11 Debtors to: (a) pay prepetition wages, salaries, other compensation, and reimbursable expenses; and (b) continue benefits programs.

77. The Chapter 11 Debtors' employees (the "**Employees**"), including the one Employee of KidKraft resident in Canada, perform a wide variety of functions that support the Chapter 11 Debtors' operations and will be critical to the administration of the Chapter 11 Cases and to maximizing the value of the Chapter 11 Debtors' estates. Their skills, knowledge, and

understanding of the Chapter 11 Debtors' operations are essential to preserving operational stability and efficiency during the Chapter 11 Cases. Without the continued, uninterrupted services of the Employees, the Chapter 11 Debtors' business operations will suffer immediate and irreparable harm.

78. The Employee Wages Order authorizes the Chapter 11 Debtors to continue their prepetition compensation and benefits programs in the ordinary course of business and consistent with past practices. The Employee Wages Order also authorizes the Chapter 11 Debtors to continue paying wages to Employees of their non-Chapter 11 Debtor subsidiaries in China in the ordinary course of business on a postpetition basis, as such Employees have skills and knowledge of the Chapter 11 Debtors' operations in China that will be essential to keeping the Chapter 11 Debtors' operations running during the course of the Chapter 11 Cases.

(k) Interim DIP Order

79. A copy of the entered *Interim Order (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Interim DIP Order**") is attached hereto as **Exhibit "P"**.

80. As described in Part III of the Initial Affidavit, the Chapter 11 Debtors' funded secured debt arises from the Prepetition Credit Agreement, which was most recently amended: (a) on January 31, 2024 by the Fifth Amendment in connection with the Debt Sale to 1903 Partners, LLC (the "**Prepetition and DIP Lender**", and together with the Prepetition and DIP Agent, "**Gordon**

Brothers"), which increased the available priority revolving commitments to $26.8 million and extended the maturity of the term loans under the Prepetition Credit Agreement from June 30, 2023, to June 30, 2024; and (b) on May 9, 2024 by the Sixth Amendment which increased the total available priority revolving commitments to $31.5 million. All of the Chapter 11 Debtors' cash on hand as of the Petition Date (the "**Cash Collateral**") and any proceeds of the of the Chapter 11 Debtors' assets and property other than Excluded Assets, Excluded Receivables and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) are subject to the first ranking liens of the Gordon Brothers.

81. The Chapter 11 Debtors' postpetition operations in the near-term will not generate sufficient cash to continue operations in the ordinary course while funding the expenses associated with the Chapter 11 Cases and these CCAA Part IV proceedings. Access to cash is essential to ensure the viability of the Company as a going concern and to preserve the value of the Chapter 11 Debtors' estates. The harm caused by a failure to meet liquidity needs could destabilize the Company's business operations and jeopardize the Sale Transaction to the Purchaser, which is described in Part IV of the Initial Affidavit.

82. Accordingly, the Chapter 11 Debtors require immediate access to debtor-in-possession financing and authority to use cash collateral to maintain sufficient liquidity to continue to operate and consummate the Sale Transaction to maximize value for their stakeholders. Pursuant to the restructuring support agreement ("**RSA**") entered into on April 25, 2024 by the Chapter 11 Debtors, Gordon Brothers, MidOcean and the Purchaser, among other things, Gordon Brothers agreed to provide such debtor-in-possession financing (the "**DIP Facility**"). The RSA sets forth the commitments of the parties to implement the proposed Sale Transaction through the Plan, including the DIP Facility in accordance with a term sheet (the "**DIP Term Sheet**"). A copy of the

RSA is attached as Exhibit "B" to the First Day Declaration, which is attached hereto as **Exhibit "B"**. A copy of the DIP Term Sheet is attached as Exhibit "A" to the Interim DIP Order, which is attached hereto as **Exhibit "P"**.

83. The Interim DIP Order, among other things authorizes: (a) KidKraft as borrower to receive a senior secured superpriority multi-draw debtor-in-possession term loan credit facility (the DIP Facility) from the Prepetition and DIP Lender on the terms set forth in the DIP Term Sheet and in accordance with an approved budget (included as Exhibit "B" to the Interim DIP Order); and (b) the Chapter 11 Debtors to use, on a consensual basis, the Cash Collateral of the Gordon Brothers under the Prepetition Credit Agreement.

84. Each of the Canadian Debtors, as well as other affiliates of KidKraft, are guarantors and pledgors under the DIP Facility.

85. The DIP Facility consists of an aggregate principal amount of:

(a) $10.5 million, consisting of (i) $4.0 million of interim commitment (available upon entry of the Interim DIP Order) (the "**Interim DIP Commitment**") and (ii) an incremental $6.5 million of final commitment (available upon entry of a final order) (the "**Final DIP Commitment**", and together, the "**New Money DIP Loans**"); and

(b) $23.3 million of roll-up loans (the "**Limited Roll-Up**"), plus the consensual use of the Cash Collateral.

86. Given that substantially all of the Chapter 11 Debtors' unrestricted cash is Cash Collateral, the Chapter 11 Debtors need access to such Cash Collateral and the proceeds of the DIP Facility to operate their businesses in the ordinary course during these Chapter 11 Cases.

87. In exchange for this essential liquidity provided by the New Money DIP Loans and the Cash Collateral, the Chapter 11 Debtors agreed to certain reasonable protections for the Gordon Brothers, including superpriority liens on collateral, payment of interest and fees on amounts borrowed, and a limited "roll-up" of approximately $23.3 million (the "**Limited Roll-Up Amount**") of prepetition financing under the Prepetition Credit Agreement which provided the Chapter 11 Debtors with a liquidity runway to file the Chapter 11 Cases and maximize the value of their estates. The proposed Limited Roll-Up Amount is limited to the new capital that the prepetition secured parties, Gordon Brothers, provided the Chapter 11 Debtors after the Debt Sale closed on January 31, 2024. Importantly, this liquidity provided a runway for the Chapter 11 Debtors to commence the sale process, which in turn led to the Purchaser's offer and the proposed Sale Transaction and has allowed the Chapter 11 Debtors to maintain their operations and preserve the value of their estates leading up to the Chapter 11 Cases. The Limited Roll-Up is a material component of the structure of the DIP Facility and was required by the Prepetition and DIP Lender as a condition to its commitment to provide postpetition financing and its consent to the Chapter 11 Debtors' use of Cash Collateral. Additionally, the proposed Limited Roll-Up is reasonable in light of the ratio of new money provided by the Prepetition and DIP Lender to the Limited Roll-Up Amount.

88. The proceeds from the proposed DIP Facility will be used for, among other things, making payments integral to the Chapter 11 Debtors' business operations, paying administrative expenses associated with the Chapter 11 Cases and these CCAA Part IV proceedings, and satisfying working capital needs in the ordinary course of business. Moreover, the liquidity to be provided under the DIP Facility, combined with access to existing Cash Collateral, will enable the Chapter 11 Debtors to: (i) fund their operations during the course of the Chapter 11 Cases and these CCAA Part IV

proceedings, including the administrative costs; (ii) ensure that value is preserved during the course of the Chapter 11 Debtors' Chapter 11 Cases; and (iii) consummate the Sale Transaction and confirm the Plan to maximize value for the Chapter 11 Debtors' estates.

89. Because the Chapter 11 Debtors will continue their pre-filing Cash Management System, funds available under the DIP Facility will indirectly flow to the Canadian Debtors to enable their continued operation during these CCAA Part IV proceedings.

90. I believe that the amount available to draw under the DIP Facility upon the entry of the Interim DIP Order addresses the Chapter 11 Debtors' (including the Canadian Debtors') immediate liquidity needs during the case and prior to the U.S. Court approving the DIP Facility on a final basis.

91. The DIP Facility is the product of arm's-length negotiations and represents the best available option for the Chapter 11 Debtors and will benefit all parties in interest. Prior to the Petition Date, the Chapter 11 Debtors and their advisors contacted other parties to seek proposals for third-party postpetition financing. No potential lenders were willing to provide financing on an unsecured or junior lien basis. Financing on a postpetition basis is not otherwise available and is not available on terms more favourable than the terms contained in the DIP Facility.

92. The amounts owing by the Chapter 11 Debtors under the DIP Facility are proposed to be secured in Canada by the DIP Charge (defined below) on the Canadian Property, ranking in priority to all other secured and unsecured claims in Canada, other than the Administration Charge and the D&O Charge (each as defined below), and subject to the relative priority of liens as set forth in the Interim DIP Order.

93. The Chapter 11 Debtors do not dispute that the sales of accounts receivable to Coface under the Receivables Sales Agreements were "true sales". Accordingly, the relief granted under the Interim DIP Order will not materially prejudice Coface as there is no dispute as to the priority of its liens on its separate collateral, as such receivables are the property of Coface and not the Chapter 11 Debtors.

94. I understand that KSV Restructuring, in its capacity as the proposed Information Officer, will be filing a pre-appointment report to the Court that will, among other things, include an analysis of the attributes of the DIP Facility, including its costs and the Limited Roll-Up feature, and the proposed Information Officer's conclusion that the DIP Facility is reasonable and appropriate in the circumstances.

95. The Interim DIP Order only authorizes the borrowing of the New Money DIP Loans up to an aggregate amount equal to the Interim DIP Commitment. Once a final order in respect of the DIP Facility — which provides for the borrowing of the Final DIP Commitment and the Limited Roll-Up Amount — is obtained and issued in the U.S. Court, the Foreign Representative intends to return to this Court to seek recognition of such order.

96. I am advised by the Chapter 11 Debtors' U.S. counsel and believe that although the U.S. Trustee for the Northern District of Texas filed an objection to the entry of the Interim DIP Order, these issues were either resolved consensually or through a revised form of order, which was consistent with the rulings of the U.S. Court and entered as the Interim DIP Order, including that the Limited Roll-Up Amount be subject to approval at the second day hearing in the U.S. Court.

97. Additional details about the DIP Facility and the Interim DIP Order are included in the DIP Motion, a copy of which is attached as **Exhibit "Q"**.

D. Appointment of Information Officer

98. As part of its application, the Foreign Representative is seeking to appoint KSV Restructuring as the Information Officer in this proceeding. KSV Restructuring is a licensed trustee in bankruptcy in Canada and its principals have acted as an information officer in several previous ancillary proceedings (both under Part IV of the CCAA as well as the former section 18.6 of the CCAA).

99. KSV Restructuring has consented to acting as Information Officer in this proceeding. A copy of KSV Restructuring's consent to act as Information Officer is attached hereto as **Exhibit "R"**.

E. Administration Chage

100. The proposed Supplemental Order provides that the Information Officer, along with its counsel, and KidKraft and the Canadian Debtors' Canadian counsel will be granted an administration charge with respect to their fees and disbursements up to a maximum amount of CAD$750,000 (the "**Administration Charge**") on the Canadian Property. The Administration Charge is proposed to have first priority over all other charges on the Canadian Property.

101. I believe the amount of the Administration Charge to be reasonable in the circumstances, having regard to the size and complexity of these proceedings and the roles that will be required of the proposed Information Officer, its legal counsel, and KidKraft and the Canadian Debtors' Canadian counsel.

F. D&O Charge

102. I am advised by Justin Kanji of Osler and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid wages and vacation pay, together with unremitted retail sales, goods and services, and harmonized sales taxes.

103. It is my understanding that the directors and officers of the Canadian Corporate Debtors (and by extension, in effect, Solowave Design LP) are potential beneficiaries of director and officer liability insurance maintained by the Company (the "**D&O Insurance**") with an aggregate coverage limit of $21 million. While the D&O Insurance insures directors and officers of the Canadian Corporate Debtors (and by extension, in effect, Solowave Design LP) for certain claims that may arise against them in such capacity as directors and/or officers, that coverage is not absolute. Rather, it is subject to several exclusions and limitations which may result in there being no coverage or insufficient coverage for potential liabilities. It is unclear whether the D&O Insurance provides sufficient coverage against the potential liability that the directors and officers of the Canadian Corporate Debtors (and by extension, in effect, of Solowave Design LP) could incur during these CCAA Part IV proceedings.

104. In light of the potential liabilities and the potential insufficiency of available insurance and the need for the continued service of the directors and officers of the Canadian Corporate Debtors (and by extension, in effect, of Solowave Design LP) in this proceeding, KidKraft, as the Foreign Representative, seeks the granting of a charge on the property and assets of the Canadian Debtors in favour of the directors and officers of the Canadian Corporate Debtors (and by extension, in effect, Solowave Design LP) in the maximum amount of CAD $100,000 (the "**D&O Charge**").

105. The D&O Charge is necessary to secure the indemnity obligations of KidKraft and the Canadian Debtors to their directors and officers in respect of obligations and liabilities that such directors and officers may incur during this proceeding in their capacities as directors and officers. The D&O Charge would only be relied upon to the extent of the insufficiency of the existing D&O Insurance in covering any exposure of the directors and officers of the Canadian Debtors (and by extension, in effect, of Solowave Design LP).

106. The D&O Charge is proposed to rank in priority to all other secured and unsecured claims, other than the Administration Charge over the Canadian Property.

107. The amount of the proposed D&O Charge has been estimated, in consultation with the proposed Information Officer, with reference to the Canadian Debtors' federal and provincial tax liability exposure. I believe the amount of the proposed D&O Charge to be reasonable in the circumstances.

G. DIP Charge

108. The amounts owing by the Chapter 11 Debtors under the DIP Facility are proposed to be secured by, among other things, Court-ordered charges on the Canadian Property that rank in priority to all secured and unsecured claims and are subject to the relative priority of liens as set forth in the Interim DIP Order on the Canadian Property, but subordinate to the proposed Administration Charge and D&O Charge (the "**DIP Charge**").

PART IV - CONCLUSION

109. I believe that the relief sought in the proposed Initial Recognition Order and Supplemental Order 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

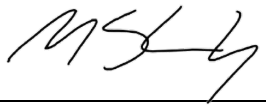
and coordinated restructuring in the Chapter 11 Cases, with a view to emerging as a strong and sustainable enterprise for the benefit of a broad range of stakeholders.

SWORN BEFORE ME over videoconference in accordance with the *Administering Oath or Declaration Remotely Regulation*, O. Reg 431/20, on May 15, 2024, while I was located in the City of Toronto, in the Province of Ontario, and the affiant was located in Dallas in the State of Texas.

EMILIE DILLON
Commissioner for Taking Affidavits
(or as may be)

GEOFFREY WALKER

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.



MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

THIRD AFFIDAVIT OF GEOFFREY WALKER
(Recognition Order (Bar Dates Order, Second Interim DIP Order, and Final Customer Programs Order))

(Sworn June 17, 2024)

I, Geoffrey Walker, of the City of Dallas, in the State of Texas, MAKE OATH AND SAY:

1. I am the Chief Executive Officer and President of KidKraft, Inc. ("**KidKraft**", and together with its debtor and non-debtor affiliates, the "**Company**"). I joined the Company in 2019 and have served in my current role since that time.

2. As Chief Executive Officer and President of KidKraft, I am familiar with, and have personal knowledge regarding, the Chapter 11 Debtors' (defined below) businesses, day-to-day operations, financial affairs, and books and records, including those of Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the "**Canadian Corporate Debtors**"), and Solowave Design LP (together with the Canadian Corporate Debtors, the "**Canadian Debtors**"). As such, I have personal knowledge of the matters deposed herein. Where I have relied on other sources of information, I have so stated and believe them to be true.

In preparing this affidavit (the "**Third Affidavit**"), I have also consulted with the Company's senior management team, and financial and legal advisors. The Company does not waive or intend to waive any applicable privilege by any statement in this Third Affidavit.

3. KidKraft, the Canadian Debtors, and six other debtors and debtors in possession (collectively, the "**Chapter 11 Debtors**") recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**U.S. Court**"). The cases commenced by the Chapter 11 Debtors in the U.S. Court are referred to herein as the "**Chapter 11 Cases**".

4. I swear this Third Affidavit in support of a motion by KidKraft in its capacity as the foreign representative of the Chapter 11 Debtors (in such capacity, the "**Foreign Representative**), for an order (the "**Third Recognition Order**"), among other things:

(a) recognizing and enforcing the Bar Dates Order, the Second Interim DIP Order and the Final Customer Programs Order (each as defined below) entered by the U.S. Court, pursuant to section 49 of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**"); and

(b) such further and other relief as counsel may request and this Honourable Court may grant.

5. I previously swore an initial affidavit on May 10, 2024 (the "**Initial Affidavit**") and a second affidavit on May 15, 2024 (the "**Second Affidavit**") in support of the Foreign Representative's application for the Interim Stay Order, Initial Recognition Order, and Supplemental Order (all defined below). Copies of the Initial Affidavit and the Second Affidavit,

without exhibits, are attached hereto as **Exhibits "A"** and **"B"**, respectively. Capitalized terms used and not otherwise defined in this Third Affidavit have the meanings given to them in the Initial Affidavit and Second Affidavit. Unless otherwise indicated, dollar amounts referenced in this Third Affidavit are references to United States Dollars.

A. Background

6. On May 10, 2024 (the "**Petition Date**"), each of the Chapter 11 Debtors filed voluntary filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court. The Chapter 11 Cases have been assigned to the Honourable Judge Michelle V. Larson.

7. On May 10, 2024, the Chapter 11 Debtors filed several first day motions and applications with the U.S. Court (collectively, the "**First Day Motions**").

8. The U.S. Court entered the following interim and/or final orders (the "**First Day Orders**"):

(a) *Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief*;

(b) *Order Directing Joint Administration of the Debtors' Chapter 11 Cases*;

(c) *Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent* (the "**Claims Agent Retention Order**");

(d) *Interim Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief* (the "**Interim Customer Programs Order**");

(e) *Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief*;

(f) *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies From Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief*;

(g) *Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief*;

(h) *Interim Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief*;

(i) *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief*;

(j) *Order (I) Authorizing the Debtors to (A) Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief; and*

(k) *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens And Providing Superpriority Administrative Expense Status, (IV), Granting Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**First Interim DIP Order**").

9. By order dated May 10, 2024, the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**") granted an interim stay of proceeding in respect of KidKraft and the Canadian Debtors, and their respective directors and officers (the "**Interim Stay Order**").

10. Subsequently, by order dated May 17, 2024, the Ontario Court recognized the Chapter 11 Cases as "foreign main proceedings", recognized the appointment of the Foreign Representative, and granted related stays of proceeding in favour of the Chapter 11 Debtors (the "**Initial**

Recognition Order"). By further order dated May 17, 2024, the Ontario Court recognized the First Day Orders (the "**Supplemental Order**"). In addition, the Supplemental Order appointed KSV Restructuring Inc. as the information officer in these CCAA Part IV proceedings (in such capacity, the "**Information Officer**"), granted an Administration Charge in the amount of CAD $750,000.00 in favour of Canadian counsel to the Chapter 11 Debtors, the Information Officer and counsel for the Information Officer, a D&O Charge in the amount of CAD$100,000, and a DIP Charge for advances under the DIP Facility (defined below). Copies of the Initial Recognition Order, the Supplemental Order and Justice Cavanagh's endorsement in respect of same are attached as **Exhibits "C"**, **"D"** and **"E"**, respectively.

11. Background information with respect to the Chapter 11 Debtors, including KidKraft and the Canadian Debtors, and the reasons for the commencement of the Chapter 11 Cases, are set out in the Initial Affidavit, the Second Affidavit, and the declaration I submitted on May 10, 2024 to the U.S. Court in support of the First Day Motions.

B. Update on Chapter 11 Cases

12. Since I swore the Initial Affidavit and Second Affidavit, the Chapter 11 Debtors continue to advance their restructuring objectives and continue to operate in the ordinary course as contemplated in the Chapter 11 Cases. During this period, the Chapter 11 Debtors have engaged with their vendors, creditors, employees, customers, landlords and other stakeholders to stabilize their post-filing operations.

13. On May 23, 2024, the Office of the United States Trustee for the Northern District of Texas (the "**U.S. Trustee**") appointed an official unsecured creditors' committee (the "**Committee**"), consisting of:

(a) Fiona Yao of Dongguan Shing Fai Furniture Co. Ltd. (a Chinese supplier to the Chapter 11 Debtors and an unsecured creditor of the Canadian Debtors); and

(b) Anna Liu of Kong Richs Furniture Vietnam Co. Ltd (a Vietnamese supplier to the Chapter 11 Debtors).

14. Following the Committee's appointment, the Chapter 11 Debtors agreed to adjourn the hearing of the motions seeking the Second Day Orders (as defined below) from June 5 to June 13, 2024 (the "**Second Day Hearing**"). In order to adjourn the Second Day Hearing and consistent with the form of budget attached to the First Interim DIP Order, the Chapter 11 Debtors required additional funding under the DIP Facility (as defined below) and sought and obtained the Second Interim DIP Order (as defined below), discussed in greater detail below.

15. On June 10, 2024, the Chapter 11 Debtors filed their (a) schedules of assets and liabilities, (b) statements of financial affairs, (c) schedules of current income and expenditures, and (d) statements of executory contracts and unexpired leases (collectively, the "**Schedules**").

16. Also on June 10, 2024, the U.S. Court entered the following final orders, as no objections had been filed in respect thereof:

(a) *Final Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief* (the "**Final Customer Programs Order**"); and

(b) *Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice Thereof* (the "**Bar Dates Order**").

17. On June 11, 2024, the U.S. Court entered the following interim order:

(a) *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors*

in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "**Second Interim DIP Order**").

18. Stretto, Inc. ("**Stretto**"), which was authorized to act as the Chapter 11 Debtors' claims, noticing and solicitation agent in the Chapter 11 Cases by the Claims Agent Retention Order (including in respect of Canadian creditors), posted on its website for the Chapter 11 Cases copies of the Final Customer Programs Order and the Bar Dates Order on June 10, 2024, and the Second Interim DIP Order on June 11, 2024. Copies of the Final Customer Programs Order, the Bar Dates Order and the Second Interim DIP Order are attached as **Exhibits "F", "G"** and **"H"**, respectively.

19. In light of continued discussions between the Chapter 11 Debtors, the Committee, and certain other key stakeholders, on June 12, 2024, the Chapter 11 Debtors agreed to adjourn the Second Day Hearing from June 13 to June 17.

20. Following further discussions and a potential global resolution, on June 17, 2024, the Chapter 11 Debtors further adjourned the Second Day Hearing to June 21.

C. The Third Recognition Order

21. Pursuant to the proposed Third Recognition Order, the Foreign Representative seeks recognition by the Ontario Court of the Bar Dates Order, the Second Interim DIP Order, and the Final Customer Programs Order. The Second Interim DIP Order and the Final Customer Programs Order are further interim and final versions, respectively, of the First Interim DIP Order and the

Interim Customer Programs Order that were initially granted on an interim basis by the U.S. Court and were previously recognized by the Ontario Court pursuant to the Supplemental Order.

(a) Second Interim DIP Order

22. As described in the Initial Affidavit and Second Affidavit, the Chapter 11 Debtors' post-petition operations in the near-term will not generate sufficient cash to continue operations in the ordinary course while funding the expenses associated with the Chapter 11 Cases and these CCAA Part IV proceedings. Accordingly, pursuant to the restructuring support agreement (the "**RSA**") entered into by the Chapter 11 Debtors, 1903 Partners, LLC (the lender under the Prepetition Credit Agreement, the "**Prepetition and DIP Lender**"), GB Funding, LLC (the administrative agent under the Prepetition Credit Agreement, the "**Prepetition and DIP Agent**", and together with the Prepetition and DIP Lender, "**Gordon Brothers**"), MidOcean and Backyard Products, LLC (the "**Purchaser**"), Gordon Brothers agreed to provide a multi-draw debtor-in-possession term loan facility (the "**DIP Facility**") to meet the Chapter 11 Debtors' liquidity needs. Access to cash is essential to ensure the viability of the Company as a going concern, ensure the consummation of the Sale Transaction to the Purchaser, and to preserve the value of the Chapter 11 Debtors' estates. Because the Chapter 11 Debtors will continue their pre-filing Cash Management System, funds available under the DIP Facility will indirectly flow to the Canadian Debtors to enable their continued operation during these CCAA Part IV proceedings.

23. The First Interim DIP Order and the Second Interim DIP Order, among other things, authorize: (a) KidKraft as borrower to receive senior secured super-priority priming debtor-in-possession loans (each, a "**DIP Loan**" and in the aggregate, the "**DIP Loans**") from the Prepetition and DIP Lender on the terms set forth in the DIP Term Sheet and in accordance with an approved budget (included as Exhibit "B" to the First Interim DIP Order); and (b) the Chapter 11 Debtors to

use, on a consensual basis, the Cash Collateral of Gordon Brothers under the Prepetition Credit Agreement.

24. The Second Interim DIP Order includes certain important differences from the First Interim DIP Order, including, most notably:

(a) increasing the interim commitment under the DIP Facility from $4.0 million to $5.5 million, available upon entry of the Second Interim DIP Order (the "**Interim DIP Commitment**");

(b) decreasing the incremental final commitment under the DIP Facility from $6.5 million to $5.0 million, available upon entry of the Final DIP Order (as defined below) (the "**Final DIP Commitment**"); and

(c) providing a deadline for the Committee to serve and file written objections to the entry of the Final DIP Order of June 11, 2024.

25. Accordingly, following the entry of the Second Interim DIP Order, the DIP Facility consists of an aggregate principal amount of:

(a) $10.5 million, consisting of the Interim DIP Commitment and the Final DIP Commitment (collectively, the "**New Money DIP Loans**");

(b) $23.3 million of Prepetition Obligations, which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for dollar cashless basis upon entry of the proposed Final DIP Order (the "**Limited Roll-Up**"); and

(c) use of the Cash Collateral from the time of the entry of the First Interim DIP Order until the Carve-Out Termination Date (as such term is defined in the Second Interim DIP Order and the proposed Final DIP Order).

26. As noted in the Second Affidavit, the proceeds from the proposed DIP Facility will be used for, among other things, making payments integral to the Chapter 11 Debtors' business operations, paying administrative expenses associated with the Chapter 11 Cases and these CCAA Part IV proceedings, and satisfying working capital needs in the ordinary course of business. Moreover, the liquidity to be provided under the DIP Facility, combined with access to existing Cash Collateral, will enable the Chapter 11 Debtors to: (i) fund their operations during the course of the Chapter 11 Cases and these CCAA Part IV proceedings, including the administrative costs; (ii) ensure that value is preserved during the course of the Chapter 11 Debtors' Chapter 11 Cases; and (iii) consummate the Sale Transaction and confirm the Plan to maximize value for the Chapter 11 Debtors' estates.

27. Because the Chapter 11 Debtors will continue their pre-filing Cash Management System, funds available under the DIP Facility will indirectly flow to the Canadian Debtors to enable their continued operation during these CCAA Part IV proceedings.

28. I believe that the amount available to draw under the DIP Facility upon the entry of the Second Interim DIP Order addresses the Chapter 11 Debtors' (including the Canadian Debtors') immediate liquidity needs during the case and prior to the U.S. Court entering the proposed Final DIP Order.

29. In its pre-appointment report to the Ontario Court, dated May 16, 2024, the (then proposed) Information Officer included an analysis of the attributes of the DIP Facility, including its costs and the Limited Roll-Up feature, and its conclusion that the DIP Facility is reasonable and appropriate in the circumstances. I understand that the Information Officer will be filing a report to the Ontario Court (the "**First Report**") that will, among other things, include the Information

Officer's conclusion that recognizing the Second Interim DIP Order is reasonable and appropriate in the circumstances.

(b) Bar Dates Order

30. The Bar Dates Order, among other things: (a) establishes claims bar dates and related procedures; and (ii) approves the form and manner of notice thereof. The key elements of the Bar Dates Order are as follows:[1]

(a) the general bar date to file proof of claims for prepetition claims (the "**General Bar Date**"), including claims arising under section 503(b)(9) of the U.S. Bankruptcy Code (*i.e.*, claims for the value of any goods received by the Chapter 11 Debtors in the ordinary course within 20 days before the Petition Date), is **June 28, 2024 at 5:00 p.m. (prevailing Central Time)**;

(b) the bar date for governmental units to file proofs of claim for prepetition claims (the "**Governmental Bar Date**") is **November 6, 2024 at 5:00 p.m. (prevailing Central Time)**;

(c) in the event the Chapter 11 Debtors file a previously unfiled Schedule, or amend or supplement their Schedules, the bar date for claimants holding claims affected by such filing, amendment or supplement (the "**Amended Schedules Bar Date**") is **the later of (i) the General Bar Date or the Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (prevailing Central Time) on the date that is 21 days from the date on which the Chapter 11 Debtors provide notice of the previous unfiled Schedule or amendment or supplement to the Schedules**;

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[1] Capitalized terms referred to in this section of this Third Affidavit and not otherwise defined have the meaning ascribed to them in the Bar Dates Order.

(d) the bar date for claims relating to the rejection of an executory contract or unexpired lease (the "**Rejection Damages Bar Date**") is **the later of (i) the General Bar Date or Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (prevailing Central Time) on the date that is 21 days following service of an order approving the Chapter 11 Debtors' rejection of any executory contract or unexpired lease**;

(e) entities whose claims otherwise would be subject to the General Bar Date or Governmental Bar Date but who do not need to file proof of claim in the Chapter 11 Cases include, among others, any person or entity holding a claim allowable under sections 503(b) or 507(a)(2) of the U.S. Bankruptcy Code as an expense of administration incurred in the ordinary course (with the exception of claims under section 503(b)(9) of the U.S. Bankruptcy Code (*i.e.*, claims for the value of any goods received by the Chapter 11 Debtors in the ordinary course within 20 days before the Petition Date));

(f) all known creditors and potential claimants will receive sufficient notice of the claims process, including as follows:

(i) within two (2) business days after entry of the Bar Dates Order, the Chapter 11 Debtors will serve, or will cause Stretto to serve, a notice of the Bar Dates (the "**Bar Date Notice**") and proof of claim form ("**Proof of Claim Form**", and collectively with the Bar Date Notice, "**Bar Dates Notice Package**") to:

(A) all holders of claims or potential claims;

(B) the Office of the United States Trustee for the Northern District of Texas;

(C) counsel to the official committee of unsecured creditors, if any;

(D) all parties that have requested notice in the Chapter 11 Cases pursuant to U.S. Bankruptcy Rule 2002 as of the date of the entry of the Bar Dates Order;

(E) all known creditors and other known holders of potential claims against any of the Chapter 11 Debtors;

(F) all counterparties to executory contracts and unexpired leases of the Chapter 11 Debtors listed in the Schedules or their designated representatives;

(G) all parties to pending litigation with the Chapter 11 Debtors;

(H) all current and former employees of the Chapter 11 Debtors (to the extent that contact information for former employees is available in the Chapter 11 Debtors' records);

(I) the Internal Revenue Service and all other taxing authorities for the jurisdictions in which the Chapter 11 Debtors conduct business;

(J) all relevant state attorneys general;

(K) all identified registered holders of any Interests in any of the Chapter 11 Debtors as of the Petition Date (although copies of the Proof of Claim Form will not be provided to them);

(L) all other entities listed on the Chapter 11 Debtors' respective creditor matrices; and

(M) counsel to any of the foregoing, if known;

(ii) the Chapter 11 Debtors will also post the Bar Date Notice and Proof of Claim Form on Stretto's website at https://www.cases.stretto.com/kidkraft;

(iii) for any proof of claim to be validly and properly filed, a claimant must deliver a completed, signed original of the Proof of Claim Form together with any accompanying documentation required by Bankruptcy Rules 3001(c) and 3001(d), to Stretto at the address identified on the Bar Date Notice, or to the Clerk of the U.S. Court, so as to be received no later than 5:00 p.m., prevailing Central Time on the applicable Bar Date;

(iv) consistent with U.S. Bankruptcy Rule 3003(c)(2), any entity that is required to file a proof of claim but otherwise fails to properly file a proof of claim by the applicable Bar Date shall not be treated as a creditor with respect to such claim for purposes of voting and distribution; and

(v) two business days after serving the Bar Dates Notice Package or as soon as reasonably practicable thereafter, the Chapter 11 Debtors will publish the

> Bar Date Notice, with any necessary modifications for ease of publication (the "**Publication Notice**") in *The New York Times* (national edition), the national edition of *The Globe and Mail* in Canada, and certain other publications as the Chapter 11 Debtors deem appropriate in their discretion as a means to provide notice of the Bar Dates to such unknown potential claimants.

31. On June 11, 2024, Stretto sent copies of the Bar Dates Notice Package by first-class mail to the entities set out in paragraph 31(f)(i), including to the known creditors of the Chapter 11 Debtors in Canada, the Canada Revenue Agency, the Ontario Ministry of Finance and the Alberta Ministry of Finance. Stretto also published the Bar Date Notice and Proof of Claim Form on its website.

32. The Foreign Representative's filings and the Ontario Court's order in these CCAA Part IV proceedings are available on the Information Officer's website. The Information Officer has confirmed that it intends to post a copy of the Bar Dates Order and the proposed Third Recognition Order (or other order of the Ontario Court recognizing the Bar Dates Order) on its website. The Foreign Representative intends to provide information regarding these proceedings to its stakeholders as inquiries arise.

33. I have been advised that the Information Officer has made arrangements to publish the Publication Notice in the national edition of *The Globe and Mail* within two business days of the granting of an order recognizing the Bar Dates Order.

34. I have been advised that the Information Officer is supportive of the relief requested in respect of the Bar Dates Order and will outline its support in the First Report, to be filed.

(c) Final Customer Programs Order

35. The Final Customer Programs Order, among other things, authorizes the Chapter 11 Debtors to: (a) maintain and administer certain of their customer programs, promotions, and practices (the "**Customer Programs**"); and (b) honour certain prepetition obligations related thereto.

36. As set out in more detail in the Second Affidavit, the Customer Programs consist of various discounts, rebates, returns, and markdowns, all of which are considered when determining the transaction price. The Customer Programs offered are unique to each customer and may be contractual or discretionary depending on the customer and the circumstances. In general, the Chapter 11 Debtors offer (i) discounts that range from 0.5 percent to 10 percent of sales; (ii) rebates that range from 1 percent to 6 percent of sales; (iii) allowances to cover returns that range from 1 percent to 5 percent of sales; and (iv) markdowns that range from 0.5 percent to 5 percent of sales, in each case to a given customer. The majority of these Customer Programs are booked as deductions from invoices, and the remainder are paid through invoices received from customers.

37. As described in the Second Affidavit, continuation of the Customer Programs is vital to maintaining and maximizing the value of the Chapter 11 Debtors' estates, since the Chapter 11 Debtors' business is highly dependent upon the loyalty of the Chapter 11 Debtors' customers.

38. The Final Customer Programs Order contains substantially the same material terms as the Interim Customer Programs Order.

D. Proposed Next Hearing

39. A hearing before the U.S. Court is scheduled for June 21, 2024, to consider confirmation of the *Debtors' Joint Prepackaged Chapter 11 Plan*, filed on May 10, 2024, as amended by the

Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan, filed June 12, 2024, and the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan*, filed June 14, 2024, and as may be further amended (collectively, the "**Plan**"), and motions seeking the following orders (the "**Second Day Orders**"):

(a) *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief*;

(b) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief*;

(c) *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "**Final DIP Order**"); and

(d) *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief*.

40. In anticipation of obtaining an order from the U.S. Court confirming the Plan, the Foreign Representative has scheduled a hearing before the Ontario Court on June 28, 2024, at which it intends to seek recognition of the confirmation of the Plan and the Second Day Orders, approval of the fees of the Information Officer and its counsel, and provisions for the termination of these CCAA Part IV Proceedings upon the filing of a certificate by the Information Officer.

SWORN BEFORE ME over videoconference in accordance with the *Administering Oath or Declaration Remotely Regulation*, O. Reg 431/20, on June 17, 2024, while I was located in the City of Toronto, in the Province of Ontario, and the affiant was located in the City of Dallas in the State of Texas.

Emma Smith (LSO# 87407T)
Commissioner for Taking Affidavits
(or as may be)

GEOFFREY WALKER

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

MOTION FOR ENTRY OF AN ORDER (I) APPROVING CERTAIN BIDDER PROTECTIONS, (II) APPROVING CONTRACT ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (III) GRANTING RELATED RELIEF

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE ELECTRONICALLY AT HTTPS://ECF.TXNB.USCOURTS.GOV/ NO MORE THAN TWENTY-FOUR (24) DAYS AFTER THE DATE THIS MOTION WAS FILED. IF YOU DO NOT HAVE ELECTRONIC FILING PRIVILEGES, YOU MUST FILE A WRITTEN OBJECTION THAT IS ACTUALLY RECEIVED BY THE CLERK AND FILED ON THE DOCKET NO MORE THAN TWENTY-FOUR (24) DAYS AFTER THE DATE THIS MOTION WAS FILED. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), file this *Motion for Entry of an Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* (the "***Motion***") and in support respectfully submit the following:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Texas (the "***Court***") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 345, 363, 365, and 503 of title 11 of the United States Code (the "***Bankruptcy Code***"), Bankruptcy Rules 6003, 6004, 6006, and 9007, and rules 9007-1 and 9013-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***N.D. Tex. L.B.R.***"), and the *General Order Regarding Procedures for Complex Chapter 11 Cases* (the "***Complex Case Procedures***").

BACKGROUND

4. KidKraft, Inc. (together with its Debtor and non-Debtor affiliates, the "***Company***") is a Dallas-based privately held company that is a leader in branded, sustainable, wood-based

active and imaginative play products, with operations in the U.S., Canada, Europe, and Asia. The Company works with global supply partners to source materials and build its products, which include dollhouses, play sets, playhouses, swing sets, and more. It distributes its products through partnerships with major global retailers and through direct-to-customer sales, with more than 3,000 points of distribution in over 90 countries. The Company, like many in its industry, has experienced significant headwinds in recent years that have strained liquidity and operations. Unable to satisfy its funded debt obligations, the Company and its advisors undertook an extensive marketing and sale process that has culminated in these chapter 11 cases, through which the Company aims to implement a sale to a strategic buyer pursuant to a prepackaged chapter 11 plan (or, in the alternative, pursuant to consummation of a stand-alone sale pursuant to section 363 of the Bankruptcy Code) to, among other things, preserve jobs and continue the KidKraft brand as a going concern.

5. On May 10, 2024 (the "***Petition Date***"), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no request for the appointment of a trustee or examiner has been made and no official committee of unsecured creditors has been appointed in these chapter 11 cases.

6. Additional information regarding the Debtors and these chapter 11 cases, including the Debtors' business operations, capital structure, financial condition, and the reasons for and objectives of these chapter 11 cases, is set forth in the *Declaration of Geoffrey Walker in Support*

of Chapter 11 Petitions and First Day Pleadings [Docket No. 31] (the "***First Day Declaration***"), incorporated herein by reference.[2]

RELIEF REQUESTED

7. By this Motion, the Debtors seek entry of an order (the "***Order***"), substantially in the form attached hereto as **Exhibit A**, (i) approving certain bidder protections in favor of the Purchaser, including a break-up fee of $1,179,673.20 (the "***Break-Up Fee***"), expense reimbursement of up to $1,000,000 (the "***Expense Reimbursement***," together, with the Break-Up Fee, the "***Bidder Protections***") as allowed administrative expenses under sections 503(b) and 507 of the Bankruptcy Code in accordance with the Purchase Agreement, and (ii) approving procedures (the "***Assumption and Assignment Procedures***") for the assumption and assignment of certain executory contracts and the form of notice attached hereto as **Exhibit B** (the "***Assumption, Assignment, and Cure Notice***"), and (iii) granting related relief. In support of the Motion, the Debtors rely on the First Day Declaration and the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co., Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) The Sale Process* [Docket No. 32] (the "***Bijoor Declaration***" and together with the First Day Declaration, the "***Declarations***").

SUMMARY OF THE PURCHASE AGREEMENT AND BIDDER PROTECTIONS

8. As set forth in the Declarations, after extensive arm's length negotiations, the Debtors and the Purchaser agreed to the terms of the Purchase Agreement to effectuate the Sale Transaction in conjunction with the Plan. The Bidder Protections are a material component of the Purchase Agreement, which the Purchaser required as a condition to enter into the Purchase

[2] Capitalized terms used but not otherwise defined in this Motion shall have the meaning set forth in the First Day Declaration.

Agreement. Although the Debtors are confident the Sale Transaction is the best and only offer available to the Debtors, the Bidder Protections will balance the Purchaser's desire for certainty regarding closing the Sale Transaction with the Debtors' ability to exercise their fiduciary duties to maximize the value of their estates in accordance with the terms of the Purchase Agreement.

9. Specifically, the Purchase Agreement only contemplates the payment of the Bidder Protections (i.e. both the Break-Up Fee and Expense Reimbursement) under narrow circumstances if the Purchase Agreement is terminated because: (i) the Debtors enter into or consummate a Qualifying Alternative Transaction (as defined below), (ii) the Debtors publicly announce or support any plan other than the Plan, or (iii) the board of any of the Debtors party to the Purchase Agreement determines not to proceed with the Sale Transaction pursuant to applicable fiduciary duties. Alternatively, the Expense Reimbursement alone is payable if the Purchase Agreement is terminated because (1) the RSA is terminated (unless such termination is the result of the Purchaser's breach of the RSA), (2) the Debtors' breach of the Purchase Agreement would prevent closing of the Sale Transaction, (3) the DIP Orders (as defined in the Purchase Agreement) are not approved by specific dates or the DIP Facility is not funded, or (4) the Debtors withdraw or seek authority to withdraw the Sale Orders (as defined in the as defined in the Purchase Agreement).

10. As discussed further below, the Debtors believe that granting the Bidder Protections was a valid exercise of their business judgment and should be approved. The Debtors have conducted a robust marketing process prior to the Petition Date and are confident that the Sale Transaction presents their best (and only) opportunity to maximize the value of their estates. However, no transaction is without risk. After significant, arm's length negotiations between the Debtors and the Purchaser, the parties agreed to the terms of the Bidder Protections in the Purchase Agreement to address the concerns that the Sale Transaction may not be consummated. Given the

limited circumstances in which the Bidder Protections may be triggered and the benefits to the Debtors and their estates if the Sale Transaction is consummated, the Debtors believe that approval of the Bidder Protections if triggered is a valid exercise of their business judgment.

11. The key terms of the Purchase Agreement regarding the Break-Up Fee and Expense Reimbursement are summarized below:[3]

Purchase Agreement	Provision
Break-Up Fee: (§ 9.3(a))	$1,179,673.20 (approximately 3% of the cash portion of the Purchase Price)
Expense Reimbursement: (§ 9.3(a))	Sellers shall jointly and severally be liable for and shall reimburse (or cause to be reimbursed to) Buyer, Buyer's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable legal, financial advisory, accounting and other similar costs, fees and expenses) incurred prior to the termination of the Purchase Agreement in connection with its evaluation and negotiation of the transactions contemplated under the Purchase Agreement; provided such Expense Reimbursement shall not exceed $1,000,000.
"Qualifying Alternative Transaction": (Art. I, definition of "Qualifying Alternative Transaction")	"***Qualifying Alternative Transaction***" means an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: implied cash portion of the Purchase Price (determined based on the KK Inventory File) *plus* the Break-Up Fee *plus* the Expense Reimbursement *plus* $4,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities.

[3] The following chart is for summary purposes only. Capitalized terms used but not otherwise defined in this chart shall have the meanings set forth in the Purchase Agreement. In the event of any inconsistencies of the terms included in the Motion and the Purchase Agreement, the Purchase Agreement shall control.

Purchase Agreement	Provision
Termination Payment: (§ 9.3(a))	• In the event that this Agreement is terminated pursuant to Section 9.1(b)(iv), Section 9.1(c)(v), or Section 9.1(d)(ii) . . . (ii) Seller shall jointly and severally be liable for . . . the Break-up Fee and (iii) Sellers shall jointly and severally be liable for the Expense Reimbursement. • In the event that this Agreement is terminated pursuant to Section 9.1(b)(iii), Section 9.1(c)(i), Section 9.1(c)(ii), or 9.1(c)(iv). . . (ii) Sellers shall jointly and severally be liable for the Expense Reimbursement. • The Bidder Protections shall constitute an allowed administrative expense claim under sections 503(b) and 507 of the Bankruptcy Code.

SUMMARY OF THE ASSUMPTION AND ASSIGNMENT PROCEDURES

12. The Debtors propose the Assumption and Assignment Procedures set forth below for notifying the counterparties to any executory contract or unexpired lease to which a Debtor is a party (the "***Contract Counterparties***") of (a) proposed cure claim amounts, in the event the Debtors decide to assume and assign such contracts or leases in connection with the Sale Transaction and Purchase Agreement, and/or (b) the opportunity to object to the proposed assumption and assignment or cure claim amount.

I. Notice of Assumption or Assignment

a. Within three Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract (as defined in the Purchase Agreement) on any date following the Petition Date, within three Business Days after the Purchaser's designation of such later date), the Debtors shall deliver a notice, in form and substance reasonably acceptable to the Purchaser, of potential assumption and assignment of the Transferred Contract (a "***Contract Notice***") to the applicable Contract Counterparties, which shall specify: (a) that such contract is contemplated to be assumed and assigned to the Purchaser as a Transferred Contract in connection with the transactions contemplated under the Purchase Agreement; (b) the proposed Cure Claim (as defined in the Purchase Agreement) with respect to each Transferred Contract; and (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed

assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto.

b. Contract Objections must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is 21 days after the date the Debtors delivered the Contract Notice (the "***Contract Objection Deadline***"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Debtors, counsel to Gordon Brothers, counsel to Backyard, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparties believe is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults.

c. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing (as defined in the Purchase Agreement), the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the Court.

BASIS FOR RELIEF REQUESTED

A. The Bidder Protections Are Appropriate.

13. Courts have acknowledged that the approval of expenses in connection with sales under section 363 of the Bankruptcy Code can be warranted to compensate an unsuccessful acquirer whose initial offer served as the basis and catalyst for higher and better offers. *See In re ASARCO*, 650 F.3d at 593, 597-98, 601-03, n.9. To warrant court approval of expenses, the Fifth Circuit requires a showing that the requested fees and expenses must be supported by a sound justification. *Id*. at 593, 602-03 (favoring business judgment standard governing use of assets outside the ordinary course of business, rather than the standard for administrative expenses, in assessing propriety of fees and expenses incurred by bidders).

14. While the Sale Transaction does not involve a formal overbid process typical of a 363 sale, the Debtors are free to explore Qualifying Alternative Transactions or exercise their fiduciary out if an alternative transaction opportunity was presented, exposing the Purchaser to similar risks a stalking horse bidder faces in a 363 sale process. Given the importance of the Sale Transaction to the Debtors and the significant time and expense the Purchaser has devoted while conducting diligence and negotiating the Purchase Agreement to date, the Bidder Protections are fair, reasonable and appropriate under the circumstances. The Bidder Protections were a condition for the Purchaser to enter into the Purchase Agreement. Further, as described in the Declarations, the Debtors have extensively marketed their assets and the Sale Transaction with the Purchaser is the sole opportunity for the Debtors to maximize their value. Accordingly, there is little risk that the Bidder Protections will chill other offers at this critical stage in the Debtors' chapter 11 cases.

15. Additionally, allowing the Bidder Protections as an administrative expense of preserving the Debtors' estate under sections 503(b) and 507 of the Bankruptcy Code is also reasonable. The Purchaser requested the Bidder Protections to protect against the potential risk that the Sale Transaction may not be consummated. Accordingly, providing the Purchaser with an administrative expense claim will preserve this bargained-for provision for the benefit of the Purchaser in the event unplanned contingencies arise. Considering the fact that these Chapter 11 Cases would not be possible absent the Sale Transaction under the Purchase Agreement, the Bid Protections fulfill the Bankruptcy Code's requirement that administrative expenses are "actual, necessary costs and expenses of preserving the estate." 11 U.S.C. § 503(b)(1).

16. The Debtors submit that the Bidder Protections are not only a sound exercise of their business judgment but are also reasonable when compared with similar buyer protections approved in other chapter 11 cases. *See, e.g., In re Ebix, Inc.*, No. 23-80004 (SWE) (Bankr. N.D.

Tex. Feb. 16, 2024) (granting administrative expense status and approving break-up fee of $12,000,000, which constitutes approximately 3% breakup fee); *In re TransCom USA Mgmt. Co., L.P.*, No. 01-35158 (KKB) (Bankr. S.D. Tex., Feb. 12, 2002) (approving break-up fee of more than 3.6%). Accordingly, the Debtors respectfully request that the Court approve the Bidder Protections included in the Purchase Agreement.

B. The Assumption and Assignment Procedures Are Proper.

17. To facilitate the proposed Sale Transaction under the Purchase Agreement, the Debtors are also seeking approval of the Assumption and Assignment Procedures. The Assumption and Assignment Procedures are reasonable and necessary to properly notify parties of potential assumptions and/or assignments and provide the contract and lease counterparties with sufficient time to determine the accuracy of the proposed cure amount, as well as sufficient opportunity to object to such assumption and assignment.

18. Section 365(a) of the Bankruptcy Code provides, that a debtor "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). As discussed in greater detail below, the standard governing approval of the Debtors' decision to assume or reject an executory contract or unexpired lease is whether the Debtors' reasonable business judgment supports assumption or rejection. *See, e.g.*, *In re Stable Mews Assoc., Inc.*, 41 B.R. 594, 596 (Bankr. S.D.N.Y. 1984). The Debtors submit that the proposed Assumption and Assignment Procedures are appropriate and reasonably tailored to provide the Contract Counterparties with adequate notice of the proposed assumption, as well as proposed Cure Claims (if any). To the extent any defaults exist under any Transferred Contracts sought to be assumed by the Debtors and assigned to the Purchaser, such defaults will be subject to cure, as required under section 365(b)(1) of the Bankruptcy Code. The Assumption and

Assignment Procedures will provide Contract Counterparties notice of the proposed assumption and the amount of cure under the Assumption and Assignment Procedures, satisfying section 365(b)(1) of the Bankruptcy Code. In the event an objection to the proposed cure is not resolved, the Court will determine any disputed issues.

19. Once an executory contract is assumed, the trustee or debtor in possession may elect to assign such contract. *See In re Rickel Home Centers, Inc.*, 209 F.3d 291, 299 (3d Cir. 2000) ("[t]he Code generally favors free assignability as a means to maximize the value of the Debtors' estate"). Section 365(f) of the Bankruptcy Code provides that a debtor may assign an executory contract or unexpired lease of a debtor only if: (A) the trustee assumes such contract or lease in accordance with the provisions of this section; and (B) adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease. 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case, but should be given "practical, pragmatic construction." *See Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance does not mean absolute assurance that debtor will thrive and pay rent). Among other things, adequate assurance may be given by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986). Adequate assurance is likely not necessary in this case, given that the Purchaser has represented that it has the financial wherewithal to consummate the Sale Transaction, including any proposed cure claim amounts and has the financial capability to satisfy any and all obligations it will incur. Regardless, the Assumption and Assignment Procedures provide sufficient notice of the proposed

assignment of Transferred Contracts and opportunity to obtain adequate assurance from the Purchaser if required.

20. Accordingly, the Assumption and Assignment Procedures satisfy the requirements of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. Further, because the relief requested herein is procedural only, the rights of any Contract Counterparty are preserved. Accordingly, the Debtors submit that the Assumption and Assignment Procedures should be approved as reasonable and necessary measures to adequately notify parties in interest and conduct the proposed Sale Transaction in a fair, efficient, and proper manner.

21. Courts in this district have granted similar relief to that requested in this Motion in previous chapter 11 cases. *See, e.g.*, *In re Ebix, Inc.*, No. 23-80004 (SWE) (Bankr. N.D. Tex. Jan. 18, 2024); *In re Impel Pharmaceuticals Inc.*, No. 23-80016 (SGJ) (Bankr. N.D. Tex. Jan. 11, 2024); *In re Northwest Senior Housing Corp.*, No. 22-30659 (MVL) (Bankr. N.D. Tex. Dec. 20, 2022); *In re Red River Waste Solutions, LP*, No. 21-42423 (ELM) (Bankr. N.D. Tex. May 3, 2022); *In re GGI Holdings, LLC*, No. 20-31318 (HDH) (Bankr. N.D. Tex. June 11, 2020).

WAIVER OF BANKRUPTCY RULES 6004(a) AND 6004(h)

22. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

RESERVATION OF RIGHTS

23. For the avoidance of doubt, nothing in this Motion is intended to be, nor should it be construed as (i) an implication or admission as to the validity or priority of any claim or lien against the Debtors, (ii) an impairment or waiver of the Debtors' or any other party in interest's rights to contest or dispute any such claim or lien, (iii) a promise or requirement to pay any claim, (iv) an implication or admission that any particular claim is of a type specified or defined in the

Motion or any proposed order, or (v) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. In addition, nothing in this Motion or the relief requested herein should be interpreted as the assumption or rejection of any executory contract or unexpired lease under section 365 of the Bankruptcy Code.

NOTICE

24. Notice of this Motion has been provided by delivery to: (i) the Office of the United States Trustee for the Northern District of Texas; (ii) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (iii) the administrative agent under the Debtors' prepetition secured credit agreement; (iv) Katten Muchin Rosenman LLP, as counsel to the administrative agent under the Debtors' prepetition secured credit agreement; (v) King & Spalding LLP, as counsel to the Purchaser under the Purchase Agreement; (vi) those persons who have formally appeared in these chapter 11 cases and requested service pursuant to Bankruptcy Rule 2002; (vii) the Internal Revenue Service; and (viii) all other applicable government agencies to the extent required by the Bankruptcy Rules or the N.D. Tex. L.B.R. In light of the nature of the relief requested in this Motion, the Debtors submit that no further notice is necessary.

NO PRIOR REQUEST

25. No prior motion for the relief requested herein has been made to this Court or any other court.

PRAYER

The Debtors respectfully request that the Court enter the Order, substantially in the form attached hereto as **Exhibit A**, and grant them such other and further relief to which the Debtors may be justly entitled.

Dated: May 13, 2024
Dallas, Texas

/s/ *William L. Wallander*

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

I certify that on May 13, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Matthew D. Struble
One of Counsel

EXHIBIT A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. ___**

ORDER (I) APPROVING CERTAIN BIDDER PROTECTIONS, (II) APPROVING CONTRACT ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (III) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) approving the Debtors' entry

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

into certain bidder protections in favor of the Purchaser, (ii) approving the Assumption and Assignment Procedures, and (iii) granting related relief, all as more fully set forth in the Motion and in the Declarations; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Bidder Protections are approved.

2. Any amounts that become due and payable, pursuant to the Bidder Protections in accordance with the Purchase Agreement and this Order, shall be deemed an actual and necessary cost of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code and constitute an allowed administrative expense claim under section 507(a)(2) of the Bankruptcy Code.

3. The following Assumption and Assignment Procedures are approved:

a. Within three Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract (as defined in the Purchase Agreement) on any date following the Petition Date, within three Business Days after the Purchaser's designation of such later date), the Debtors shall deliver a

notice, in form and substance reasonably acceptable to the Purchaser, of potential assumption and assignment of the Transferred Contract (a "***Contract Notice***") to the applicable Contract Counterparties, which shall specify: (a) that such contract is contemplated to be assumed and assigned to the Purchaser as a Transferred Contract in connection with the transactions contemplated under the Purchase Agreement; (b) the proposed Cure Claim (as defined in the Purchase Agreement) with respect to each Transferred Contract; and (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto.

b. Contract Objections must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is 21 days after the date the Debtors delivered the Contract Notice (the "***Contract Objection Deadline***"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Debtors, counsel to Gordon Brothers, counsel to Backyard, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparties believe is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults.

c. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing (as defined in the Purchase Agreement), the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the Court.

4. The form of Assumption, Assignment, and Cure Notice to be provided under the Assumption and Assignment Procedures and attached as **Exhibit B** to the Motion shall constitute adequate and sufficient notice and no additional notice need be provided.

5. The Debtors shall serve, via email, if available, or first-class mail, the Contract Notice in accordance with the Assumption and Assignment Procedures, on all counterparties to the Transferred Contracts and all parties on the Rule 2002 Notice List. Service of a Contract Notice

in accordance with the Assumption and Assignment Procedures shall be deemed adequate service and no further notice shall be required.

6. The inclusion of any contract on the Contract Notice will not constitute any admission or agreement of the Debtors that such contract is an executory contract.

7. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

8. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

10. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

EXHIBIT B

Form of Assumption, Assignment, and Cure Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	

NOTICE TO CONTRACT COUNTERPARTIES OF (I) POTENTIAL ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, AND (II) CURE AMOUNTS AND ADEQUATE ASSURANCE IN CONNECTION THEREWITH

You are receiving this notice because you may be a counterparty to a contract or lease with the above-captioned debtors and debtors in possession. Please read this notice carefully as your rights may be affected by the potential transactions described herein.

PLEASE TAKE NOTICE that, on May 10, 2024, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas (the "***Court***").

PLEASE TAKE FURTHER NOTICE that, on May 10, 2024, the Debtors filed the *Motion for Entry of an Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* [Docket No. [●]] (the "***Motion***").[2]

PLEASE TAKE FURTHER NOTICE that, although the Court has not approved this notice, the Debtors will seek certain relief at a hearing before the Court on June 5, 2024 at 9:30 a.m. (Central Time), including approval of this form of notice in conjunction with procedures for

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

the assumption and assignment of certain executory contracts and unexpired leases (collectively, the "Transferred Contracts").

PLEASE TAKE FURTHER NOTICE that, a final hearing to approve the sale of substantially all of the Debtors' assets is scheduled to take place on [●], 2024, at [●]:[●] [A.M./P.M.] (prevailing Central Time) via videoconference and at the Court, Room [●], U.S. Courthouse, 1100 Commerce St., Dallas, TX 75242-1496 (the "***Sale Hearing***"), which may be adjourned or rescheduled by the Debtors or further order of the Court, as applicable.

PLEASE TAKE FURTHER NOTICE that, the Debtors hereby provide notice that they may assume and assign all or any Transferred Contracts listed on **Schedule 1** attached hereto (the "***Transferred Contracts Schedule***"), to a purchaser of the Debtors' Assets. The Debtors' records reflect that all postpetition amounts owing under the Transferred Contracts have been paid and that, other than the cure amounts listed on the Transferred Contracts Schedule (the "***Cure Costs***"), there are no other defaults under such Transferred Contracts.

PLEASE TAKE FURTHER NOTICE that, any objection (a "***Contract Objection***") to the proposed assumption and assignment of, and/or Cure Costs under, a potential Transferred Contract must be (i) in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is 21 days after the date the Debtors delivered the Contract Notice (the "***Contract Objection Deadline***"); (iv) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparties believe is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to such defaults; and (v) be served, so as to actually be received on or before the Contract Objection Deadline, on the following parties (the "***Objection Notice Parties***"):

a. proposed counsel to the Debtors: Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900, Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer;

b. counsel to the administrative agent under the Debtors' prepetition secured credit agreement: Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M. Giglio;

c. counsel to the Purchaser: King & Spalding LLP, 1185 Avenue of the Americas, 34th Floor, New York, NY 10036, Attn: Roger Schwartz and Miguel Cadavid;

d. the Office of the United States Trustee for the Northern District of Texas, Attn: Meredyth A. Kippes, 1100 Commerce Street, Room 976, Dallas, TX 75242;

e. counsel to any statutory committee appointed in these chapter 11 cases; and

f. any parties who have filed requests for notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that, if any objection to a proposed assumption and assignment of the Transferred Contracts or the proposed Cure Cost is timely filed, and the parties are unable to consensually resolve the dispute, such objection will be resolved at the Sale Hearing, or at such other time as they Court may order**.**

PLEASE TAKE FURTHER NOTICE that, if any Contract Objection is not satisfactorily resolved, the Purchaser may determine that such Transferred Contract should be rejected and not assigned, in which case the Purchaser will not be responsible for any Cure Costs or Adequate Assurance with respect to such contract.

PLEASE TAKE FURTHER NOTICE that, if you do not timely file and serve an objection as stated above, the Court may grant the relief requested in the Motion with no further notice or hearing and any party to a Transferred Contract that is so assumed will be deemed to have consented to the assumption and assignment of the Transferred Contract and the Cure Costs, if any, and will be forever barred from objecting to the assumption and assignment of such Transferred Contract and rights thereunder, including the Cure Costs, if any, and from asserting any other claims related to such Transferred Contract against the Debtors or the Purchaser.

PLEASE TAKE FURTHER NOTICE that, notwithstanding the foregoing, the inclusion of Transferred Contracts on **Schedule 1** hereto, does not: (a) obligate the Debtors to assume any Transferred Contract listed thereon or obligate the Purchaser to take assignment of such Transferred Contract; or (b) constitute any admission or agreement of the Debtors that such Transferred Contract is an executory contract or unexpired lease. Only those Transferred Contracts that are included on a schedule of assumed and assigned contracts attached to the Purchase Agreement (including amendments or modifications to such schedules in accordance with such agreement) will be assumed and assigned to the Purchaser.

Dated: May [•], 2024
Dallas, Texas

/s/ *DRAFT*

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

SCHEDULE 1

Transferred Contracts Schedule

CONTRACT PARTY	DEBTOR	DESCRIPTION	CURE ESTIMATE

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 17TH
	)	
JUSTICE CAVANAGH	)	DAY OF MAY, 2024

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") by KidKraft, Inc. ("**KidKraft**"), in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") in respect of the proceedings commenced in the United States Bankruptcy Court for the Northern District of Texas pursuant to chapter 11 of title 11 of the United States Code (the "**Foreign Proceeding**") by KidKraft, Solowave Design Holdings Limited, Solowave Design Inc., Solowave International Inc. and Solowave Design LP (collectively, the "**Chapter 11 Debtors**"), for an Order substantially in the form enclosed in the Application Record, was heard this day by judicial videoconference in Toronto, Ontario.

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

ON READING the Notice of Application, the affidavit of Geoff Walker affirmed May 10, 2024, the affidavit of Geoff Walker affirmed May 15, 2024, the preliminary report of KSV Restructuring Inc., in its capacity as proposed information officer (the "**Proposed Information Officer**") dated May 16, 2024, each filed, and upon being provided with copies of the documents required by section 46 of the CCAA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order (Foreign Main Proceeding), a Supplemental Order (Foreign Main Proceeding) is being sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Proposed Information Officer, and counsel appearing on the participant information form, no one else appearing although duly served as appears from the affidavit of service of Emilie Dillon sworn May 16, 2024.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

FOREIGN REPRESENTATIVE

2. **THIS COURT ORDERS** that the Foreign Representative is the "foreign representative" as defined in section 45 of the CCAA in respect of the Foreign Proceeding.

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING

3. **THIS COURT ORDERS** that the centre of its main interests for each of the Chapter 11 Debtors is the United States of America and that the Foreign Proceeding is hereby recognized as a "foreign main proceeding" as defined in section 45 of the CCAA.

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Toronto Superior Court of Justice / Cour supérieure de justice

STAY OF PROCEEDINGS

4. **THIS COURT ORDERS** that until otherwise ordered by this Court:

(a) all proceedings taken or that might be taken against any Chapter 11 Debtor under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, are stayed;

(b) further proceedings in any action, suit or proceeding against any Chapter 11 Debtor are restrained; and

(c) the commencement of any action, suit or proceeding against any Chapter 11 Debtor is prohibited.

NO SALE OF PROPERTY

5. **THIS COURT ORDERS** that, except with leave of this Court, each of the Chapter 11 Debtors is prohibited from selling or otherwise disposing of:

(a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and

(b) any of its other property in Canada.

GENERAL

6. **THIS COURT ORDERS** that any party may, from time to time, apply to this Court for such further or other relief as it may advise, including for directions in respect of this Order.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States of America or any other foreign jurisdiction, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative and their counsel and agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to any of the Chapter 11 Debtors and the Foreign Representative as may be necessary or desirable to give effect to this Order, or to assist any of the Chapter 11 Debtors and the Foreign Representative and their agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that the Interim Stay Order of this Court dated May 10, 2024 (the "**Interim Stay Order**") shall be of no further force and effect once this Order becomes

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

effective, and that this Order shall be effective as of 12:01 a.m. on the date of this Order without the need for entry or filing of this Order, provided that nothing herein shall invalidate any action taken in compliance with such Interim Stay Order prior to the effectiveness of this Order.

9. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Chapter 11 Debtors, the Foreign Representative, the Proposed Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought (including, without limitation, those identified on the service list maintained by the Proposed Information Officer), or upon such other notice, if any, as this Court may order.

Mr. Justice Cavanagh

Justice Cavanagh

IENT ACT, R.S.C. 1985, c. C-36, AS

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36 AS AMENDED

Ontario
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Fax: 416.862.6666

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 17TH
	)	
JUSTICE CAVANAGH	)	DAY OF MAY, 2024

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") by KidKraft, Inc. ("**KidKraft**"), in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") in respect of the proceedings commenced in the United States Bankruptcy Court for the Northern District of Texas (the "**U.S. Bankruptcy Court**") pursuant to chapter 11 of title 11 of the United States Code (the "**Foreign Proceeding**") by KidKraft and the Canadian Debtors (as hereinafter defined) (collectively, the "**Chapter 11 Debtors**"), for an Order substantially in the form enclosed in the Application Record, was heard this day by judicial videoconference in Toronto, Ontario.

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

ON READING the Notice of Application, the Affidavit of Geoff Walker affirmed May 10, 2024, the affidavit of Geoff Walker affirmed May 15, 2024, and the preliminary report of KSV Restructuring Inc. ("**KSV**"), in its capacity as proposed information officer dated May 16, 2024, each filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Foreign Representative, counsel for the proposed information officer, and counsel for the other parties appearing on the participant information form, no one appearing for any other party although duly served as appears from the affidavit of service of Emilie Dillon sworn May 16, 2024, and on reading the consent of KSV to act as the information officer, each filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS** that, although not a company to which the CCAA applies, Solowave Design LP, its Business (as hereinafter defined) and Property (as hereinafter defined) shall have the benefits of the protections and authorizations provided by this Order, other orders made in these proceedings, and the CCAA, and shall otherwise be subject to the provisions of this Order and other orders made in these proceedings.

INITIAL RECOGNITION ORDER

3. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) of this Court dated May 15, 2024 (the "**Initial Recognition Order**").

4. **THIS COURT ORDERS** that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Initial Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Initial Recognition Order, the provisions of the Initial Recognition Order shall govern.

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RECOGNITION OF FOREIGN ORDERS

5. **THIS COURT ORDERS** that the following orders (collectively, the "**Foreign Orders**") of the U.S. Bankruptcy Court made in the Foreign Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

(a) *Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief;*

(b) *Order Directing Joint Administration of the Debtors' Chapter 11 Cases;*

(c) *Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent;*

(d) *Interim Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief;*

(e) *Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief;*

(f) *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies From Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief;*

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(g) *Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief;*

(h) *Interim Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief;*

(i) *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief;*

(j) *Order (I) Authorizing the Debtors to (A) Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief; and*

*(k) Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens And Providing Superpriority Administrative Expense Status, (IV), Granting Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "**Interim DIP Order**");*

(copies of which are attached as Schedules "A" to "K" hereto, respectively);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as hereinafter defined) in Canada.

APPOINTMENT OF INFORMATION OFFICER

6. **THIS COURT ORDERS** that KSV is hereby appointed as an officer of this Court (in such capacity, the "**Information Officer**"), with the powers and duties set out herein and in any other Order made in these proceedings.

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NO PROCEEDINGS AGAINST THE CHAPTER 11 DEBTORS OR THE PROPERTY

7. **THIS COURT ORDERS** that until such date as this Court may order (the "**Stay Period**") no proceeding, application or enforcement process in any court or tribunal in Canada (each, a "**Proceeding**") shall be commenced or continued against or in respect of (a) KidKraft; or (b) any of Solowave Design Holdings Limited, Solowave Design Inc., Solowave International Inc. or Solowave Design LP (collectively, the "**Canadian Debtors**"), or any of KidKraft's or the Canadian Debtors' respective employees or representatives in Canada, or affecting their business (the "**Business**") or (x) the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate in Canada, including all proceeds thereof, of KidKraft, and (y) the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of the Canadian Debtors (collectively, (x) and (y), the "**Property**"), except with the written consent of the applicable Chapter 11 Debtors and the Information Officer, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Chapter 11 Debtors, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. **THIS COURT ORDERS** that, without limiting the stay of proceedings provided for in the Initial Recognition Order, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities or person (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Chapter 11 Debtors, or their employees or representatives in Canada, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Chapter 11 Debtor and the Information Officer, or with leave of this Court, provided that nothing in this Order shall (a) prevent the assertion of or the exercise of rights and remedies outside of Canada; (b) empower any Chapter 11 Debtor to carry on any business in Canada which such Chapter 11 Debtor is not lawfully entitled to carry on; or (c) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (d) prevent the filing of any registration to preserve or perfect a security interest, (e) prevent the registration of a claim for lien; or (f) prevent the DIP Agent (as defined in the

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Interim DIP Order) under the post-filing financing approved in the Foreign Proceeding pursuant to the Interim DIP Order (the "**DIP Facilities**") from making any filing or any registration contemplated by or consistent with the DIP Facilities or the Interim DIP Order.

NO INTERFERENCE WITH RIGHTS

9. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by any of the Chapter 11 Debtors and affecting the Business or Property, except with leave of this Court.

ADDITIONAL PROTECTIONS

10. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Chapter 11 Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation, all licensing arrangements, manufacturing arrangements, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, logistics services, utility, fuel, maintenance, customs broker services or other services provided in respect of the Property or Business of the applicable Chapter 11 Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the applicable Chapter 11 Debtors, and that the Chapter 11 Debtors shall be entitled to the continued use in Canada of their current premises, bank accounts, telephone numbers, facsimile numbers, internet addresses and domain names.

11. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Chapter 11 Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Chapter 11 Debtors whereby the directors or officers are alleged under any law of Canada to be liable in their capacity as directors or officers for the payment or performance of such obligations.

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12. **THIS COURT ORDERS** that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded to the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

OTHER PROVISIONS RELATING TO INFORMATION OFFICER

13. **THIS COURT ORDERS** that the Information Officer:

(a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

(b) shall report to this Court at such times and intervals that the Information Officer considers appropriate with respect to the status of these proceedings and the status of the Foreign Proceeding, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;

(c) in addition to the periodic reports referred to in paragraph 13(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 13(b) above;

(d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Chapter 11 Debtors, to the extent that is necessary to perform its duties arising under this Order; and

(e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

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14. **THIS COURT ORDERS** that the Foreign Representative and the Chapter 11 Debtors shall (a) advise the Information Officer of all material steps taken by the Foreign Representative or the Chapter 11 Debtors in these proceedings or in the Foreign Proceeding; (b) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations; and (c) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

15. **THIS COURT ORDERS** that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

16. **THIS COURT ORDERS** that the Information Officer (a) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time; and (b) may post on its website any other materials that the Information Officer deems appropriate.

17. **THIS COURT ORDERS** that the Information Officer may provide any creditor of a Chapter 11 Debtor with information provided by the Chapter 11 Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Chapter 11 Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtors may agree.

18. **THIS COURT ORDERS** that Osler, Hoskin & Harcourt LLP, as Canadian counsel to the Foreign Representative and the Chapter 11 Debtors ("**Canadian Counsel**"), the Information Officer and Gowling WLG (Canada) LLP, counsel to the Information Officer, shall be paid by the Foreign Representative or the Chapter 11 Debtors (or any of their respective affiliates as they may elect) their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates

and charges unless otherwise ordered by the Court on the passing of accounts. The Chapter 11 Debtors are hereby authorized and directed to pay the accounts of Canadian Counsel, the Information Officer and counsel for the Information Officer on a bi-weekly basis or on such terms as such parties may agree and the retainers previously paid to Canadian Counsel, the Information Officer and counsel to the Information Officer, respectively, are hereby approved, *nunc pro tunc*. The accounts of Canadian Counsel, the Information Officer, and counsel to the Information Officer shall not be subject to approval in the Foreign Proceeding.

19. **THIS COURT ORDERS** that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that Canadian Counsel, the Information Officer and counsel to the Information Officer shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of C$750,000 as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 25 and 27 hereof.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Chapter 11 Debtors shall indemnify its directors and officers against obligations and liabilities in Canada that they may incur as directors or officers of Chapter 11 Debtors after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the directors and officers of the Chapter 11 Debtors shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of C$100,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 25 and 27 hereof.

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23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Chapter 11 Debtors' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

DIP FINANCING

24. **THIS COURT ORDERS** that the DIP Agent, for and on behalf of itself and the DIP Lender (each as defined in the Interim DIP Order), shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the Property, which DIP Charge shall be consistent with the liens and charges created by or set forth in the Interim DIP Order, provided however that, with respect to the Property, the DIP Charge shall have the priority set out in paragraphs 25 and 27 hereof, and further provided that, the DIP Charge shall not be enforced except in accordance with the terms of the Interim DIP Order and with leave of this Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

25. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

(a) First – Administration Charge (to the maximum amount of C$750,000);

(b) Second – Directors' Charge (to the maximum amount of C$100,000); and

(c) Third – DIP Charge.

26. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

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27. **THIS COURT ORDERS** that the Charges (as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

28. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Chapter 11 Debtors shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Charges, unless the Chapter 11 Debtors also obtain the prior written consent of the beneficiaries of the Charges (collectively, the "**Chargees**").

29. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any Chapter 11 Debtor, and notwithstanding any provision to the contrary in any Agreement:

(i) the creation of the Charges shall not create or be deemed to constitute a breach by a Chapter 11 Debtor of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(iii) the payments made by the Chapter 11 Debtors to the Chargees pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/regional-practice-directions/%20eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure, R.R.O. 1990, Reg 194 (the "**Rules of Civil Procedure**"). Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL: https://www.ksvadvisory.com/experience/case/KidKraft.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Foreign Representative, the Chapter 11 Debtors, the Information Officer and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Chapter 11 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the applicable Chapter 11 Debtor and that any such service or distribution shall be deemed to be received (a) in the case of delivery by personal delivery, facsimile or electronic transmission, on the date of delivery or transmission; (b) in the case of delivery by prepaid ordinary mail, on the third business day after mailing; and (c) in the case of delivery by courier, on the next business day following the date of forwarding thereof.

32. **THIS COURT ORDERS** that the Foreign Representative, the Chapter 11 Debtors, the Information Officer and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Chapter 11 Debtors' creditors or other interested parties and their advisors. Any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and

notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

33. **THIS COURT ORDERS** that, notwithstanding section 53(b) of the CCAA, without delay after this Order is made, the Information Officer shall cause to be published, a notice substantially in the form attached to this Order as Schedule "L", once a week for two consecutive weeks, in *The Globe and Mail* (National Edition).

34. **THIS COURT ORDERS** that the Information Officer shall maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Information Officer shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Information Officer shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

35. **THIS COURT ORDERS** that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

36. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Chapter 11 Debtor, the Business or the Property.

37. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Foreign Representative, the Chapter 11 Debtors, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Chapter 11 Debtors and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Foreign

Representative, the Chapter 11 Debtors and the Information Officer and their respective agents in carrying out the terms of this Order.

38. **THIS COURT ORDERS** that each of the Foreign Representative, the Chapter 11 Debtors and the Information Officer shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

39. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Foreign Representative, the Chapter 11 Debtors, the Information Officer, the DIP Agent and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

40. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. on the date of this Order without the need for entry or filing of this Order.

Mr. Justice Cavanagh

Justice Cavanagh

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Schedule "A"

Foreign Representative Order

CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 14**

ORDER (I) AUTHORIZING KIDKRAFT, INC. TO ACT AS FOREIGN REPRESENTATIVE AND (II) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) authorizing KidKraft, Inc. to act as Foreign Representative on behalf of the Debtors' estates in the Canadian Proceeding in relation to the Debtors' Chapter 11 Cases and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. KidKraft is authorized, pursuant to section 1505 of the Bankruptcy Code, to act as the Foreign Representative on behalf of the Debtors' estates in any judicial or other proceedings in Canada. As Foreign Representative, KidKraft is hereby authorized and has the power to act in any way permitted by applicable foreign law, including, but not limited to (i) seeking recognition of these Chapter 11 Cases in the Canadian Proceedings, (ii) requesting that the Canadian Court lend assistance to this Court in protecting the property of the Debtors' estates, (iii) requesting that the Canadian Court recognize the Sale Transaction, including, without limitation, with respect to the Canadian Transferred Assets (as defined in the Purchase Agreement), (iv) seeking any other appropriate relief from the Canadian Court that the Debtors deem just and proper in the furtherance of the protection of the Debtors' estates, (v) consistent with any orders of the Canadian Court, retaining and compensating Canadian professionals for their reasonable costs and fees on behalf of the Foreign Representative, and paying the reasonable costs of the Canadian Court-appointed

information officer and its counsel, each without further order of this Court, and (vi) taking similar steps and seeking similar relief in any other foreign jurisdiction in which the Debtors determine it is necessary to commence an ancillary proceeding.

2. This Court requests the aid and assistance of the Canadian Court to recognize these Chapter 11 Cases as a "foreign main proceeding" and KidKraft as the Foreign Representative pursuant to the CCAA, and to recognize and give full force and effect in all provinces and territories of Canada to this Order.

3. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

4. The terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

5. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

I hereby certify that the foregoing is a true copy of the original thereof now in my office this the 14th day of May 2024 Clerk, U. S Bankruptcy Court Northern District of Texas
By Marcy Klaiyo Deputy

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "B"

Order Directing Joint Administration

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 13, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC.	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 75-2293303	§	
	§	
In re:	§	**Case No. 24-80046-mvl11**
	§	
KIDKRAFT EUROPE, LLC	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 26-4153174	§	
	§	
In re:	§	**Case No. 24-80047-mvl11**
	§	
KIDKRAFT INTERMEDIATE HOLDINGS, LLC	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 47-4398800	§	
	§	

In re:	§	**Case No. 24-80048-mvl11**
	§	
KIDKRAFT INTERNATIONAL HOLDINGS, INC.	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 26-4152933	§	
	§	
In re:	§	**Case No. 24-80049-mvl11**
	§	
KIDKRAFT PARTNERS, LLC	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 26-4153268	§	
	§	
In re:	§	**Case No. 24-80050-mvl11**
	§	
KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 80-0341841	§	
	§	
In re:	§	**Case No. 24-80051-mvl11**
	§	
SOLOWAVE DESIGN CORP.	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Tax I.D. No. 75-3269294	§	
	§	
In re:	§	**Case No. 24-80052-mvl11**
	§	
SOLOWAVE DESIGN HOLDINGS LIMITED	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Canadian Business No. 836770206	§	
	§	

In re:	§	**Case No. 24-80053-mvl11**
	§	
SOLOWAVE DESIGN INC.	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Canadian Business No. 854863073	§	
	§	
In re:	§	**Case No. 24-80054-mvl11**
	§	
SOLOWAVE DESIGN LP	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	
Canadian Business No. 834127201	§	
	§	
In re:	§	**Case No. 24-80055-mvl11**
	§	
SOLOWAVE INTERNATIONAL INC.	§	**(Chapter 11)**
	§	
Debtor.	§	
	§	**Re: Docket No. 2**
Canadian Business No. 884734302	§	
	§	

ORDER DIRECTING JOINT ADMINISTRATION OF THE DEBTORS' CHAPTER 11 CASES

Upon the motion (the "***Motion***")[1] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") consolidating the administration of all of the above-captioned chapter 11 cases for procedural purposes only, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to

[1] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The above-captioned chapter 11 cases shall be jointly administered for procedural purposes only as follows. Additionally, the following checked items are ordered:

a. ___X___ One disclosure statement and plan of reorganization may be filed for all of the cases by any plan proponent; however, substantive consolidation of the Debtors' estates is not being requested at this time.

b. ___X___ Parties may request joint hearings on matters pending in any of the jointly administered cases.

c. ___X___ The U.S. Trustee may conduct joint informal meetings with the Debtors, as required, and, unless otherwise directed by the Court, a joint first meeting of creditors.

d. ___X___ Unless otherwise required by the Court, each Debtor will file separate schedules of assets and liabilities and statements of financial affairs, operating reports, and, as applicable, lists of equity security holders.

e. ___X___ Proofs of claim filed by creditors of any Debtor shall reflect the caption and case number of the Debtor to which the claim relates and in which chapter 11 case such claim is to be filed.

f. ___X___ A separate claims register shall be maintained for each Debtor.

g. ___X___ Each Debtor shall separately file operating reports and separately pay its quarterly fee due to the U.S. Trustee.

2. The Court shall maintain one file and one docket for all of the jointly administered cases under the lead case of KidKraft, Inc. and administer these chapter 11 cases under a consolidated caption, as follows:

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[2]	§	**(Jointly Administered)**

3. The foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

4. A notation substantially similar to the following shall be entered on each of the Debtors' respective dockets (other than Debtor KidKraft, Inc.) to reflect the joint administration of these chapter 11 cases:

> An order has been entered in this case in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas directing the joint administration of the chapter 11 cases of KidKraft, Inc., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, KidKraft International IP Holdings, LLC, Solowave Design Corp., Solowave Design Holdings Limited, Solowave Design Inc., Solowave Design LP, and Solowave International Inc. The docket in Case No. 24-80045-mvl11 should be consulted for all matters affecting these cases. All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 24-80045-mvl11.

[2] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

5. The Debtors shall maintain, and the Clerk of the Court shall keep, one consolidated docket, one file, and one consolidated service list for these chapter 11 cases.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

7. Notice of the Motion satisfies the requirements of Bankruptcy Rule 6004(a).

8. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of these chapter 11 cases; *provided*, *however*, this Order shall be without prejudice to the rights of the Debtors to seek entry of an Order substantively consolidating their respective cases.

9. Nothing contained in the Motion or this Order shall be deemed or construed as granting any Debtor standing to be heard on any issue affecting another jointly administered Debtor beyond what is granted under applicable law.

10. Nothing contained in the Motion or this Order shall be deemed or construed as affecting the rights of parties in interest to object to, and be heard on, the appointment of any committee of creditors under section 1102 of the Bankruptcy Code, and all such rights are reserved.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

12. The Court retains exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and –

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "C"

Claims Agent Employment and Retention Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 4, 47**

ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF STRETTO, INC. AS CLAIMS, NOTICING, AND SOLICITATION AGENT

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

The Court has considered the Debtors' application (the "***Application***")[2] to employ Stretto, Inc. (the "***Agent***") as its claims, noticing, and solicitation agent in these cases. The Court finds that *ex parte* relief is appropriate. The Court orders:

1. The Debtors are authorized to employ Agent under the terms of the Engagement Letter attached to the Application as modified by this Order.

2. The Agent is authorized and directed to perform the services as described in the Application, the Engagement Letter, and this Order. If a conflict exists, this Order controls.

3. The Agent may not sell bankruptcy data obtained through its role as the Agent to third parties.

4. The Clerk shall provide Agent with Electronic Case Filing ("***ECF***") credentials that allow Agent to receive ECF notifications, file certificates and/or affidavits of service.

5. The Agent is a custodian of court records and is designated as the authorized repository for all proofs of claim filed in these cases. The Agent shall maintain the official Claims Register(s) in these cases. The Agent must make complete copies of all proofs of claims available to the public electronically without charge. Proofs of Claims and all attachments may be redacted only as ordered by the Court.

6. The Agent shall provide the Clerk with a certified duplicate of the official Claims Register upon request.

7. The Agent shall provide (i) an electronic interface for filing proofs of claim in these cases; and (ii) a post office box or street mailing address for the receipt of proofs of claim sent by United States Mail or overnight delivery.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Application.

8. The Agent is authorized to take such other actions as are necessary to comply with all duties and provide the Services set forth in the Application and the Engagement Letter.

9. The Agent shall provide detailed invoices setting forth the services provided and the rates charged on a monthly basis to the Debtors, their counsel, the Office of the United States Trustee, counsel for any official committee, and any party in interest who specifically requests service of the monthly invoices in writing.

10. The Agent shall not be required to file fee applications. Upon receipt of Agent's invoices, the Debtors are authorized to compensate and reimburse Agent for all undisputed amounts in the ordinary course in accordance with the terms of the Engagement Letter. All amounts due to the Agent will be treated as § 503(b) administrative expenses. The Agent may apply its advance in accordance with the Engagement Letter and the terms of this Order.

11. The Debtors shall indemnify the Agent under the terms of the Engagement Letter, as modified and limited by this Order. Notwithstanding the foregoing, the Agent may only be indemnified for claims, noticing and solicitation agent activities and is not indemnified for, and may not receive any contribution or reimbursement with respect to the following:

a. For matters or services arising before these chapter 11 cases are closed, any matter or service not approved by an order of this Court.

b. Unauthorized marketing activities or data or privacy breaches.

c. Any matter that is determined by a final order of a court of competent jurisdiction that arises from (i) the Agent's gross negligence, willful misconduct, fraud, bad faith, self-dealing, or breach of fiduciary duty (ii) a contractual dispute if the Court determines that indemnification, contribution, or reimbursement would not be permissible under applicable law; or (iii) any situation in which the Court determines that indemnification, contribution, or reimbursement would not be permissible pursuant to *In re Thermadyne Holdings Corp.*, 283 B.R. 749, 756 (B.A.P. 8th Cir. 2002) or applicable Fifth Circuit authority. No matter governed by this paragraph may be settled without this Court's approval.

d. This paragraph does not preclude Agent from seeking an order from this Court requiring the advancement of indemnity, contribution or reimbursement obligations in accordance with applicable law.

12. Notwithstanding paragraph 3(c) of the Engagement Letter, in the event of conversion of these chapter 11 cases to case(s) under chapter 7, nothing in this Order prevents a chapter 7 trustee from seeking an order terminating Stretto's services.

13. Section 6 of the Engagement Letter is modified as follows:

> "At the request of the Company or the Company Parties, Stretto shall be authorized to establish accounts with financial institutions in the name of and as agent for the Company to facilitate distributions pursuant to a chapter 11 plan or other transaction. Any such account(s) shall be established with a United States Trustee approved depository institution in compliance with section 345 of the Bankruptcy Code. To the extent that certain financial products are provided to the Company pursuant to Stretto's agreement with financial institutions, Stretto may receive compensation from such institutions for the services Stretto provides pursuant to such agreement."

14. Prior to any increases in Stretto's rates for any individual retained by Stretto and providing services in these cases, excluding annual "step increases" historically awarded by Stretto in the ordinary course to employees due to advancing seniority and promotion, Stretto shall file a supplemental affidavit with the Court and provide 10 business days' notice to the Debtors, the United States Trustee, and any official committee. The supplemental affidavit shall explain the basis for the requested rate increases in accordance with section 330(a)(3)(F) of the Bankruptcy Code and state whether the Debtors have consented to the rate increase. The United States Trustee retains all rights to object to any rate increase on all grounds, including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code, and all rates and rate increases are subject to review by the Court.

15. In the event of any inconsistency between the Engagement Letter, the Application, and this Order, this Order shall govern.

16. During the pendency of these cases the sole venue for resolving disputes under this engagement shall be the United States Bankruptcy Court for the Northern District of Texas. Notwithstanding section 16 of the Engagement Letter, any disputes and claims arising out of or relating to section 9 (Indemnification) of the Engagement Letter and the other indemnity provisions approved hereby shall be decided exclusively by and shall be subject to final approval of this Court, unless such amounts are *de minimis*.

17. The Agent shall not cease providing services during these chapter 11 cases for any reason, including nonpayment, without an order of the Court. In the event Agent is unable to provide the Services set out in this Order and/or the Engagement Letter, Agent will immediately notify the Clerk and the Debtors' attorney and cause all original proofs of claim and data turned over to such persons as directed by the Court.

18. After entry of an order terminating the Agent's services, upon the closing of these cases, or for any other reason, the Agent shall be responsible for archiving all proofs of claim with the Federal Archives Record Administration, if applicable, or as otherwise directed and shall be compensated by the Debtors for such archiving services.

19. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

20. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order. The scope of the Agent's services may be altered only on separate motion and further order of this Court.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "D"

Interim Customer Programs Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 10**

INTERIM ORDER
(I) AUTHORIZING THE DEBTORS TO
(A) MAINTAIN AND ADMINISTER THEIR CUSTOMER PROGRAMS; (B) RENEW, REPLACE, IMPLEMENT, OR MODIFY THEIR CUSTOMER PROGRAMS; AND (C) HONOR THEIR OBLIGATIONS RELATED TO THE CUSTOMER PROGRAMS, AND (II) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an interim order (the "***Interim Order***") (i) authorizing the

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Debtors to (a) maintain and administer their Customer Programs; (b) renew, replace, implement, or modify their Customer Programs; and (c) honor their obligations related to the Customer Programs, in the ordinary course of business consistent with past practice and in the Debtors' business judgment, all as more fully set forth in the Motion and in the First Day Declaration; and (ii) granting related relief, and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates, as contemplated by Bankruptcy Rule 6003; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The final hearing (the "***Final Hearing***") on the Motion shall be held on June 5, 2024, at 9:30 a.m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 5:00 p.m., prevailing Central Time, on May 31, 2024, and shall be served on: (i) the Debtors, 4630 Olin Road, Dallas, TX 75244, Attn: Geoff Walker; (ii) proposed attorneys to the Debtors, Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900,

Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer; (iii) counsel to the administrative agent under the Debtors' prepetition secured credit agreement, Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M. Giglio; (iv) counsel to the buyer under the Debtors' prepetition asset purchase agreement, King & Spalding LLP, 1185 Avenue of the Americas, 34th Floor, New York, NY 10036, Attn: Roger Schwartz and Miguel Cadavid; and (v) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce Street, Room 976, Dallas, TX 75242, Attn: Meredyth Kippes.

2. The Debtors are authorized pursuant to sections 105(a), 363(b), 1107(a), and 1108 of the Bankruptcy Code, to maintain and administer the Customer Programs in the ordinary course of business consistent with past practice.

3. The Debtors are authorized, in their discretion, to renew, replace, implement, or modify their Customer Programs, in whole or in part, in accordance with the Debtors' business judgment.

4. The Debtors are authorized to honor their obligations owing to their customers in connection with, relating to, or based upon their Customer Programs.

5. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Interim Order in accordance with the Motion.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors'

designation of any particular check or electronic payment request as approved by this Interim Order.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Customer Programs.

8. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

9. Notwithstanding anything in this Interim Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

10. Bankruptcy Rule 6003(b) has been satisfied.

11. The requirements of Bankruptcy Rule 6004(a) are waived.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

13. The terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Schedule "E"

Prepetition Insurance Coverage and Obligations Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 7**

ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE THEIR PREPETITION INSURANCE COVERAGE AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO; (B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE COVERAGE ON A POSTPETITION BASIS IN THE ORDINARY COURSE; AND (C) CONTINUE THEIR PREPETITION CUSTOMS BOND PROGRAM AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO;

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

(II) MODIFYING THE AUTOMATIC STAY SOLELY WITH RESPECT TO WORKERS' COMPENSATION CLAIMS; AND (III) GRANTING RELATED RELIEF

Upon the motion (the "***Motion***")[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) authorizing the Debtors to (a) continue their prepetition insurance coverage and satisfy prepetition obligations related thereto; (b) renew, amend, supplement, extend, or purchase insurance coverage on a postpetition basis in the ordinary course; and (c) continue their prepetition Customs Bond program and satisfy prepetition obligations related thereto; (ii) modifying the automatic stay solely with respect to workers' compensation claims; and (iii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

1. The Debtors are authorized to continue their Insurance Policies and Customs Bond Program and to pay or otherwise satisfy any Insurance Obligations, Workers' Compensation Obligations, or Customs Bond Obligations, whether such liabilities arose before or after the Petition Date, in the ordinary course of business.

2. The Debtors are authorized to renew, amend, supplement, extend, or purchase Insurance Policies and Customs Bonds, and to take all appropriate actions in connection therewith, in the ordinary course of business.

3. Pursuant to section 362(d) of the Bankruptcy Code (and after consultation with Gordon Brothers in all respects): (i) the Debtors' employees are authorized to proceed with their workers' compensation claims, if any, in the appropriate judicial or administrative forum under the Workers' Compensation Program, and the Debtors are authorized to pay all undisputed prepetition amounts relating thereto in the ordinary course of business; and (ii) the notice requirements pursuant to Bankruptcy Rule 4001(d) with respect to clause (i) are waived. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program, and any such claims must be pursued in accordance with the Workers' Compensation Program. Payment on account of any recoveries obtained in connection with a claim brought pursuant to this paragraph is limited to the terms and conditions of the Workers' Compensation Program, including with regard to any policy limits or caps.

4. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented

for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Insurance Premiums, Insurance Obligations, and Customs Bond Obligations.

7. The Debtors will promptly notify the U.S. Trustee, Katten Muchin Rosenman LLP, as counsel to the administrative agent under the Debtors' prepetition secured credit agreement, King & Spalding LLP, as counsel to the buyer under the Debtors' prepetition asset purchase agreement, and any statutory committee appointed in these cases if the Debtors materially renew, amend, supplement, extend, terminate, replace, increase, or decrease existing Insurance Policy and Customs Bond coverage or change Insurance Carriers or Customs Bond Issuers, enter into any new Premium Financing Agreements, obtain additional insurance coverage, or execute other agreements in connection therewith, including letters of credit or similar financial instruments. The Debtors will provide the U.S. Trustee with proof of insurance within 10 days of the renewal or replacement of any Insurance Policy or Customs Bond.

8. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the

Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

9. Unless specifically provided herein, and notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

10. Notwithstanding anything in this Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

11. The requirements of Bankruptcy Rule 6004(a) are waived.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

13. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the Customs Indemnity Agreement unless such amounts are *de minimis*.

14. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -
David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

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Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "F"

Future Utility Services Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl-11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 11**

ORDER (I) APPROVING THE DEBTORS' PROPOSED ADEQUATE ASSURANCE PAYMENTS FOR FUTURE UTILITY SERVICES; (II) PROHIBITING UTILITY COMPANIES FROM ALTERING, DISCONTINUING, OR REFUSING SERVICES; (III) APPROVING THE DEBTORS' PROPOSED PROCEDURES FOR RESOLVING ADDITIONAL ADEQUATE ASSURANCE REQUESTS; AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "***Motion***")[2] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) approving the Debtors' proposed adequate assurance payments for future Utility Services; (ii) prohibiting Utility

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

Companies from altering, discontinuing, or refusing services; (iii) approving the Debtors' proposed Adequate Assurance Procedures for resolving additional adequate assurance requests; and (iv) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation to the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The $20,000 to be deposited by the Debtors (the "***Adequate Assurance Deposit***") into a segregated account (the "***Adequate Assurance Account***") within 10 business days of the date hereafter or as soon thereafter as is reasonably practicable, together with the Debtors' ability to pay for future Utility Services in the ordinary course of business, subject to the Adequate Assurance Procedures, shall constitute adequate assurance of future payment as required by section 366 of the Bankruptcy Code.

2. The Debtors are authorized to cause the Adequate Assurance Deposit to be held in a segregated account during the pendency of these chapter 11 cases. The Adequate Assurance

Account has been established as a "Debtor in Possession" account at a depository approved by the United States Trustee.

3. The Utility Companies are prohibited from altering, discontinuing, or refusing services on account of any unpaid prepetition charges, the commencement of these chapter 11 cases, or any perceived inadequacy of the Proposed Adequate Assurance.

4. The following Adequate Assurance Procedures are approved:

a. The Debtors will serve a copy of the Motion and this Order to each Utility Company on the Utility Services List, attached to the Motion as **Exhibit B**, within 3 business days after entry of this Order by the Court granting the Motion.

b. Subject to paragraphs (c)-(e) herein, the Debtors will deposit the Adequate Assurance Deposit, in the aggregate amount of $20,000, in the Adequate Assurance Account within 10 business days after entry of this Order granting the Motion, or as soon thereafter as is reasonably practicable.

c. Each Utility Company shall be entitled to the funds in the Adequate Assurance Account in the amount set forth for such Utility Company in the column labeled "Proposed Adequate Assurance" on the Utility Services List, as may be amended or modified in accordance with this Order granting the Motion, and such funds shall constitute adequate assurance for each Utility Company.

d. If an amount relating to Utility Services provided postpetition by a Utility Company is unpaid, and remains unpaid beyond any applicable grace period, such Utility Company may request a disbursement from the Adequate Assurance Account by filing notice with the Court demanding payment and giving notice to: (i) the Debtors, 4630 Olin Road, Dallas, TX 75244, Attn: Geoff Walker; (ii) proposed attorneys to the Debtors, 2001 Ross Avenue, Suite 3900, Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer; (iii) counsel to the administrative agent under the Debtors' prepetition secured credit agreement, Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M. Giglio; (iv) counsel to the buyer under the Debtors' prepetition asset purchase agreement, King & Spalding LLP, 1185 Avenue of the Americas, 34th Floor, New York, NY 10036, Attn: Roger Schwartz and Miguel Cadavid; and (v) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce Street, Room 976, Dallas, TX 75242, Attn: Meredyth Kippes (collectively, the "***Notice Parties***"). The Debtors shall honor such valid request within five (5) business days after the date the request is received by the Debtors, subject to the ability of the Debtors and any such requesting Utility Company to resolve any dispute regarding such

request without further order of the Court. To the extent that a Utility Company receives a disbursement from the Adequate Assurance Account, the Debtors shall replenish the Adequate Assurance Account in the amount disbursed.

e. The portion of the Adequate Assurance Deposit attributable to each Utility Company shall be removed from the Adequate Assurance Account by the Debtors automatically on the earlier of: (i) reconciliation and payment by the Debtors of the Utility Company's final invoice in accordance with applicable nonbankruptcy law following the Debtors' termination of Utility Services from such Utility Company; and (ii) the effective date of any chapter 11 plan confirmed in these chapter 11 cases.

f. Any Utility Company desiring additional assurances of payment in the form of deposits, prepayments, or otherwise must file and serve a request for additional assurance (an "***Additional Assurance Request***") on the Notice Parties within 14 days after entry of this Order by the Court granting the Motion.

g. Any Additional Assurance Request must: (i) be filed with the Court; (ii) set forth the location(s) for which Utility Services are provided, the account number(s) for such location(s), and the outstanding balance for each such account; (iii) summarize the Debtors' payment history relevant to the affected account(s), including any security deposits or surety bonds; and (iv) explain why the Utility Company believes the Proposed Adequate Assurance is not sufficient adequate assurance of future payment under section 366 of the Bankruptcy Code or the basis for seeking the Additional Assurance Request, each as applicable.

h. Any Utility Company that does not timely file with the Court and serve an Additional Assurance Request will be (i) deemed to have received "satisfactory" adequate assurance of payment in compliance with section 366 of the Bankruptcy Code and (ii) forbidden from altering, discontinuing, or refusing Utility Services to, or discriminating against, the Debtors on account of any unpaid prepetition charges or requiring additional assurance of payment (other than the Proposed Adequate Assurance).

i. The Debtors may, without further order from the Court, resolve any Additional Assurance Request by mutual agreement with a Utility Company, and the Debtors may, in connection with any such agreement, provide a Utility Company with additional adequate assurance of payment, including, but not limited to, cash deposits, prepayments, or other forms of security if the Debtors submit that such adequate assurance is reasonable.

j. Notwithstanding anything in these procedures to the contrary, the Court shall conduct a hearing within 30 days following the Petition Date to resolve any outstanding Adequate Assurance Requests in the event any are timely filed by the Utility Companies (the "***Determination Hearing***").

5. The Utility Companies are prohibited from requiring additional adequate assurance of payment other than pursuant to the Adequate Assurance Procedures.

6. All Utility Companies that do not file an objection or serve an Additional Assurance Request shall be: (a) deemed to have received adequate assurance of payment "satisfactory" to such Utility Company in compliance with section 366 of the Bankruptcy Code, and (b) forbidden from (i) altering, discontinuing, or refusing services to, or discriminating against, the Debtors on account of any unpaid prepetition charges, the commencement of these chapter 11 cases, or any perceived inadequacy of the Proposed Adequate Assurance, and (ii) requiring additional assurance of payment other than the Proposed Adequate Assurance.

7. To the extent there is an Additional Assurance Request that has not been resolved between the Debtors and such Utility Company, the Court shall conduct the Determination Hearing on June 5, 2024 at 9:30 a.m. Central Time to resolve any disputes between the Debtors and such Utility Company regarding the Adequate Assurance Procedures and/or the proposed Adequate Assurance Deposit.

8. For Utility Companies that are identified by the Debtors subsequent to the entry of this Order, the Debtors will add such Utility Company to the Utility Services List and cause a copy of this Order, including the Adequate Assurance Procedures, to be served, within 3 business days, on such subsequently identified Utility Company and with sufficient time for such Utility to object in advance of the Determination Hearing. In addition, the Debtors will provide an Adequate Assurance Deposit in an amount equal to the lesser of (a)(i) approximately half of the Average Monthly Utility Company Cost for such Utility Company, minus (ii) any deposit held by such Utility Company, plus (iii) the estimated amount owed to such Utility Company for prepetition

services which have accrued but not come due; and (b) approximately half of the Average Monthly Utility Company Cost for such Utility Company.

9. The relief granted herein is for all Utility Companies providing Utility Services to the Debtors and is not limited to those parties or entities listed on the Utility Services List; *provided*, *however*, the Debtors must add any Utility Company impacted by this Order to the Utility Service List and (a) serve any subsequently identified Utility Company with a copy of the Motion and Order within 3 business days of such provider being added to the list and with sufficient time for such Utility to object in advance of the Determination Hearing, (b) allocate additional amounts to the Adequate Assurance Deposit in accordance with the Motion, and (c) provide notice to the subsequently identified Utility Company of its proposed Adequate Assurance. Any subsequently identified Utility Company shall (x) be bound to the Adequate Assurance Procedures and (y) have until the earlier of 21 days from the date of service of the Motion and the Order or the business day before the Determination Hearing to make an Additional Assurance Request in accordance with the Adequate Assurance Procedures.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

11. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Utility Services.

12. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any

claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

13. Nothing in the Motion or this Order shall be deemed to vacate or modify any other restrictions on the termination of service by a Utility Company as provided by sections 362 and 365 of the Bankruptcy Code or other applicable law.

14. Notwithstanding anything in this Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

15. The requirements of Bankruptcy Rule 6004(a) are waived.

16. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

17. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # END OF ORDER # # #

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "G"

Taxes and Fees Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 5**

ORDER (I) AUTHORIZING THE DEBTORS TO PAY CERTAIN TAXES AND FEES AND (II) GRANTING RELATED RELIEF

Upon the motion (the "***Motion***")[2] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) authorizing the

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Debtors to remit and pay (or use tax credits to offset) certain accrued and outstanding prepetition Taxes and Fees that will become payable during the pendency of these chapter 11 cases in the ordinary course of business and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation to the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.

2. The Debtors are authorized to pay and remit prepetition Taxes and Fees to the Authorities pursuant to this Order in accordance with the Motion.

3. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

4. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented

for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

5. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any taxes or fees.

6. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

7. Notwithstanding anything in this Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

8. The requirements of Bankruptcy Rule 6004(a) are waived.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

10. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "H"

Interim Authorization to Pay Critical Vendors and Claimants Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl-11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket No. 9**

INTERIM ORDER
(I) AUTHORIZING THE DEBTORS TO PAY
(A) CRITICAL VENDORS, (B) LIEN CLAIMANTS, AND
(C) 503(B)(9) CLAIMANTS; (II) CONFIRMING ADMINISTRATIVE EXPENSE
PRIORITY OF OUTSTANDING ORDERS; AND (III) GRANTING RELATED RELIEF

Upon the Motion filed by the above referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an interim order (the "***Interim Order***") (i) authorizing the Debtors to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to the Vendors that are necessary to avoid immediate and irreparable

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

harm; (ii) confirming the administrative expense priority status and treatment of the Debtors' Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates, as contemplated by Bankruptcy Rule 6003; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The final hearing (the "***Final Hearing***") on the Motion shall be held on June 5, 2024, at 9:30 a.m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 5:00 p.m., prevailing Central Time, on May 31, 2024, and shall be served on: (i) the Debtors, 4630 Olin Road, Dallas, TX 75244, Attn: Geoff Walker; (ii) proposed attorneys to the Debtors, Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900, Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer; (iii) counsel to the administrative

agent under the Debtors' prepetition secured credit agreement, Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M. Giglio; (iv) 1185 Avenue of the Americas, 34th Floor, New York, NY 10036, Attn: Roger Schwartz and Miguel Cadavid; and (v) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce Street, Room 976, Dallas, TX 75242, Attn: Meredyth Kippes.

2. The Debtors are authorized, subject to this Interim Order, to pay the prepetition Vendor Claims described in the Motion, in the ordinary course of business, as the Debtors determine to be necessary or appropriate in order to avoid immediate and irreparable harm, in an aggregate amount not to exceed $525,000 on an interim basis as set forth in the categories and amounts set forth in the Motion. In the event the Debtors expect to exceed the aggregate amounts in any category as detailed in the Motion during the interim period, the Debtors shall file a notice with the Court describing the category and overage amount prior to payment; *provided* that if the Debtors expect to exceed the aggregate amount of all Vendor Claims under this Interim Order, the Debtors shall file a separate motion seeking authority to exceed such aggregate amount.

3. As a condition to receiving any payment under this Interim Order, a Vendor must maintain or apply, as applicable, Customary Trade Terms[2] during the pendency of these chapter 11 cases. Further, if a Vendor, after receiving a payment under this Interim Order, ceases to provide goods or services on Customary Trade Terms, the Debtors may assert and request that the Court order: (i) that the payment of such Vendor Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover from such Vendor in cash,

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[2] As used herein, "***Customary Trade Terms***" means, with respect to a Vendor, (i) the normal and customary trade terms, practices, and programs that were most favorable to the Debtors and in effect between such Vendor and the Debtors in the twelve-month period prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Vendor that, in the reasonable business judgment of the Debtors, are more favorable to the Debtors than the terms in the preceding clause (i).

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(ii) that the Vendor immediately return such payment(s) in respect of its Vendor Claim to the extent that the aggregate amount of such payment(s) exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) upon recovery of such payment(s) by the Debtors, such Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the applicable Vendor to their original positions, as if the payment of the Vendor Claim had not been made.

4. The form of Vendor Agreement, substantially in the form attached to the Motion as **Exhibit C**, is approved in its entirety. The Debtors are authorized to enter into Vendor Agreements with Vendors, in their discretion. To the extent that the Debtors do not enter into a Vendor Agreement with a Vendor, such Vendor's acceptance of payment on account of its Vendor Claim shall be deemed as the Vendor's agreement to continue providing goods or services on Customary Trade Terms.

5. The Debtors are authorized to negotiate, modify, or amend the form of the Vendor Agreement (provided that any such modification or amendment must require the Vendor to provide the trade terms set forth above) and to settle all or some of the Vendor Claims for less than the face amount of such claims without further notice or hearing, each in the Debtors' reasonable business judgment.

6. The Debtors are authorized to require, as a further condition of receiving payment on a Vendor Claim, that a Vendor agree to take whatever action is necessary to remove any existing liens on the Debtors' property at such Vendor's sole cost and expense and waive any right to assert a trade lien on account of a paid Vendor Claim.

7. Any party that accepts payments from the Debtors on account of a Vendor Claim shall be deemed to have agreed to the terms and provisions of this Interim Order. Notwithstanding

anything to the contrary herein, prior to making any payment pursuant to this Interim Order, the Debtors shall provide such Vendor with a copy of this Interim Order (unless previously provided to such Vendor).

8. If any party accepts payment on behalf of a Vendor Claim under this Interim Order, and such claim is determined by the Court after notice and hearing (i) in the case of a Lien Claim, not to give rise to a Lien or Interest or (ii) in the case of a 503(b)(9) Claim, not to give rise to a claim entitled to priority under section 503(b)(9) of the Bankruptcy Code, the Debtors are authorized to avoid such payment as a postpetition transfer under section 549 of the Bankruptcy Code, and the party who had accepted such payment shall be required to immediately repay to the Debtors any payment made to such party on account of its asserted claim to the extent the aggregate amount of such payments exceeds the postpetition obligations then outstanding, without the right of setoff, claims, or otherwise. Upon recovery of such payments by the Debtors, the obligations shall be reinstated as a prepetition claim in the amount so recovered.

9. All undisputed obligations arising from the Outstanding Orders shall receive administrative expense priority, and the Debtors are authorized to pay all undisputed obligations arising from the Outstanding Orders in their discretion and in the ordinary course of business consistent with the parties' prepetition customary practices.

10. Nothing herein shall impair or prejudice the Debtors' or any other party in interest's ability to contest the extent, perfection, priority, validity, or amount of any Vendor Claim.

11. Nothing herein shall prejudice the Debtors' ability to seek a further order from this Court authorizing the Debtors to exceed the aggregate amounts of Vendor Claims as set forth in the Motion and herein or any party in interest's right to contest such relief.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Interim Order in accordance with the Motion.

13. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

14. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Vendor Claims.

15. The Debtors shall deliver to the Office of the United States Trustee for the Northern District of Texas a list of the Critical Vendors to be paid pursuant to this Interim Order.

16. For the avoidance of doubt, this Interim Order does not authorize payments to insiders (as such term is defined in section 101(31) of the Bankruptcy Code) of the Debtors.

17. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights

under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

18. Notwithstanding anything in this Interim Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

19. Bankruptcy Rule 6003(b) has been satisfied.

20. The requirements of Bankruptcy Rule 6004(a) are waived.

21. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon entry of this Interim Order.

22. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

 # # # End of Order # # #

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

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Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "I"

Interim Cash Management Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket No. 20**

INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT SYSTEM AND MAINTAIN EXISTING BANK ACCOUNTS, (B) CONTINUE USING EXISTING CHECKS AND BUSINESS FORMS, (C) MAINTAIN THEIR CORPORATE CARD PROGRAM, AND (D) CONTINUE INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an interim order (the "***Interim Order***") (i) authorizing the Debtors to: (a) continue to operate their Cash Management System and maintain existing Bank Accounts; (b) continue using their existing Checks and Business Forms; (c) maintain their Corporate Card Program; and (d) continue to engage in Intercompany Transactions and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates, as contemplated by Bankruptcy Rule 6003; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The final hearing (the "***Final Hearing***") on the Motion shall be held on June 5, 2024, at 9:30 a.m., prevailing Central Time. Any objections or responses to entry of a final order

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

on the Motion shall be filed on or before 5:00 p.m., prevailing Central Time, on May 31, 2024, and shall be served on: (i) the Debtors, 4630 Olin Road, Dallas, TX 75244, Attn: Geoff Walker; (ii) proposed attorneys to the Debtors, Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900, Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer; (iii) counsel to the administrative agent under the Debtors' prepetition secured credit agreement, Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M. Giglio; (iv) counsel to the buyer under the Debtors' prepetition asset purchase agreement, King & Spalding LLP, 1185 Avenue of the Americas, 34th Floor, New York, NY 10036, Attn: Roger Schwartz and Miguel Cadavid; and (v) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce Street, Room 976, Dallas, TX 75242, Attn: Meredyth A. Kippes.

2. The Debtors are authorized, on an interim basis, in the ordinary course of business and consistent with prepetition practices to (i) maintain and continue to operate the Cash Management System in accordance with the Motion, (ii) maintain and continue to use any or all of their existing Bank Accounts, including, but not limited to the Bank Accounts identified on **Exhibit C** to the Motion; and (iii) deposit funds in and withdraw funds from any of the Bank Accounts by all usual means, including, but not limited to, checks, wire transfers, ACH transfers and debits, electronic fund transfers, and other debits; *provided*, that the Debtors will make a reasonable effort to request that JPMorgan designate all of the Bank Accounts maintained at JPMorgan as debtor-in-possession accounts; *provided*, *further*, that the Debtors shall provide notice to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender of any material changes to their Cash Management System (including, but not limited to, any prospective closing of Bank Accounts) within 14 days.

3. The Debtors shall have until June 24, 2024, to either bring the Bank Account at CMB into compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court, subject to further extension. The Debtors will attach the applicable CMB account statements to their monthly operating reports, with account numbers redacted.

4. The Debtors shall have until June 24, 2024 to either convert or redesignate the Bank Accounts maintained at JPMorgan to debtor in possession accounts in compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines, or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court, subject to further extension.

5. The requirements of the U.S. Trustee Guidelines are hereby waived with respect to the Debtors' existing Bank Accounts at HSBC, and the Debtors are authorized to maintain and continue to use such Bank Accounts in the ordinary course of business; *provided*, *however*, that the Debtors shall use reasonable efforts to ensure that amounts in the Bank Accounts at HSBC do not exceed $250,000. The Debtors will attach the applicable HSBC account statements to their monthly operating reports, with account numbers redacted.

6. The Banks are each authorized and directed to maintain, service, and administer the Bank Accounts without interruption on an interim basis and in the ordinary course of business.

7. The Debtors are authorized to pay any undisputed, outstanding Bank Fees owed to the Banks as of the Petition Date and to continue to pay the Bank Fees on an interim basis in the ordinary course of business.

8. The Debtors are authorized to continue the Corporate Card Program and to pay any prepetition or postpetition amounts related thereto.

9. The Debtors are authorized to use, in their present form, the Checks and Business Forms, without reference to their status as debtors-in-possession or the case number assigned to these chapter 11 cases; *provided* that once the Debtors' existing Checks and Business Forms have been exhausted, the Debtors shall include, or direct others to include, the designation "Debtor in Possession" and the corresponding bankruptcy case number on all Checks and Business Forms as soon as it is reasonably practicable to do so.

10. The Debtors are authorized to enter into and engage in postpetition Intercompany Transactions on an interim basis in the ordinary course of business. Pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all Intercompany Claims as a result of any ordinary course postpetition Intercompany Transactions are hereby accorded administrative expense priority status; *provided*, that such administrative expense status claim shall be junior to any superpriority administrative expense status claim granted as part of the adequate protection given pursuant to the DIP Orders (as defined below). In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash in the ordinary course of business consistent with their practices prior to the Petition Date such that Intercompany Transactions can be readily ascertained and traceable; *provided*, *however*, that such records shall be made available upon request by the Consenting Creditor Representatives, the U.S. Trustee, or any statutory committee appointed in these Chapter 11 cases. To the extent that the transfers within the Cash Management System are disbursements, they will be noted and reflected on the monthly operating reports.

11. The Debtors will comply with the monthly operating report requirements (i) for reporting intercompany transactions and (ii) to report cash activity on an unconsolidated basis, in each case in accordance with the instructions for U.S. Trustee Form 11-MOR.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Interim Order in accordance with the Motion.

13. The Banks are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

14. Any bank, including the Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, payment order, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors such a prepetition check, draft, wire, payment order, or other transfer drawn on any Bank Account (i) at the direction of the Debtors or (ii) in a good-faith belief that this Court has authorized such prepetition check, draft, wire, payment, or other transfer to be honored shall be deemed to be, nor shall be, liable to the Debtors or their estates or any other party on account thereof or otherwise be deemed to be in violation of this Interim Order.

15. The Debtors are authorized to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these chapter 11 cases with respect to prepetition amounts that are authorized to be paid pursuant to this Interim Order.

16. The Debtors are authorized to open new bank accounts; *provided*, *however*, that all accounts opened by the Debtors on or after the Petition Date shall be at depositories that are (i) insured by the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee Guidelines, and (iii) with a bank that agrees to be bound by the terms of this Interim Order; *provided further*,

however, that such opening shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender within 14 days.

17. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' or any party in interest's rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

18. Notwithstanding anything in this Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

19. Bankruptcy Rule 6003(b) has been satisfied.

20. The requirements of Bankruptcy Rule 6004(a) are waived.

21. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon entry of this Interim Order.

22. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

 # # # End of Order # # #

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Schedule "J"

Employee Wages Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 18**

ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS, AND (II) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) authorizing the Debtors to

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

(a) pay prepetition wages, salaries, other compensation, and reimbursable expenses and (b) continue employee benefits programs, and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Debtors are authorized to pay and honor prepetition amounts related to the Compensation and Benefits Programs in an aggregate amount not to exceed $206,300 and to continue paying postpetition amounts related to the Compensation and Benefits Programs (including, for the avoidance of doubt, funding of Wages to the Chinese Employees and the Dutch Employees as necessary), in the ordinary course of business; *provided*, that the Debtors shall not honor any prepetition Employee Compensation and Benefits Obligations that exceed the priority amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code and shall not pay any prepetition amounts on account of Expense Reimbursements that exceed the priority amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

2. The Debtors are authorized to pay the Unpaid Employee Severance Obligations for the former Employees who had signed a separation agreement as of the Petition Date, and the Debtors may seek to pay the Unpaid Employee Severance Obligations to former Employees who sign a separation agreement after the Petition Date either by separate motion or pursuant to the Plan.

3. The Debtors are authorized to continue and/or modify, change, and discontinue the Compensation and Benefits Programs in the ordinary course of business in accordance with this Order during these chapter 11 cases and consistent with historical practices and without the need for further Court approval.

4. Nothing herein shall be deemed to authorize the payment of any amounts in violation of section 503(c) of the Bankruptcy Code.

5. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts authorized to be paid pursuant to this Order.

8. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

9. Notwithstanding anything in this Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

10. The requirements of Bankruptcy Rule 6004(a) are waived.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

12. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

Electronically issued / Délivré par voie électronique : 17-May-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "K"

Interim DIP Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed May 14, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 22, 23**

INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364, AND 507 AND FED. R. BANKR. P. 2002, 4001 AND 9014 (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO OBTAIN POSTPETITION SENIOR SECURED SUPERPRIORITY FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES, (V) MODIFYING THE AUTOMATIC STAY, (VI) SCHEDULING A FINAL HEARING, AND (VII) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), and 364(d) of title 11 of the United States Code (the "***Bankruptcy Code***"), and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "***Bankruptcy Rules***"), and the General Order Regarding Procedures for Complex Cases (the "***Complex Case Procedures***") made applicable by Rules 4001-1 and 9013-1 of the Local Bankruptcy Rules (the "***N.D. Tex. L.B.R.***") for the United States Bankruptcy Court for the Northern District of Texas (the "***Court***") *inter alia* seeking, among other things:

(1) authorization for KidKraft, Inc. ("***KidKraft***" or "***Borrower***") to obtain, and for KidKraft Intermediate Holdings, LLC ("***HoldCo***", and together with the other Guarantors listed in Schedule 1 of the DIP Term Sheet, the "***Guarantors***") to guarantee, unconditionally, on a joint and several basis, a senior secured super-priority multi-draw debtor-in-possession term loan credit facility (the "***DIP Facility***") on the terms and conditions set forth in the Priming Superpriority Debtor-In-Possession Financing Term Sheet, dated as of April 25, 2024, attached hereto as **Exhibit A** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein and including the references to the Prepetition Credit Agreement (as defined below) specified therein, the "***DIP Term Sheet***"),[2] by and among the Borrower, the Guarantors, GB Funding, LLC, as DIP Agent ("***DIP Agent***"), and 1903 Partners, LLC, as DIP Lender ("***DIP Lender***," and, together with the DIP Agent, the "***DIP Secured Parties***"), and the other DIP Documents (as defined below) consisting of: (i) $4.0 million of new money loans (the "***Interim DIP Commitment***") to be provided following entry of the Interim Order

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion or the DIP Term Sheet, as applicable.

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Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00720035-00CL

by DIP Lender, (ii) $6.5 million of new money loans ("***Final DIP Commitment***") to be provided following entry of the Final Order by DIP Lender; (iii) $23.3 million of Prepetition Obligations, which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis upon entry of the Final Order (the "***Roll-Up Amount***", and together with the Interim DIP Commitment and Final DIP Commitment, the "***DIP Commitment***"), and in accordance with this order (the "***Interim Order***"), secured by perfected senior priority security interests in and liens on the DIP Collateral (as defined below) pursuant to §§ 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code (subject to the Carve-Out and the Permitted Liens (each as defined below));

(2) authorization for Borrower and Guarantors to remit all collections, asset proceeds and payments to the DIP Secured Parties for application, or deemed application, first to the repayment of all DIP Obligations (as defined below) in accordance with the DIP Term Sheet and the other DIP Documents until such obligations are fully repaid, and then to the Prepetition Secured Parties for application until all Prepetition Obligations (as defined below) are fully repaid;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to DIP Agent, for the benefit of itself and DIP Lender, in respect of all DIP Obligations (subject to the Carve-Out);

(4) as set forth below, subject to Section 4.1 of this Interim Order, approval of certain stipulations by the Debtors as set forth in this Interim Order in connection with the Prepetition Credit Agreement;

(5) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under the DIP Documents as such become due, including, without limitation, continuing commitment fees, closing fees, audit fees, appraisal fees, liquidator fees,

structuring fees, administrative agent's fees, the reasonable and documented fees and disbursements of DIP Agent's and DIP Lender's respective attorneys, advisors, accountants and other consultants, all to the extent provided in, and in accordance with, the applicable DIP Documents;

(6) as set forth below, authorization to use Cash Collateral and all other Prepetition Collateral and to provide adequate protection to Prepetition Agent and Prepetition Lender (each in their respective capacities under the Prepetition Loan Documents (as defined below)), to the extent set forth herein;

(7) effective only upon entry of a Final Order (as defined below), the waiver of the Debtors' right to assert claims to surcharge against the DIP Collateral pursuant to § 506(c) of the Bankruptcy Code;

(8) the modification of the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order to the extent hereinafter set forth;

(9) the setting of a final hearing on the Motion ("***Final Hearing***") to consider entry of a final order (the "***Final Order***") authorizing, among other things, the borrowing under the DIP Documents on a final basis, as set forth in the Motion and the DIP Term Sheet filed with the Court, including the granting to DIP Agent and DIP Lender the senior security interests and liens described above and super-priority administrative expense claims (subject to the Carve-Out); and

(10) related relief.

The initial hearing on the Motion having been held by the Court on May 13, 2024 (the "***Interim Hearing***"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and*

First Day Pleadings, the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process*, the *Declaration of Carl Moore, Manager of SierraConstellation Partners, LLC in Support of the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing*, and the filings and pleadings in the above-captioned chapter 11 cases (the "***Chapter 11 Cases***"), the Court having found that the relief requested in the Motion is in the best interests of Debtors, their estates, their creditors and other parties in interest, and represents a sound exercise of the Debtors' business judgment and is essential for the continued operation of the Debtors' businesses; it appearing to the Court that granting the interim relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing; notice of the Motion, the relief requested therein, and the Interim Hearing (the "***Notice***") was sufficient under the circumstances; the Notice having been served by the Debtors in accordance with Bankruptcy Rules 4001 and 9014 and the Local Rules on (i) the administrative agent under the Prepetition Credit Agreement (the "***Prepetition Agent***"), (ii) Katten Muchin Rosenman LLP, as counsel to the Prepetition Agent, (iii) the Office of the U.S. Trustee for the Northern District of Texas (the "***U.S. Trustee***"), (iv) King & Spalding LLP, as counsel to the buyer under the Debtors' prepetition asset purchase agreement (the "***APA***"), (v) the holders of the thirty (30) largest unsecured claims, on a consolidated basis, against the Estates (the "***30 Largest Unsecured Creditors***"), (vi) the Internal Revenue Service and applicable state taxing authorities; (vii) any party that has asserted or may assert a lien in the Debtors' assets, (viii) the office of attorneys general for the states in which the Debtors operate; (ix) the United States Attorney's Office for the Northern District of Texas, (x) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002, (xi) the United

States Securities and Exchange Commission, (xii) all other applicable government agencies to the extent required by the Bankruptcy Rules or the N.D. Tex. L.B.R, and (xiii) the DIP Lender (collectively, the "***Notice Parties***"); and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[3]:

A. Petition. On May 10, 2024 (the "***Petition Date***"), each Debtor filed a voluntary petition (each, a "***Petition***") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

B. Disposition. The Motion is hereby granted in accordance with the terms of this Interim Order. Any objections to the Motion with respect to the entry of the Interim Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. Committee Formation. As of the date hereof, the U.S. Trustee has not yet appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code (a "***Committee***").

E. Basis for Relief. The statutory and legal predicates for the relief sought herein include sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

F. Notice. Proper, timely, adequate, and sufficient notice of the Motion has been provided under the circumstances in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Interim Hearing or the entry of this Interim Order shall be required.

G. Debtors' Acknowledgments, Stipulations, and Agreements. After consultation with their attorneys and financial advisors, and without prejudice to the rights of any Committee appointed in these Chapter 11 Cases or other parties-in-interest as and, subject to Section 4.1 of this Interim Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that:

(a) Prepetition Stipulations

(i) Prepetition Loan Documents. Prior to the commencement of the Chapter 11 Cases, Prepetition Agent and Prepetition Lender made loans, advances and provided other financial accommodations to Borrower and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the "***Dutch Borrower***"), jointly and severally with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement), Guarantors and certain of their non-Debtor affiliates (the Dutch Borrower, together with the other non-Debtor affiliates

party to the Prepetition Credit Agreement, "***Non-Debtor Loan Parties***"), pursuant to the terms and conditions set forth in (1) that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020 (as amended, supplemented, or otherwise modified prior to the Petition Date, the "***Prepetition Credit Agreement***"); (2) that certain Amended and Restated First Lien Security Agreement as of dated April 3, 2020 by and among Borrower, the Guarantors, and the Non-Debtor Loan Parties (the Non-Debtor Loan Parties, together with the Borrower and the Guarantors, the "***Grantors***") and Prepetition Agent, as Secured Party (as amended, supplemented, or otherwise modified prior to the Petition Date, including the *Security Agreement Supplement*, dated January 30, 2024, the "***Prepetition Security Agreement***"); and (3) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of Prepetition Agent or Prepetition Lender in connection with the Prepetition Credit Agreement or the Prepetition Security Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Prepetition Credit Agreement and the Prepetition Security Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "***Prepetition Loan Documents***").

(ii) Prepetition Obligations. As of the Petition Date, the Borrower, Guarantors and Non-Debtor Loan Parties were indebted, jointly and severally, to Prepetition Agent and Prepetition Lender under the Prepetition Loan Documents in respect of outstanding Loans (as defined in the Prepetition Credit Agreement) in an aggregate principal amount of not less than $144.9 million, plus all other Obligations (as defined in the Prepetition Credit Agreement), plus

interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto (collectively, the "***Prepetition Obligations***"). The Prepetition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Borrower, Guarantors, and the Non-Debtor Loan Parties and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and the Debtors do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, cause of action, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Interim Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Prepetition Obligations or liens and security interest securing the same described in clause (F)(a)(iii) below, including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (equitable or otherwise) pursuant to the Bankruptcy Code or applicable non- bankruptcy law. The Debtors and their estates (a) have no claims, objections, challenges, causes of action, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code or applicable state law equivalents or actions for recovery or disgorgement, against Prepetition Agent or Prepetition Lender or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Prepetition Loan Documents or Prepetition Obligations; and (b) have waived, discharged, and released any right to challenge any of the Prepetition Obligations, including the priority of the Prepetition Obligations, and the validity, extent, and priority of the liens securing the Prepetition Obligations.

(iii) Prepetition Collateral. As of the Petition Date, the Prepetition Obligations were fully secured pursuant to the Prepetition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) (the "***Prepetition Liens***") granted by Borrower, Guarantors, and the Non-Debtor Loan Parties for fair consideration and reasonably equivalent value to DIP Agent, for the benefit of itself and DIP Lender under the Prepetition Loan Documents, in and upon all of the of the Debtors' and Non-Debtor Loan Parties' assets and property other than Excluded Assets, Excluded Receivables, and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "***Prepetition Collateral***"), including all cash of the Debtors, wherever located, and all cash equivalents, including any cash in deposit accounts of the Debtors (other than Excluded Accounts), in each case, whether as Prepetition Collateral or which represents income, proceeds, products, rents or profits of non-cash Prepetition Collateral (collectively, the "***Cash Collateral***"), subject only to the liens permitted under Section 7.01 of the Prepetition Credit Agreement to the extent that such security interests, liens or encumbrances are (A) valid, perfected and non-avoidable security interests, liens or encumbrances securing valid, binding and unavoidable debt permitted under the Prepetition Loan Documents, and (B) senior to, have not been, and are not subject to being subordinated to the Prepetition Liens or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "***Prepetition Permitted Liens***"). The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or

description, whether arising at law or in equity, including any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or chapter 5 (including, without limitation, sections 510, 544, 547, 548, 549 or 550) of the Bankruptcy Code or under any other similar provisions of applicable state or federal law, that would in any way affect the validity, enforceability and non-avoidability of any of Prepetition Agent's and Prepetition Lender's liens, claims or security interests in the Prepetition Collateral.

(iv) Default by the Debtors. The Debtors acknowledge and stipulate that one or more Events of Default (as defined in the Prepetition Credit Agreement) have occurred and are continuing as of the date hereof.

(v) Proof of Claim. The acknowledgment by the Debtors of the Prepetition Obligations and the liens, rights, priorities and protections granted to or in favor of Prepetition Agent and Prepetition Lender in respect of the Prepetition Collateral as set forth herein and in the Prepetition Loan Documents shall be deemed a timely filed proof of claim on behalf of Prepetition Agent and Prepetition Lender in these Chapter 11 Cases.

(vi) Indemnity. The DIP Agent, DIP Lender, and Prepetition Secured Parties have acted in good faith, without negligence or violation of public policy or law, in respect of all actions taken by them in connection with or related in any way to negotiating, implementing, or obtaining the requisite approvals of the DIP Facility and the use of Cash Collateral, including in respect of granting DIP Liens, any challenges or objections to the DIP Facility or the use of Cash Collateral, and all documents related to any and all transactions contemplated by the foregoing. Accordingly, each of the Prepetition Secured Parties and the DIP Secured Parties shall be and hereby are indemnified and held harmless by the Debtors in respect of any claim or liability incurred in respect thereof of in any way related thereto, provided that no such parties will be

indemnified for any cost, expense, or liability to the extent determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from such parties' bad faith, gross negligence, fraud, or willful misconduct. No exception or defense exists in contract, law, or equity to the Debtors' obligation under this paragraph to indemnify and/or hold harmless each of the Prepetition Secured Parties and the DIP Secured Parties. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

(vii) Release. Each Debtor, on behalf of itself and its successors and assigns, and their respective agents, officers, directors, employees, attorneys, professionals, predecessors, successors, and assigns (collectively, the "***Releasors***"), hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the Prepetition Agent and Prepetition Lender and each of their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***Prepetition Releasees***") of and from any and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any Prepetition Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, (a) any so-called "lender liability" or

equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the Prepetition Obligations, the Prepetition Loan Documents, or the Prepetition Liens.

(viii) Non-Debtor Loan Parties. The Dutch Borrower and the Borrower are jointly and severally liable with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement) and each of the other Non-Debtor Loan Parties and the Debtors are jointly and severally liable with respect to the Prepetition Obligations.

H. Findings Regarding the DIP Financing.

(i) DIP Financing. The Debtors have requested from the DIP Secured Parties, and the DIP Secured Parties are willing, to extend certain loans, advances and other financial accommodations on the terms and conditions set forth in this Interim Order, the DIP Term Sheet and the other DIP Documents, respectively.

(ii) Need for DIP Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business without the financing requested in the Motion. The Debtors' ability to pay their vendors, suppliers, and employees, and to otherwise fund their operations is essential to the

preservation and maintenance of the going concern value of each Debtor and consummation of the Backyard Sale and the Plan. Accordingly, the Debtors have an immediate need to enter into the DIP Facility in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "***Estates***") in order to maximize the value of the Estates.

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code. The Debtors have been unable to procure the necessary financing on terms more favorable, taken as a whole, than the DIP Facility. In light of the foregoing, and considering all alternatives, the Debtors have reasonably and properly concluded, in the exercise of their sound business judgment, the DIP Facility represents the best financing available to the Debtors at this time, and are in the best interests of the Debtors, their respective Estates, and all of their stakeholders.

(iv) Initial Budget. The Debtors have prepared and delivered to DIP Agent and DIP Lender an initial nine-week budget (the "***Initial Budget***" and each subsequent approved budget pursuant to section 1.8 hereof, an "***Approved Budget***") reflecting the Debtors' anticipated cash receipts and anticipated disbursements for each calendar week for the covered periods, a summary of which is attached hereto as **Exhibit B**. The Initial Budget was prepared by the Debtors, with the assistance of their professional advisors and management, and the Debtors

represent that the Initial Budget is achievable in accordance with the terms of the DIP Documents and this Interim Order. DIP Agent and DIP Lender are relying upon the Debtors' compliance with the Initial Budget in accordance with this Interim Order in determining to enter into the DIP Facility.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Documents and this Interim Order are fair, just and reasonable under the circumstances, ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Documents and this Interim Order have been negotiated in good faith and at arms' length by and among the Debtors and DIP Agent, with all parties being represented by competent counsel. Any credit extended under the terms of this Interim Order shall be deemed to have been extended in "good faith" by DIP Agent and DIP Lender, as that term is used in section 364(e) of the Bankruptcy Code and the DIP Obligations, the DIP Liens, and the DIP Superpriority Claim are entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Interim Order or any provision hereof is vacated, reversed, or modified on appeal or otherwise.

(vi) Credit Bid Rights. To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any sales occurring under or pursuant to section 363 of the Bankruptcy Code, a plan of reorganization or plan of liquidation under section 1129 of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code (any of the foregoing sales or dispositions, a "***Sale***"), (a) DIP Agent (on behalf of their respective DIP Secured Parties) shall have the right to credit bid, in

accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) the Prepetition Agent (on behalf of and at the written direction of the Prepetition Secured Parties) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Obligations, (c) DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective Secured Parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and Prepetition Obligations, respectively, and (d) each of the Debtors hereby acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, as applicable, up to the full amount of the DIP Obligations and Prepetition Obligations, respectively.

(vii) Sections 506(c) and 552(b) Waivers. Subject to entry of a Final Order, as material inducement to (a) the DIP Secured Parties' agreement to provide the DIP Facility and the Prepetition Secured Parties' consent to the use of Cash Collateral in accordance with the Approved Budget, (b) the DIP Secured Parties' agreement to subordinate the DIP Liens and the DIP Superpriority Claim to the Carve-Out, and (c) the Prepetition Secured Parties' agreement to subordinate the Prepetition Liens, Prepetition Replacement Lien and the Prepetition Adequate Protection Superpriority Claim to the Carve-Out, the DIP Liens, and the DIP Superpriority Claim, subject to entry of the Final Order (retroactive to the Petition Date), each of the DIP Secured Parties and the Prepetition Secured Parties are entitled to receive (1) a waiver of any equities of the case exceptions or claims under section 552(b) of the Bankruptcy Code and a waiver of unjust

enrichment and similar equitable relief as set forth below, and (2) a waiver of the provisions of section 506(c) of the Bankruptcy Code.

(viii) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and ongoing operations in anticipation of the consummation of the Backyard Sale and Plan, (2) preserve and maximize the value of the Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(ix) Adequate Protection. The Prepetition Secured Parties are entitled, pursuant to sections 361, 362, 363, and 364 of the Bankruptcy Code, to receive adequate protection to the extent of any Diminution in Value of their respective interests in the Prepetition Collateral (including Cash Collateral), to the extent set forth in the Interim Order.

(x) Immediate Entry. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11 Cases has filed or made an objection to the relief sought in the Motion or the entry of this Interim Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled. Based upon the foregoing, and after due consideration and good cause appearing therefor.

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Interim Order. Except as otherwise expressly

provided in this Interim Order, any objection to the entry of this Interim Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrower is hereby authorized and empowered to immediately borrow and obtain DIP Loans and to incur indebtedness and other Obligations (as defined in the DIP Term Sheet) (collectively referred to as the "***DIP Obligations***"), and the Guarantors are hereby authorized to guarantee such DIP Obligations, all pursuant to the terms and conditions of this Interim Order, the DIP Term Sheet, and the other DIP Documents, during the period commencing on the date of entry of this Interim Order through and including the entry of the Final Order, up to an aggregate amount equal to the Interim DIP Commitment, plus, subject to entry of the Final Order, the Roll-Up Amount. Subject to the terms and conditions contained in this Interim Order and the DIP Documents, the Debtors shall use the proceeds of the DIP Loans and other credit and financial accommodations provided by DIP Agent and DIP Lender under the DIP Term Sheet and the other DIP Documents solely for payment of expenses set forth in the Approved Budget and all interest, costs, fees, amounts, and other obligations owing to the DIP Secured Parties in accordance with the terms and conditions of the DIP Documents and this Interim Order.

1.3 Financing Documents

(a) Authorization. The Debtors are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Term Sheet and the other DIP Documents; provided that any additional DIP Documents entered into following entry of this Interim Order shall be filed on the docket of these Chapter 11 Cases, and parties in interest shall have seven (7) days to object to such additional DIP Documents. If no objection to such additional DIP Documents is filed within such seven (7) days, unless the Court

rules otherwise, such DIP Documents shall be deemed approved by this Court. If any objection is filed within such seven (7) day period, the Court shall hold an emergency hearing to consider approval of such DIP Document. Upon execution and delivery of the DIP Term Sheet and the other DIP Documents, such agreements and documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of such agreements, documents and this Interim Order. No obligation, payment, transfer or grant of security arising under the DIP Term Sheet, the other DIP Documents or this Interim Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under § 502(d) of the Bankruptcy Code), or be subject to any defense, reduction, setoff, recoupment or counterclaim. The Debtors are hereby authorized and directed to pay, in accordance with this Interim Order, the principal, interest, fees, expenses and other amounts described in the DIP Documents as such become due and without need to obtain further Court approval, including, without limitation, monitoring fees, agency fees, alternate transaction fees, closing fees, unused facility fees, continuing commitment fees, backstop fees, exit fees, servicing fees, yield maintenance premiums, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented fees and disbursements of the DIP Secured Parties' attorneys, advisors, accountants, and other consultants, whether or not such fees arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated, to implement all applicable reserves and to take any other actions that may be necessary or appropriate, all to the extent provided in this Interim Order or the DIP Documents. Upon execution and delivery, the DIP Term Sheet and other DIP Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their Estates in accordance with their terms.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Documents (including, without limitation, the DIP Term Sheet) are approved to the extent necessary to implement the terms and provisions of this Interim Order. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Debtors, DIP Agent and DIP Lender, and (b) each Debtor's assumption and adoption of all of the terms, conditions, and covenants of the DIP Term Sheet and the other DIP Documents for all purposes, including, without limitation, to the extent applicable, the payment of all DIP Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of DIP Agent's and DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, as more fully set forth in the DIP Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Term Sheet and the other DIP Documents, Debtors and DIP Agent may amend, modify, supplement or waive any provision of the DIP Documents (a "***DIP Amendment***") without further approval or order of the Court, so long as (a) such DIP Amendment is not materially burdensome on the Debtors or their Estates, and is undertaken in good faith by DIP Agent, DIP Lender and the Debtors; (b) the Debtors provide prior written notice of the DIP Amendment (the "***DIP Amendment Notice***") to the U.S. Trustee and counsel to any Committee, or in the event no such Committee is appointed at the time of such DIP Amendment, the 30 Largest Unsecured Creditors, and (c) the Debtors file the DIP Amendment Notice with the Court; provided, however, that neither consent of the parities notified pursuant to section (b) hereof nor approval of the Court will be necessary to effectuate any such amendment, modification or supplement. Any material DIP Amendment to the DIP Documents must be approved by the Court to be effective.

1.4 Payment of Prepetition Debt. Subject to entry of the Final Order, the Debtors are authorized to repay all Prepetition Obligations in accordance with the DIP Term Sheet, the other DIP Documents and this Interim Order, including, without limitation, Sections 1.5 and 1.6 of this Interim Order.

1.5 Payments and Application of Payments & DIP Collateral Proceeds; Roll-Up. The Debtors are authorized and directed to make all payments and transfers of Estate property to DIP Agent as provided for, permitted and/or required under the DIP Term Sheet and the other DIP Documents, which payments and transfers shall not be avoidable or recoverable from DIP Agent or DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. All proceeds of the DIP Collateral (as defined herein) received by DIP Agent or DIP Lender, and any other amounts or payments received by DIP Agent or DIP Lender in respect of the DIP Obligations, may be applied or deemed to be applied by DIP Agent, in its discretion, first, to the indefeasible repayment of the DIP Obligations, and then to the indefeasible repayment in full of the Prepetition Obligations, all in accordance with the DIP Term Sheet, the other DIP Documents and this Interim Order. Without limiting the generality of the foregoing, the Debtors are authorized without further order of the Court to pay or reimburse DIP Agent and DIP Lender for future costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by DIP Agent or DIP Lender in connection with the financing transactions as provided in this Interim Order and the DIP Documents, all of which shall be and are included as part of the principal amount of the DIP Obligations and secured by the DIP Collateral.

1.6 Continuation of Prepetition Procedures. Except to the extent expressly set forth in the DIP Documents, all prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral (as defined herein), the turnover of cash, the delivery of property to Prepetition Agent and Prepetition Lender, and any blocked depository bank account arrangements, are hereby approved and shall continue without interruption after the commencement of the Chapter 11 Cases.

1.7 Indemnification. Subject to entry of the Final Order, the Debtors are authorized to indemnify and hold harmless each of the Prepetition Secured Parties and DIP Secured Parties, each of their respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders and employees, past, present, and future, and their respective heirs, predecessors, successors and assigns in accordance with, and subject to the terms of, the DIP Documents, which indemnification is hereby authorized and approved. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

1.8 Approved Budget; Permitted Variances; Debtor Professional Reports.

(a) The Debtors shall use Cash Collateral and the proceeds of the DIP Facility solely in accordance with the Approved Budget and the DIP Documents. Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other times as the Debtors may elect with the consent of DIP Lender and Backyard Products, LLP (the "***Purchaser***")), the Debtors shall deliver to DIP Agent, and the United States Trustee an updated budget with the form and level of detail set forth in the Initial Budget, and shall include, weekly basis cash revenues, receipts,

expenses, professional fees and other disbursements (including, without limitation, any payments with respect to real property leases), net cash flows, inventory receipts and other items on a line item basis (including all necessary and required expenses that the Debtors expect to incur and anticipated uses of proceeds of draws under the DIP Facilities). If such budget is in form and substance satisfactory to DIP Agent in its sole discretion and consented to by the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser), it shall constitute the "Approved Budget" for purposes of this Interim Order. Any amendments, supplements or modifications to the Approved Budget shall be subject to the prior written approval of DIP Lender in its sole discretion and the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), prior to the implementation thereof. Notwithstanding anything to the contrary herein, Purchaser shall not have any consent rights with respect to the Approved Budget following any breach by Purchaser of the APA or termination of the APA.

(b) Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of DIP Lender) the Debtors shall deliver to DIP Lender a variance report in form and substance reasonably acceptable to DIP Lender (an "***Approved Variance Report***") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, the Debtors shall deliver to DIP Lender, an Approved

Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Any amendments, supplements or modifications to an Approved Variance Report shall be subject to the prior written approval of DIP Lender in its sole discretion.

(c) Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "***Permitted Variances***" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements line-items in the Approved Budget (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons), (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "***Professional Fee Variance***"), in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing of (a) and (b) to begin three (3) weeks from the Petition Date, and the Professional Fee Variance testing set forth in (c) shall be performed weekly beginning the week following the Petition Date and not on a rolling four (4) week basis.

(d) If any Professional Person exceeds the Professional Fee Variance, such Professional Person will make a representative available to meet and confer with DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "***Meet and Confer***"). If DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein.

(e) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior

week's accrued fees and expenses to the DIP Agent (the "***Debtor Professional Report***"). The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "***Review Period***"). If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Professional Carve Out Reserve Account. If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. At the conclusion of the Meet and Confer, if the DIP Agent elects to declare an Event of Default, the Debtors shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documents, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Documents after a Meet and Confer is requested.

Section 2. DIP Liens; Superpriority Administrative Claim Status.

2.1 DIP Liens.

(a) Granting of DIP Liens. To secure the prompt payment and performance of any and all DIP Obligations of the Debtors to DIP Agent and DIP Lender of

whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, DIP Agent, for the benefit of itself and DIP Lender, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first-priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Estates may have (subject only to the Carve-Out and the Permitted Liens), in and upon all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and upon entry of the Final Order, the proceeds of any avoidance actions under chapter 5 of the Bankruptcy Code (all of the foregoing collectively, the "***DIP Collateral***"). The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by DIP Agent to claim or perfect such rents, issues, products, or proceeds.

(b) Priority of DIP Liens. The liens and security interests of DIP Agent and DIP Lender granted under the DIP Documents and this Interim Order on the DIP Collateral securing all DIP Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral shall be subject only to (a) such priming liens or interests imposed by applicable non-

bankruptcy law that are in existence as of the Petition Date, and are otherwise unavoidable (collectively, "***Permitted Liens***") and (b) the Carve-Out. The right of a seller of goods to reclaim any goods whether under section 546(c) of the Bankruptcy Code or otherwise shall not be a Permitted Lien or Prepetition Lien; rather, any such alleged claim arising or asserted as a right of reclamation shall have the same rights and priority with respect to the DIP Liens, Prepetition Liens and Prepetition Payment Liens, as such claims had with respect to the Prepetition Liens.

(c) Right of Repayment. The right of DIP Agent and DIP Lender to repayment in accordance with the DIP Documents and this Interim Order from the sale or other disposition of the DIP Collateral, or any proceeds thereof, shall be first and senior in priority to all other rights of repayment of every kind, nature, and description (other than the Carve-Out).

(d) Perfection of DIP Liens and Prepetition Replacement Lien. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection and validity of all liens and security interests granted herein, including the DIP Liens and the Prepetition Replacement Lien, which shall be effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including without limitation control agreements with any deposit bank or with any other financial institution(s) holding a depository account or other account consisting of or containing Collateral (a "***Perfection Act***"). Notwithstanding the foregoing, if DIP Agent or Prepetition Agent, as applicable, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then such DIP Agent or Prepetition Agent is authorized to perform such act, and the Debtors and Guarantors are authorized to perform such act to the extent necessary or required by the DIP Documents, which act or acts shall be deemed to have

been accomplished as of the date and time of entry of this Interim Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. DIP Agent or Prepetition Agent, as applicable, may choose to file, record or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of this Interim Order in accordance with applicable law. Should DIP Agent or Prepetition Agent, as applicable, so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the DIP liens and security interests granted herein by virtue of the entry of this Interim Order.

(e) Nullifying Prepetition Restrictions to DIP Financing. Notwithstanding anything contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Documents, any provision that restricts, limits or impairs in any way any Debtor from granting DIP Agent security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Documents or this Interim Order, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or of the DIP Documents, shall not (a) be effective and/or enforceable against any of the Debtors, DIP Agent or DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to DIP Agent and DIP Lender

pursuant to this Interim Order or the DIP Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law.

(f) To the extent that any applicable non-bankruptcy law otherwise would restrict the granting, scope, enforceability, attachment, or perfection of any liens and security interests granted and created by this Interim Order (including the DIP Liens and the Prepetition Replacement Liens) or otherwise would impose filing or registration requirements with respect to such liens and security interests, such law is hereby pre-empted to the maximum extent permitted by the Bankruptcy Code, applicable federal or foreign law, and the judicial power and authority of the Court. By virtue of the terms of this Interim Order, to the extent that any DIP Agent or Prepetition Agent, as applicable, has filed Uniform Commercial Code financing statements, mortgages, deeds of trust, or other security or perfection documents under the names of any of the Debtors (including all Guarantors), such filings shall be deemed to properly perfect its liens and security interests granted and confirmed by this Interim Order without further action by the applicable DIP Agent or Prepetition Agent, as applicable.

(g) Except with respect to the Carve-Out, certain Permitted Liens, the DIP Liens, the DIP Superpriority Claims, the Prepetition Replacement Liens, and the Prepetition Adequate Protection Superpriority Claims (i) shall not be made subject to or *pari passu* with (A) any lien, security interest, or claim heretofore or hereinafter granted in any of these Chapter 11 Cases or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases against the Debtors (such converted cases, "***Successor Cases***"), their respective Estates, any trustee, or any other estate representative appointed or elected in these Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of these Chapter 11 Cases or any Successor Cases; (B) any lien that is avoided and preserved for the benefit of the Debtors and their

respective Estates under section 551 of the Bankruptcy Code or otherwise; and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to sections 510, 549, 550, or 551 of the Bankruptcy Code.

2.2 Superpriority Administrative Expense Claims. For all DIP Obligations now existing or hereafter arising pursuant to this Interim Order or the DIP Documents, DIP Agent, for the benefit of itself and DIP Lender, is granted an allowed superpriority administrative claim pursuant to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 364(c)(1), 546(c), 726, 1113 or 1114 of the Bankruptcy Code (other than the Carve-Out), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (the "***DIP Superpriority Claim***").

2.3 Carve-Out.

(a) Carve-Out. As used in this Interim Order, the "***Carve-Out***" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed or permitted to be paid at any time, whether by interim order, procedural order, or otherwise, all accrued and unpaid fees, disbursements, costs, and expenses (the "***Allowed Professional Fees***") incurred by persons or

firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "***Debtor Professionals***") and by any Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "***Committee Professionals***" and, together with the Debtors' Professionals, "***Professional Persons***") at any time before or on the first business day following delivery by DIP Agent to the Debtors of a Carve-Out Trigger Notice (as defined below), but shall not include any restructuring, sale, transaction or other "success" fee except for such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $150,000 incurred after the first business day following delivery by DIP Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (this section (iv) the "***Post-Carve-Out Trigger Notice Cap***"); and (v) an amount up to the amount secured by and necessary to fund the Canadian Priority Charges (as defined in the DIP Term Sheet) for the beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings. For purposes of the foregoing, "***Carve-Out Trigger Notice***" shall mean a written notice delivered by email (or other electronic means) by DIP Agent to the Debtors and the Committee (if any), which notice may be delivered in the sole discretion of DIP Agent following the occurrence of an Event of Default, and shall describe the Event of Default, state that the DIP Facility is terminated and that the Post-Carve-Out Trigger Notice Cap has been invoked.

(b) Pre-Carve-Out Trigger Notice Funding. Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility, Cash Collateral, or cash on hand, a segregated account (the "***Funded Reserve Account***") held by the Debtors in trust and solely for the benefit of the Debtor Professionals in an amount equal to the

amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures described in Section 1.8(d) hereof and the Prepetition Secured Parties' and DIP Secured Parties' reversionary interest in any unused amounts. The Debtors shall pay only Allowed Professional Fees from the Funded Reserve Account, and all payments of Allowed Professional Fees incurred prior to the Carve-Out Termination Date shall be paid first from such Funded Reserve Account, provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Funded Reserve Account in the event the Funded Reserve Account does not have sufficient funds or has not be funded as provided above.

(c) Post-Carve-Out Trigger Notice Funding. On the day on which a Carve-Out Trigger Notice is given by the DIP Agent to counsel for the Debtors and the Committee (the "***Carve-Out Termination Date***"), the Carve-Out Trigger Notice shall be deemed a draw request and notice of borrowing hereunder and also a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund (A) the Funded Reserve Account in an amount equal to the sum of (x) the amounts set forth in paragraphs (a)(i)-(iii) above, plus (y) the total amount of unpaid Allowed Professional Fees set forth in the "Professional Fees (Escrow Account Funding)" line item of the Approved Budget for any time before or on the first business day following the Carve-Out Termination Date, to the extent not already funded in accordance with Section 2.3(b) hereof, whether such fees have become Allowed Professional Fees prior to the Carve-Out Termination Date, plus (z) the amount set forth in paragraph (a)(v) above to an account designated by the Information Officer in the CCAA Recognition Proceedings for the beneficiaries of the Canadian Priority Charges (the "***Canadian Priority Reserve Account***"); and (B) a segregated escrow account held by the Debtors in trust for the benefit of Professional Persons in an amount equal to the Post-Carve-Out Trigger Notice Cap

(the "***Post-Carve-Out Trigger Notice Reserve Account***" and, together with the Funded Reserve Account and the Canadian Priority Reserve Account, the "***Carve-Out Reserve Accounts***"). Prepetition Agent's, Prepetition Lender's, DIP Agent's, and DIP Lender's, in each case to the fullest extent applicable, claims, liens and security interests in any property of the Debtors, including, without limitation, the Prepetition Collateral, the DIP Collateral, Cash Collateral, the Prepetition Adequate Protection Superpriority Claim (as defined below), the DIP Superpriority Claim, any other adequate protection or superpriority claim, and any junior pre- or post-petition lien, interest or claim in favor of any other party, shall be subordinate to the Allowed Professional Fee Claims of the Professional Persons and other beneficiaries thereof as to all funds in the Carve-Out Reserve Accounts.

(d) No Direct Obligation To Pay Allowed Professional Fees. None of the DIP Secured Parties or Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any Successor Cases under any chapter of the Bankruptcy Code provided that the Carve-Out Reserve Accounts shall have been fully funded from cash on hand, Cash Collateral, or proceeds of the DIP Facility. Nothing in this Interim Order shall be construed to obligate any of the DIP Secured Parties or Prepetition Secured Parties, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement, provided that the Carve-Out Reserve Accounts shall have been fully funded, and provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Carve-Out Reserve Accounts in the event the Carve-Out Reserve Accounts does not have sufficient funds or has not be funded as provided above. Notwithstanding anything herein, nothing shall require the

DIP Secured Parties or Prepetition Secured Parties to provide any funding in excess of the DIP Commitment.

(e) Payment of Allowed Professional Fees Prior to the Carve-Out Termination Date. Any payment or reimbursement made prior to the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out; *provided* that, upon the full funding of the Carve-Out Reserve Accounts following the Carve-Out Termination Date, the Debtors' authorization to use Cash Collateral to fund the Carve-Out Reserve Accounts shall cease, and the liens and claims of the DIP Agent and DIP Lender shall cease being subordinated to the Carve-Out, each with respect to and to the extent of the amounts so funded.

(f) Payment of Carve-Out on or After the Carve-Out Termination Date. Any payment or reimbursement made on or after the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Interim Order, the DIP Documents, the Bankruptcy Code, and applicable law.

2.4 Payment of Carve-Out.

Payment from the Carve-Out Reserve Accounts, whether by or on behalf of DIP Agent or DIP Lender, shall not and shall not be deemed to reduce the DIP Obligations, and shall not be deemed to subordinate any of any of DIP Agent's or DIP Lender's liens and security interests in the Prepetition Collateral, any other DIP Collateral, the Prepetition Adequate Protection Superpriority Claim, or the DIP Superpriority Claim to any junior pre- or post-petition lien, interest or claim in favor of any other party other than the Carve-Out for Professional Persons.

2.5 Excluded Professional Fees.

(a) Notwithstanding anything to the contrary in this Interim Order, no DIP Collateral (or proceeds thereof) nor any DIP Loans or any other credit or financial accommodations provided under or in connection with the DIP Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; (B) invalidating, setting aside, avoiding, recharacterizing or subordinating, in whole or in part, (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; or (C) preventing, hindering or delaying DIP Agent's or DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any DIP Collateral in accordance with the terms and conditions of the DIP Term Sheet, the DIP Documents, and this Interim Order other than reasonable and documented fees in connection with a good faith challenge of an asserted Event of Default and related Carve-Out Trigger Notice;

(ii) a request made to this Court to use Cash Collateral (as such term is defined in section 363 of the Bankruptcy Code) without the prior written consent of DIP Agent and Prepetition Agent;

(iii) a request made to this Court for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to section 364(c) or section 364(d) of the Bankruptcy Code or otherwise incur Indebtedness (as defined in the Prepetition Credit Agreement) without the prior written consent of DIP Agent (except to the extent permitted under the DIP Documents);

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against any DIP Secured Party or Prepetition Secured Party or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest or disgorge any payments under chapter 5 of the Bankruptcy Code or any applicable state law equivalents;

(v) the cost of a Committee's investigation into any claims against any Prepetition Secured Parties arising under or in connection with the Prepetition Loan Documents in excess of $25,000 (the "***Committee Investigation Budget***"); provided that no portion of the Committee Investigation Budget may be used to seek formal discovery or commence any challenge, objection, or prosecute any such Challenge, claims or causes of actions; or

(vi) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of any of the DIP Secured Parties or Prepetition Secured Parties under this Interim Order, or which directly results in the occurrence of an Event of Default under this Interim Order or any DIP Documents.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, the DIP Term Sheet, the DIP Documents, and in accordance with the Approved Budget, Borrower shall be and are hereby authorized to use Cash Collateral for the period commencing on the date of this Interim Order and terminating on the Carve-Out Termination Date, subject to the liens and security interests granted to Prepetition Agent and Prepetition Lender; provided that during the Remedies Notice Period (as defined herein) the Debtors may use Cash Collateral solely for the following amounts and expenses: (i) to fund the Carve-Out Reserve Accounts in accordance with Section 2.3 above; and (ii) to pay expenses critical to the administration of the Estates, as agreed by DIP Agent in its sole discretion. Nothing in this Interim Order shall authorize the disposition of any assets of the Debtors or their Estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Interim Order, the DIP Documents and in accordance with the Approved Budget.

(b) Prepetition Replacement Lien. As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Borrower's use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the Carve-Out on a dollar-for dollar basis (collectively, the "***Diminution in Value***"), Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all DIP Collateral (the "***Prepetition Replacement Lien***"). The Prepetition Replacement Lien shall be junior and subordinate only to (A) the Carve-

Out, (B) the Permitted Liens, and (C) the DIP Liens on the DIP Collateral to secure the DIP Obligations, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the DIP Collateral.

(c) Prepetition Adequate Protection Superpriority Claim. As adequate protection for the Diminution in Value, Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted, solely to the extent of the Diminution in Value, an allowed superpriority administrative expense claim pursuant to sections 503(b), 507(a), and 507(b) of the Bankruptcy Code in each of the Chapter 11 Cases and any successor bankruptcy cases (the "***Prepetition Adequate Protection Superpriority Claim***"). The Prepetition Adequate Protection Superpriority Claim shall be junior only to (A) the Carve-Out, and (B) the DIP Superpriority Claim, and shall otherwise have priority over all administrative expense claims and unsecured claims against the Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(d) Adequate Protection Payments and Protections. Upon entry of this Interim Order, as further adequate protection (the "***Adequate Protection Payments***") for the Diminution in Value, the Debtors are authorized and directed to provide adequate protection to the Prepetition Secured Parties in the form of payment in cash (regardless of the Approved Budget, and regardless of any Diminution in Value) for (i) the reasonable, documented fees, expenses, and disbursements (including without limitation, the reasonable and documented fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising prior to the Petition Date, and (ii) the reasonable, documented fees, expenses, and disbursements (including without limitation, the fees, expenses, and disbursements of counsel and third-party

consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising subsequent to the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "***Event of Default***" under this Interim Order: (a) any Debtor's failure to perform, in any respect, any of their obligations under this Interim Order; or (b) the occurrence of an "Event of Default" under the DIP Term Sheet or any of the other DIP Documents, including the following:

(a) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the Permitted Variances; *provided, that*, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer;

(b) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognitions Orders or Approved Budget;

(c) modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders;

(d) failure of any of the Chapter 11 Milestones to be satisfied;

(e) failure by any Debtor to be in compliance in all material respects with the sections of the DIP Term Sheet entitled "Affirmative Consents" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) and "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders;

(f) failure of any representation or warranty to be true and correct in all material respects;

(g) filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or pursuant to any other financing agreement made with the prior written consent of the DIP Agent;

(h) the filing of any applications by the Debtors for approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or

executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion;

(i) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Cort or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties;

(j) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP orders or the Canadian DIP Recognition Orders;

(k) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or the DIP Term Sheet is not valid and binding, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral, cease to be valid and binding (without the prior written consent of the DIP Secured Parties);

(l) the filing with the Bankruptcy Court of any plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan;

(m) the appointment or entry in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been reversed, stayed, or vacated within thirty (30) days after the entry of such order;

(n) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate;

(o) failure to pay principal, interest or other DIP Obligations in full in cash when due, including, without limitation, on the Maturity Date;

(p) the allowance of any claim or claims under sections 506(c) and 552(b) against or with respect to any DIP Collateral;

(q) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties;

(r) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties;

(s) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan;

(t) the occurrence of any Material Adverse Change;

(u) any termination of the RSA or APA;

(v) the amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, or Other Priority Claim Backstop Amount;

(w) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; and

(x) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian Court of a bankruptcy order in respect of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.[4]

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of an Event of Default, (a) the Debtors shall be bound by all restrictions, prohibitions and other terms as provided in this Interim Order, the DIP Term Sheet and the other DIP Documents, and (b) DIP Agent shall be entitled to take any act or exercise any right or remedy (subject to Section 3.4 below) as provided in this Interim Order or the DIP Term Sheet or any of the other DIP Documents, as applicable, including, without limitation, declaring all DIP Obligations immediately due and payable, accelerating the DIP Obligations, ceasing to extend DIP Loans, setting off any DIP Obligations with DIP Collateral or proceeds in DIP Agent's or DIP Lender's possession, and enforcing any and all rights with respect to the DIP Collateral. DIP Agent and DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of the Debtors, or provide any other financial accommodations to the Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

[4] Capitalized terms used but not otherwise defined in Section 3.1(a)–(x) shall have the meanings set forth in the DIP Facility Term Sheet.

3.3 Expiration of Loan Commitment. Upon the expiration, termination, or maturity of Borrower's authority to borrow or otherwise obtain other credit accommodations from DIP Agent and DIP Lender pursuant to the terms of this Interim Order and the DIP Documents (except if such authority shall be extended with the prior written consent of DIP Agent, which consent shall not be implied or construed from any action, inaction or acquiescence by DIP Agent or DIP Lender), unless an Event of Default set forth in Section 3.1 above occurs sooner and the automatic stay has been lifted or modified pursuant to Section 3.4 of this Interim Order, all of the DIP Obligations shall immediately become due and payable and DIP Agent and DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to the Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay; Remedies Notice Period.

(a) The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit DIP Agent and DIP Lender to perform any act authorized or permitted under or by virtue of this Interim Order or the DIP Documents, as applicable, including, without limitation, (I)(A) to implement the DIP financing arrangements authorized by this Interim Order and pursuant to the terms of the DIP Documents, (B) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the DIP Collateral, (C) to assess, charge, collect, advance, deduct and receive payments with respect to the Prepetition Obligations or the DIP Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Documents (subject to Section 5.12 of this Interim Order) and apply such payments to the Prepetition Obligations or DIP Obligations pursuant to the DIP Documents and/or

this Interim Order, as applicable, and (II) upon an Event of Default, (A) declare a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral, (B) to take any other action and exercise all other rights and remedies provided to it by this Interim Order, the DIP Documents or applicable law other than those rights and remedies subject to the expiration of the Remedies Notice Period, and (C) charge interest at the default rate under the DIP Documents.

(b) In addition, and without limiting anything in Section 3.4(a) hereof, upon the filing of a Carve-Out Trigger Notice on the docket of these Chapter 11 Cases and the expiration of the five (5) business day period thereafter (the "***Remedies Notice Period***"), DIP Agent, acting on behalf of itself and DIP Lender, without further notice, application or order of the Court, shall be entitled to take any action and exercise all rights and remedies provided to it by this Interim Order, the DIP Documents or applicable law that DIP Agent may deem appropriate in its sole discretion to proceed against and realize upon the DIP Collateral or any other assets or properties of the Estates upon which DIP Agent, for the benefit of itself and DIP Lender, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all DIP Obligations. Notwithstanding anything to the contrary, any action that DIP Agent is otherwise permitted to take pursuant to this Interim Order to (i) terminate the DIP Commitments, (ii) accelerate the DIP Loans, (iii) send blocking notices or activation notices pursuant to the terms of any deposit account control agreement, and (iv) repay any amounts owing in respect of the DIP Obligations (including, without limitation, fees, indemnities and expense reimbursements), in each case, shall not require any advance notice to the Debtors. During the Remedies Notice Period, the Debtors, the Committee (if appointed), and/or any party in interest shall be entitled to seek an emergency hearing, and DIP Agent and DIP Lender shall consent to such emergency hearing so long as it occurs within the Remedies Notice Period; provided, that, (A) the sole issue the Debtors

may bring before the Court at any such emergency hearing is whether an Event of Default has occurred, and (B) if such emergency hearing cannot be scheduled prior to the expiration of the Remedies Notice Period solely as a result of the Court's unavailability, the Remedies Notice Period shall be automatically extended to the date that is one (1) business day after the first date the Court is available.

Section 4. Representations; Covenants; and Waivers.

4.1 Reservation of Third-Party Challenge Rights. Notwithstanding anything in this Interim Order, the stipulations, releases, agreements, and admissions contained in this Interim Order, including, without limitation, paragraph G hereof (collectively, the "***Debtors' Stipulations***"), shall be binding in all circumstances on the Debtors, their respective Estates and any successor (including, without limitation, any estate representative or a chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors with respect thereto) provided that, the Debtors' Stipulations shall be binding on each other party in interest, including, without limitation, the Committee (if any), unless (a) any such party in interest with standing and authority (which the DIP Secured Parties and Prepetition Secured Parties hereby agree may be sought on an emergency basis), including the Committee (if any), has timely filed a complaint or a motion seeking authority to commence litigation as a representative of the estate (a "***Challenge***") before the earliest of (i) the objection deadline for the Plan, (ii) sixty (60) calendar days from the date of appointment of the Committee by the U.S. Trustee, and (iii) seventy-five (75) calendar days from the Petition Date for all parties other than the Committee (if any) (the "***Challenge Period***") challenging the amount, validity, perfection, enforceability, priority, or extent of the Prepetition Obligations or Prepetition Liens, or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims, or causes of action, objections, contests, or defenses with respect to the Prepetition Obligations or Prepetition

Liens and (b) such Challenge sets forth with specificity the basis for such challenge, and any challenges or claims not so specified prior to the expiration of the Challenge Period shall be deemed forever waived, released, and barred. For the avoidance of doubt, a party's commencement of a timely Challenge shall preserve the Challenge Period only with respect to such party. Nothing in this Interim Order vests or confers on any Person (as defined in the Bankruptcy Code), including the Committee (if any), standing or authority to pursue any Challenge or cause of action belonging to the Debtors or their respective Estates, including, without limitation, claims and defenses with respect to the Prepetition Credit Agreements or the Prepetition Liens on the Prepetition Collateral. If any Challenge is timely commenced, the Debtors' Stipulations shall nonetheless remain binding and conclusive (as provided in this paragraph) on the Debtors, the Committee (if any), and any other person or entity, except as to any specific findings and admissions that were expressly and successfully challenged in such Challenge as set forth in a final, non-appealable order of a court of competent jurisdiction. If no such Challenge is timely and properly filed, or if a Challenge is timely and properly filed but denied, (i) the Prepetition Obligations shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and the Prepetition Liens on and security interest in the Prepetition Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of first and senior priority, subject to only the Carve-Out and Permitted Liens, and (ii) Prepetition Agent and Prepetition Lender, and each of their respective participants, agents, officers, directors, employees, attorneys, professionals, successors, and assigns (each in their respective capacities as such) shall be deemed released and discharged from any and all claims and causes of action related to or arising out of the Prepetition Loan Documents,

and shall not be subject to any further objection or challenge relating thereto or arising therefrom by any party at any time. Nothing contained in this Section 4.1(a) shall or shall be deemed or construed to impair, prejudice or waive any rights, claims or protections afforded to DIP Agent or DIP Lender in connection with the DIP Documents, and any other post-petition financial and credit accommodations provided by DIP Agent and DIP Lender to the Debtors in reliance on section 364(e) of the Bankruptcy Code and in accordance with the terms and provisions of this Interim Order and the DIP Documents.

4.2 Debtors' Waivers. Prior to the indefeasible repayment in full in cash of all Prepetition Obligations and all DIP Obligations ("***Repayment in Full***"), any request by the Debtors of this Court without the prior consent of the DIP Agent with respect to the following shall also constitute an Event of Default: (a) to use Cash Collateral under section 363 of the Bankruptcy Code other than as provided in this Interim Order, (b) to obtain post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code, other than as provided in this Interim Order or as may be otherwise expressly permitted pursuant to the DIP Documents, (c) to challenge the application of any payments authorized by this Interim Order as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Prepetition Collateral is less than the Prepetition Obligations, (d) to propose, support or have a plan of reorganization or liquidation that is inconsistent with the Plan, Backyard Sale or RSA, or (e) to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of DIP Agent or DIP Lender as provided in this Interim Order and the DIP Documents or DIP Agent's or DIP Lender's exercise of such rights or remedies; provided,

however, that DIP Agent may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by any DIP Secured Party.

4.3 Section 506(c) Claims. Subject to entry of the Final Order, no costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against DIP Agent or DIP Lender, their respective claims, or the DIP Collateral pursuant to §§ 105 or 506(c) of the Bankruptcy Code or otherwise without the prior written consent of DIP Agent, and no such consent shall be implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender.

4.4 DIP Collateral Rights. Until the occurrence of Repayment in Full:

(a) no other party shall foreclose or otherwise seek to enforce any junior lien or claim in DIP Collateral and

(b) upon and after the delivery of a Carve-Out Trigger Notice and the expiration of the Remedies Notice Period, if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (i) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (ii) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (iii) provide the DIP Agent and their representatives or agents, at all reasonable times access to the Debtors' books and records and any information or documents requested by the DIP Agent or their respective representatives, (iv) perform all other obligations set forth in the DIP Documents, and (v) take reasonable steps to safeguard and protect the DIP Collateral.

4.5 Release of DIP Secured Parties. Subject to entry of the Final Order, each of the Releasors hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the DIP Secured Parties and their respective successors and assigns, and their

present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***DIP Releasees***") of and from any and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any DIP Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, any so-called "lender liability" claims or defenses, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the DIP Obligations, the DIP Documents, or the DIP Liens.

Section 5. Other Rights and DIP Obligations.

5.1 No Modification or Stay of This Interim Order. The DIP Agent and DIP Lender have acted in good faith in connection with the DIP Facility and with this Interim Order,

and their reliance on this Interim Order is in good faith, and the DIP Agent and DIP Lender are hereby entitled to the protections of section 364(e) of the Bankruptcy Code. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Interim Order, the DIP Documents or any term hereunder or thereunder, (b) the failure to obtain a Final Order pursuant to Bankruptcy Rule 4001(c)(2), or (c) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "***Subject Event***"), (x) the acts taken by each of DIP Agent and DIP Lender in accordance with this Interim Order, and (y) the DIP Obligations incurred or arising prior to DIP Agent's actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of this Interim Order, and the acts taken by DIP Agent and DIP Lender in accordance with this Interim Order, and the liens granted to DIP Agent and DIP Lender in the DIP Collateral, and all other rights, remedies, privileges, and benefits in favor of DIP Agent and DIP Lender pursuant to this Interim Order and the DIP Documents shall remain valid and in full force and effect pursuant to section 364(e) of the Bankruptcy Code. For purposes of this Interim Order, the term "appeal", as used in section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Interim Order by the Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. DIP Agent and Prepetition Agent, as applicable, shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Interim Order that are in favor of the DIP Secured Parties and Prepetition Secured Parties, respectively (the "***Lender Rights***"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any Lender Right(s). Any waiver by DIP Agent or Prepetition Agent of any Lender Rights shall not be or

constitute a continuing waiver unless expressly provided therein. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject any of the DIP Secured Parties or Prepetition Secured Parties to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to any of the DIP Secured Parties or Prepetition Secured Parties.

5.3 Disposition of DIP Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral outside the ordinary course of business, other than pursuant to the terms of the DIP Term Sheet, this Interim Order, and the Approved Budget, without the prior written consent of DIP Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by DIP Agent or DIP Lender) and, in each case, an order of the Court.

5.4 Inventory. The Debtors shall not, without the consent of DIP Agent, (a) enter into any agreement to return any inventory to any of their creditors for application against any prepetition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Interim Order are in addition to and without prejudice to the rights of each DIP Secured Party and Prepetition Secured Party to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Documents, the Prepetition Loan Documents, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any

request for use of cash collateral or granting of any interest in the DIP Collateral or Prepetition Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons or other parties seeking compensation or reimbursement from the Estates and to pursue any and all rights and remedies against any Non-Debtor Loan Party.

5.6 Binding Effect.

(a) The provisions of this Interim Order and the DIP Documents, the DIP Obligations, the Prepetition Adequate Protection Superpriority Claim, the DIP Superpriority Claim and any and all rights, remedies, privileges and benefits in favor of each of DIP Agent and DIP Lender provided or acknowledged in this Interim Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Interim Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other order converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Superpriority Claim and DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of this Interim Order shall continue in full force and effect notwithstanding such dismissal until Repayment in Full, and (b) the Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event the Court modifies any of the provisions of this Interim Order or the DIP Documents following a Final Hearing, such modifications shall not affect the rights or priorities of DIP Agent and DIP Lender pursuant to this Interim Order with respect to the DIP Collateral or any portion of the DIP Obligations which arises or is incurred or is advanced prior to such modifications, and this Interim Order shall otherwise remain in full force and effect to such extent.

(d) This Interim Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Interim Order shall also inure to the benefit of the Debtors, DIP Agent, DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use; Additional Financing; Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Term Sheet and the other DIP Documents are made in reliance on this Interim Order and there shall not at any time be entered in the Chapter 11 Cases, or in any Successor Case, any order (other than the Final Order) which authorizes the use of Cash Collateral, or the sale, lease, or other disposition of property of any Estate in which DIP Agent or DIP Lender have a lien or security interest, except as expressly permitted hereunder or in the DIP Documents, or authorizes under section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which DIP Agent or DIP Lender hold a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to DIP Agent and DIP Lender herein; unless, in each instance (x) Agent shall have given its express prior written consent with

respect thereto, no such consent being implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender, or (y) such other order requires Repayment in Full. The security interests and liens granted to or for the benefit of DIP Agent and DIP Lender hereunder and the rights of DIP Agent and DIP Lender pursuant to this Interim Order and the DIP Documents with respect to the DIP Obligations and the DIP Collateral are cumulative.

(b) All DIP Obligations and Prepetition Obligations shall receive treatment under the Plan as set forth in the RSA, Plan Term Sheet, and DIP Term Sheet.

5.8 No Owner/Operator Liability. In determining to make any loan under the DIP Documents (including the negotiation thereof) and authorizing the use of Cash Collateral, none of the DIP Secured Parties or the Prepetition Secured Parties shall be deemed to (i) be in control of the operations of the Debtors or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute) or (ii) owe any fiduciary duty to any of the Debtors. Furthermore, nothing in this Interim Order shall in any way be construed or interpreted to impose or allow the imposition upon any of the DIP Secured Parties or the Prepetition Secured Parties of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors and their respective affiliates (as defined in section 101(2) of the Bankruptcy Code).

5.9 Marshalling; 552(b) Waiver. Subject to entry of the Final Order, (a) none of the DIP Secured Parties or the Prepetition Secured Parties shall be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral or the

Prepetition Collateral, as applicable, and all proceeds of DIP Collateral shall be received and applied in accordance with the DIP Documents and the Prepetition Credit Agreements as applicable, (b) the DIP Secured Parties and the Prepetition Secured Parties are and shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and (c) the "equities of the case" exception under section 552(b) shall not apply to any of the Prepetition Secured Parties, DIP Secured Parties, DIP Obligations, or Prepetition Obligations.

5.10 Right of Setoff. To the extent any funds were on deposit with Prepetition Agent as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Prepetition Agent or Prepetition Lender immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "***Deposited Funds***") are subject to rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Prepetition Agent and/or Prepetition Lender, as applicable, pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any Sale: (a) DIP Agent (on behalf of DIP Lender) shall have the right to credit bid on a dollar-for-dollar basis, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) subject to the challenge rights set forth in Section 4.1 hereof, Prepetition Agent (on behalf of the Prepetition Lender) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Secured Obligations, (c) each of the DIP Agent and Prepetition Agent shall have the absolute right (at the

direction of their respective secured parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and (d) each of the Debtors, the Prepetition Secured Parties, and DIP Secured Parties acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, up to the full amount of their respective DIP Obligations and/or Prepetition Obligations,

5.12 Payment and Review of Lender Professional Fees and Expenses. Each Debtor shall pay all reasonable and documented professional fees and other expenses of the Prepetition Secured Parties and the DIP Secured Parties, whether incurred before or after the Petition Date; provided, that the Debtors shall pay all such reasonable and documented fees and expenses within ten (10) business days of delivery of a statement or invoice for such fees and expenses (it being understood that such statements or invoices may be in summary form and shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee and the Committee (if appointed), unless, within such seven (7) business day period, the Debtors or the Committee (if appointed) serve a written objection upon the requesting party, in which case, the Debtors shall immediately pay such amounts that are not the subject of any objection and pay the withheld amount as subsequently agreed by the parties or ordered by the Court to be paid.

5.13 Access to DIP Collateral. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of DIP Agent and DIP Lender contained

in this Interim Order, the DIP Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Term Sheet, upon reasonable prior written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing, DIP Agent may, subject to the applicable notice provisions, if any, in this Interim Order and any separate applicable agreement by and between such landlord and DIP Agent, enter upon any leased premises of the Debtors or any other party for the purpose of exercising any remedy with respect to DIP Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder, provided that DIP Agent shall be obligated only to pay rent of the Debtors that first accrues after the written notice referenced above and that is payable during the period of such occupancy by DIP Agent, calculated on a daily per diem basis. Nothing herein shall require DIP Agent to assume any lease as a condition to the rights afforded in this paragraph. For the avoidance of doubt, subject to (and without waiver of) the rights of DIP Agent under applicable nonbankruptcy law, DIP Agent can only enter upon a leased premises after an Event of Default in accordance with (i) a separate agreement with the landlord at the applicable leased premises, or (ii) upon entry of an order of the Court obtained by motion of DIP Agent on such notice to the landlord as shall be required by the Court.

5.14 Indefeasible Payment. All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason except as may occur pursuant to application of Section 4.1 of this Interim Order, Reservation of Third-Party Challenge Rights.

5.15 Term; Termination. Notwithstanding any provision of this Interim Order to the contrary, the term of the financing arrangements among the Debtors, DIP Agent and DIP

Lender authorized by this Interim Order may be terminated pursuant to the terms of the DIP Term Sheet.

5.16 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Documents, the Motion, and this Interim Order, the terms and provisions of this Interim Order shall govern.

5.17 Objections Overruled. All objections to the entry of this Interim Order are (to the extent not withdrawn, waived, or settled) hereby overruled.

5.18 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Interim Order, the DIP Term Sheet, and the other DIP Documents.

Section 6. Final Hearing and Objection Deadline.

The Final Hearing on the Motion pursuant to Bankruptcy Rule 4001(c)(2) is scheduled for June 5, 2024 at 9:30 a.m. (Central Time) before the Court. The Debtors shall promptly mail copies of this Interim Order to the Notice Parties, and to any other party that has filed a request for notices with the Court and to any Committee (if appointed) and such Committee's counsel, if same shall have filed a request for notice. Such notice is deemed good and sufficient and that no further notice need be given. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections, which objections shall be served upon (i) proposed attorneys to the Debtors, (i) Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3900, Dallas, TX 75201, Attn: Matthew D. Struble, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: Lauren R. Kanzer; (ii) counsel to the DIP Secured Parties and Prepetition Secured Parties, Katten Muchin Rosenman LLP, 50 Rockefeller Plaza, New York, NY 10020, Attn: Cindi M Giglio and Lucy F. Kweskin; (iii) counsel to the Committee (if appointed); and (iv) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce

Street, Room 976, Dallas, Texas 75242, Attn: Meredyth A. Kippes, and shall be filed with the Clerk of the United States Bankruptcy Court for the Northern District of Texas, in each case, no later than 5:00 p.m. (Central Time) on May 31, 2024 (the "***Objection Deadline***").

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and –

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

EXHIBIT A

DIP Term Sheet

KIDKRAFT, INC.

Priming Superpriority Debtor-In-Possession Financing
Term Sheet

Dated as of April 25, 2024

This Priming Superpriority Debtor-in-Possession Financing Term Sheet (including all schedules, annexes and exhibits hereto, this "**Term Sheet**") describes the principal terms and conditions of a proposed DIP Facility to be provided by the DIP Lender to the Borrower in connection with cases (collectively, the "**Chapter 11 Cases**") to be filed by the Debtors in the United States Bankruptcy Court for the Northern District of Texas (the "**Bankruptcy Court**") pursuant to chapter 11 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**") on or around May 6, 2024 (the date of filing, the "**Petition Date**") and proceedings to be commenced pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**" and the related recognition proceedings, the "**CCAA Recognition Proceedings**") in the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**").

The parties contemplate the sale of the Debtors' assets to Backyard Products, LLC or its designee (the "**Backyard Sale**") pursuant to that certain Asset Purchase Agreement (the "**APA**") dated as of the date hereof between KidKraft, Inc., and certain of its affiliates and Backyard Products, LLC (the "**Purchaser**") and an orderly wind down pursuant to a chapter 11 plan (the "**Plan**") to be consummated in the Chapter 11 Cases pursuant to that certain Restructuring Support Agreement to which this Term Sheet is attached (the "**RSA**") and the Plan Term Sheet attached thereto (the "**Plan Term Sheet**").

This Term Sheet is being provided on a confidential basis and it, along with its contents and existence, may not be distributed, disclosed or discussed with any other party. This Term Sheet is not an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or to subscribe for any securities. The terms and conditions set forth in this Term Sheet do not constitute or create an agreement, obligation or commitment of any kind by or on behalf of any party, unless and until executed by each of the undersigned parties hereto.

BORROWER:	KidKraft, Inc. ("**KidKraft**" or "**Borrower**")
GUARANTORS:	The affiliates of KidKraft listed on Schedule 1 hereto (such affiliates and KidKraft, Inc., each a "**Debtor**" and collectively, the "**Debtors**"), as may be modified with the consent of the DIP Agent and any additional guarantor.
DIP LENDER:	1903 Partners, LLC (the "**DIP Lender**")
DIP AGENT:	GB Funding, LLC (the "**DIP Agent**", and together with the DIP Lender, the "**DIP Secured Parties**")
DIP COMMITMENT:	The DIP Lender agrees to make senior secured superpriority priming debtor-in-possession loans (each, a "**DIP Loan**" and

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Court File No./N° du dossier du greffe : CV-24-00720035-00CL

	in the aggregate, the "**DIP Loans**") to Borrower from time to time pursuant to a multi-draw debtor-in-possession term loan facility (the "**DIP Facility**") in an aggregate amount (i) not to exceed at any time outstanding aggregate commitments of $10.5 million (the "**DIP Commitment**") consisting of a $4.0 million DIP Commitment as of the Interim Closing Date (the "**Interim Commitment**") and an incremental $6.5 million DIP Commitment as of the Final Closing Date (the "**Final Commitment**") *plus* (ii) the Roll-Up Amount.
PURCHASE PRICE CALCULATION:	Every Wednesday beginning the first full calendar week following the Petition Date, the Debtors shall deliver an updated calculation of the "Purchase Price at close" in accordance with Exhibit B of the APA as though the Backyard Sale was closing on such date (each such calculation, a "**Purchase Price Calculation**") to the DIP Agent and the Purchaser. If the aggregate "Purchase Price at close" in any such Purchase Price Calculation is 20% or more below the Example Purchase Price Calculation set forth in the Exhibit B of the APA, it shall be deemed a "**Negative Purchase Variance**."
ROLL UP:	Upon entry of the Interim Order, $23.3 million of the Prepetition Obligations shall be "rolled up" and converted into DIP Loans on a dollar-for-dollar cashless basis (the "**Roll-Up Amount**").
CASH COLLATERAL:	"**Cash Collateral**" consists of: (i) cash collateral (as such term is defined in section 363(a) of the Bankruptcy Code, including, without limitation, any accounts receivable and general intangible and any other cash or right that would be included in such definition of "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code) including, without limitation, all cash or cash equivalents and other amounts, including the cash in any deposit or securities accounts, wherever located; (ii) any cash or cash equivalents received as proceeds of Prepetition Collateral or DIP Collateral; and (iii) all other cash or cash equivalents of the Debtors. Subject to the terms of the DIP Documents, the Prepetition Secured Parties (as defined below) shall consent to the Debtors' use of Cash Collateral during the Chapter 11 Cases and CCAA Recognition Proceedings to fund (i) working capital, (ii) general corporate purposes, (iii) restructuring costs and expenses, and (iv) any other fees required under the DIP Documents and the other definitive documentation during the pendency of the Chapter 11 Cases and CCAA Recognition

	Proceedings, in each case, subject to the Approved Budget (as defined below), including the Permitted Variances. To the extent any amounts required to be funded under this Term Sheet, the DIP Documents, the RSA, the Plan, or the APA or any other document or order (including the Administrative Expense Claim,Priority Tax Claim, and Other Priority Claim Backstop Amount, Post-Sale Reserve, and Foreign Sale Reserve) are not actually expended, such amounts shall be deemed Cash Collateral and distributed to the DIP Agent or Prepetition Agent, as applicable.
CLOSING DATES:	"**Interim Closing Date**" means the date on which the "Conditions Precedent to Each Interim DIP Loan" (including, without limitation, entry of the Interim Order) are satisfied or waived in accordance with this Term Sheet. "**Final Closing Date**" means the date on which the "Conditions Precedent to Each Final DIP Loan" as set forth below (including, without limitation, entry of the Final Order) shall have been satisfied or waived in accordance with this Term Sheet.
DIP LOAN DOCUMENTATION:	At the option of the DIP Lender in its sole discretion, Debtors shall execute definitive financing documentation with respect to the DIP Loans, including, without limitation, all guaranties thereof, satisfactory in form and substance to each of the DIP Lender and Debtors (and together with this Term Sheet and other documents governing the DIP Facility, the "**DIP Documents**"). The provisions of the DIP Documents shall, upon execution, supersede the provisions of this Term Sheet. The provisions of the DIP Documents shall be substantially the same as the Prepetition Loan Documents with such changes as are necessary to reflect the terms of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders (once entered). "**Canadian DIP Recognition Orders**" shall mean, as applicable, an order (after hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral situated in Canada), recognizing and giving effect in Canada to: (i) the Interim Order (the "**Interim DIP Recognition Order**," and together with the Interim Order, the "**Interim Orders**"), and (ii) the Final Order (the "**Final DIP Recognition Order**" and together with the Final Order, the "**Final Orders**").

	In addition to the provisions set forth herein, the DIP Orders and the Canadian DIP Recognition Orders shall contain additional customary protections for the DIP Lenders. Each of the parties' rights and obligations hereunder shall be subject to entry of the DIP Orders and the Canadian DIP Recognition Orders.
ACKNOWLEDGMENT; RATIFICATION:	Each Debtor hereby acknowledges, confirms, and agrees that: (i) as of the Petition Date, the Debtors are jointly and severally indebted under and in connection with that certain *Amended and Restated First Lien Credit Agreement* dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V. as borrowers, KidKraft Intermediate Holdings, LLC ("**Holdings**"), the subsidiaries of Holdings that are guarantors thereto (collectively, with Holdings, the "**Guarantors**") GB Funding, LLC in its capacity as administrative agent and collateral agent (the "**Prepetition Agent**"), and 1903 Partners, LLC in its capacity as Lender (the "**Prepetition Secured Lender**", and together with the Prepetition Agent, the "**Prepetition Secured Parties**") (as may be amended, supplemented or otherwise modified from time to time, the "**Prepetition Credit Agreement**", and together with all related security agreements, collateral agreements, pledge agreements, control agreements, guarantees, the "**Prepetition Loan Documents**") in the aggregate principal amount of not less than $144.9 million (together with any other amounts outstanding under the Prepetition Credit Agreement, including interest costs, expenses, indemnification obligations, and fees (including attorneys' fees and legal expenses) (collectively, the "**Prepetition Obligations**")); (ii) the Prepetition Obligations constitute the legal, valid and binding obligations of each Debtor enforceable against it in accordance with the terms thereof, and each Debtor has no valid defense, offset or counterclaim to the enforcement of such obligations; (iii) the Prepetition Obligations are secured by valid, enforceable and perfected (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) first priority and senior security interests in and liens (subject in priority only to those "Liens" permitted under Section 7.01 of the

	Prepetition Credit Agreement (the "**Prepetition Permitted Liens**") and the DIP Liens) upon all of the Debtors' assets and property other than Excluded Assets, Excluded Receivables and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "**Prepetition Collateral**"), including Cash Collateral; (iv) each of the Prepetition Loan Documents to which it is a party was duly executed and delivered by such Debtor, and each is in full force and effect as of the date hereof; (v) the Prepetition Secured Parties are and shall be entitled to all of the rights, remedies and benefits provided for in the Prepetition Loan Documents and the DIP Orders; and (vi) all of the terms and conditions of the Prepetition Loan Documents, as amended and supplemented pursuant hereto and pursuant to the DIP Orders and the Canadian DIP Recognition Orders, are ratified, restated, assumed, adopted and affirmed, and each Debtor agrees (a) to be fully bound, as debtor and debtor-in-possession, by the terms of the Prepetition Loan Documents to which such Debtor is a party, (b) to pay all of the Prepetition Obligations in accordance with the terms of such Prepetition Loan Documents and in accordance with the DIP Orders, and (c) each of the Prepetition Loan Documents are hereby incorporated herein by reference and hereby are and shall be deemed adopted and assumed in full by each Debtor, each as Debtor and debtor-in-possession, and considered as agreements between such Debtor, on the one hand, and the Prepetition Secured Parties on the other hand. The Interim Order and Final Order shall include typical acknowledgments regarding the validity and priority of the Prepetition Secured Parties and Prepetition Obligations.
CHALLENGE PERIOD:	The "ACKNOWLEDGMENT; RATIFICATION" section of this Term Sheet and portion of the "RELEASES" sections of this Term Sheet pertaining to the Prepetition Obligations, Prepetition Loan Documents, and Prepetition Secured Parties shall be subject to a typical "challenge period" (the "**Challenge Period**") to be set forth in the Interim Order and Final Order, which Challenge Period shall expire prior to the date that the Plan is confirmed by the Bankruptcy Court.

CARVE-OUT:	"**Carve-Out**" shall mean the sum of: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code *plus* interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise all unpaid fees, costs, disbursements and expenses (the "**Allowed Professional Fees**") incurred or earned by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Committee (if any) pursuant to sections 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**," and, together with the Debtor Professionals, the "**Professional Persons**") at any time on or before the first business day following delivery by the DIP Lender to the Debtors of a Carve-Out Trigger Notice (as defined in the Interim Order and Final Order), but shall not include any restructuring, sale, transaction or other "success" fee except for such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; (a) Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility or cash on hand, a segregated account (the "**Funded Reserve Account**") held by the Debtors in trust for the benefit of the Debtor Professionals in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures herein in the "Debtor Professional Budget and Reporting" section. (iv) Allowed Professional Fees of the Professional Persons in an aggregate amount not to exceed $150,000 accrued after the first business day following delivery by the DIP Agent of a Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, final order, or otherwise; and (v) an amount up to the amount secured by and necessary to fund the Administration Charge (as defined below) for the

	beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings.
USE OF PROCEEDS:	Proceeds of the DIP Loans (and Cash Collateral) will be used solely in accordance with the Approved Budget (as defined below) for (a) working capital and general corporate purposes of the Debtors, (b) restructuring costs and expenses, (c) costs and expenses related to the DIP Facility, (d) payment of interest on the DIP Loans, and (e) other costs to ensure consummation of the Plan. Neither proceeds of the DIP Loans nor any Cash Collateral shall be used (i) to permit the Borrower, the Guarantors or any other party-in-interest or any of their representatives to challenge or otherwise contest or institute any proceeding to determine (x) the validity, perfection or priority of security interests in favor of any of the DIP Secured Parties or the Prepetition Secured Parties, or (y) the enforceability of the obligations of the Debtors under the DIP Documents or the Prepetition Loan Documents, (ii) to investigate, commence, prosecute or defend any claim, motion, proceeding or cause of action against any of the DIP Secured Parties or the Prepetition Secured Parties, each in such capacity, and their respective agents, attorneys, advisors or representatives.
APPROVED BUDGET; APPROVED CASH FLOW PROJECTION; AND VARIANCE REPORTS:	By no later than two (2) Business Days before the Petition Date, Debtors shall deliver to the DIP Lender a weekly budget for the 9-week period commencing on the Petition Date, and such weekly budget shall be approved by the DIP Lender and the Purchaser (such consent, which shall not be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser) and shall set forth, among other things, all projected cash receipts, sales, and cash disbursements, a copy of which is attached as **Exhibit A** hereto (the "**Approved Budget**"). Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other time as the Debtors may elect with the consent of the DIP Lender), the weekly budget shall be updated, and if such updated budget is in form and substance satisfactory to the DIP Lender and the Purchaser (such consent, which shall not be unreasonably withheld, conditioned, or delayed, other

	than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), it shall become the "Approved Budget" for purposes of this Term Sheet and the DIP Orders. Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of the DIP Lender) the Debtors shall deliver to the DIP Lender a variance report in form and substance reasonably acceptable to the DIP Lender (an "**Approved Variance Report**") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, Debtors shall deliver to the DIP Lender, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "**Permitted Variances**" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons) line-items in the Approved Budget, (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "**Professional Fee Variance**") in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing to begin three (3) weeks from the Petition Date, except that the Professional Fee Variance shall be calculated weekly and not on a rolling four (4) week basis. Any amendments, supplements or modifications to the Approved Budget or an Approved Variance Report shall be subject to the prior written approval of the DIP Lender in its sole discretion prior to the implementation thereof. Other than as set forth below in the "Debtor Professional Budgeting and Reporting" section of this term sheet, if any Professional Person exceeds the Professional Fee Variance, such Professional Person will, if requested by the DIP Lender within two (2) Business Days of receipt of such adverse variance report, make a representative available to meet and

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	confer with the DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "**Meet and Confer**"). If the DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, the DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein. To the extent the amount of actual fees and expenses of any Professional Person is less than the amount set forth in the Approved Budget on a weekly basis, such amount for such Professional Person may be rolled forward to increase the amount available to the applicable Professional Person in any subsequent week.
DEBTOR PROFESSIONAL BUDGETING AND REPORTING	Notwithstanding anything to the contrary herein, the following requirements shall apply to each Debtor Professional. (i) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "**Debtor Professional Report**"). (ii) The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "**Review Period**"). (a) If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Funded Reserve Account. (b) If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. (c) At the conclusion of the Meet and Confer, if the DIP Agent elects to declare an Event of Default, the Debtors

	shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documentation, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Term Sheet after a Meet and Confer is requested.
ADMINISTRATIVE EXPENSE CLAIM, PRIORITY TAX CLAIM, AND OTHER PRIORITY CLAIM BACKSTOP AMOUNT:	The amount, to be agreed upon by the Debtors and both the DIP Lender and Backyard Products, LLC, each in its sole discretion, and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims excluding Allowed Professional Fee Claims; *provided*, *that* in no event will the DIP Lender's obligation to provide such funding exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount (as defined and set forth in the Plan).
FIRST PRIORITY SECURITY INTEREST:	All DIP Loans and other liabilities and obligations of Debtors to the DIP Secured Parties under or in connection with this Term Sheet, the DIP Documents, and the DIP Orders (collectively, the "**DIP Obligations**") shall be: (i) pursuant to section 364(c)(1) of the Bankruptcy Code, constitute an allowed superpriority administrative expense claim (the "**DIP Superpriority Claim**") in the Chapter 11 Cases of the Debtors with priority over any and all administrative expenses, whether heretofore or hereafter incurred, of the kind specified in sections 503(b) or 507(a) of the Bankruptcy Code but shall be subject to the Carve-Out and, shall be payable from the proceeds of DIP Collateral; (ii) pursuant to sections 364(c)(2), secured by a perfected first priority lien on the DIP Collateral, to the extent that such DIP

	Collateral is not subject to valid, perfected, and non-avoidable liens as of the Petition Date (but in all cases subject to the Carve-Out); (iii) pursuant to section 364(c)(3), secured by a perfected junior lien on DIP Collateral (as defined below), to the extent such DIP Collateral is subject to a Permitted Lien; (iv) pursuant to section 364(d) of the Bankruptcy Code, secured by the DIP Liens, which shall constitute a perfected, senior secured superpriority priming security interest and lien on the DIP Collateral (but in all cases subject to the Carve-Out); and (v) pursuant to the Canadian DIP Recognition Orders, secured by a super-priority CCAA Court-ordered charge upon DIP Collateral which is property of a Debtor formed under the laws of Canada (the "**Canadian Debtors**") or DIP Collateral situated in Canada (all such collateral, the "**Canadian Collateral**"). For clarity, all existing liens, including the liens granted in connection with the Prepetition Loan Documents shall be primed and made subject to and subordinate to the DIP Liens. The DIP Liens shall not be *pari passu* with or subordinated to any other liens or security interests (whether currently existing or hereafter created), except (i) the Carve-Out, (ii) such liens or interests expressly agreed upon in writing by the DIP Agent in its sole discretion, (iii) with respect to the Canadian Collateral, (A) the super-priority administration charge to be established by the CCAA Court on the Canadian Collateral in the Supplemental Order (Foreign Main Proceeding) as security for the professional fees and disbursements of Canadian counsel to the Debtors, the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings (the "**Information Officer**") and legal counsel to the Information Officer incurred in respect of the CCAA Recognition Proceedings in an amount not to exceed C$750,000 (the "**Administration Charge**"), and (B) the super-priority charge to be established by the CCAA Court on the Canadian Collateral in the Supplemental Order (Foreign Main Proceeding), securing an indemnity by KidKraft and the Canadian Debtors in favor of their directors and officers against certain Canadian obligations or liabilities that they may incur as directors and officers of KidKraft and the Canadian Debtors on or after the commencement of the

	CCAA Recognition Proceedings in an amount not to exceed C$100,000 (the "**Directors' Charge,** and together with the Administration Charge, the "**Canadian Priority Charges**") or (iv) such priming liens or interests imposed by applicable non-bankruptcy law and disclosed to the DIP Agent prior to the entry of the Interim Order, are in existence as of the Petition Date, and otherwise unavoidable (collectively, the "**Permitted Liens**"). For the avoidance of doubt, the Permitted Liens shall not include any liens which are junior in priority to the liens held by the Prepetition Secured Parties.
GRANT OF SECURITY INTEREST:	As collateral security for the prompt performance, observance, and payment in full of the DIP Obligations, each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to the DIP Agent, for the benefit of the DIP Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**DIP Liens**"). As collateral security for the prompt performance, observance, and payment in full of the Adequate Protection Superpriority Claim (as defined below), each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to Prepetition Agent, for the benefit of the Prepetition Secured Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**Replacement Lien**").
ADEQUATE PROTECTION:	As adequate protection for any diminution of the Prepetition Secured Parties' interest in the Prepetition Collateral resulting from the use of Cash Collateral, the subordination of their existing liens to the DIP Liens, and the imposition of the Carve-Out, the Prepetition Secured Parties shall receive: (i) pursuant to sections 361, 363(e), and 364(d)(l) of the Bankruptcy Code, the Replacement Lien, which shall be subject and subordinated only to the Carve-Out, the DIP Liens, and the Permitted Liens; (ii) an administrative expense claim, junior and subordinate only to the Carve-Out and the DIP Superpriority Claim with priority over any and all other administrative expenses (the "**Adequate Protection Superpriority Claim**"); and (iii) payment of all reasonable, documented out-of-pocket costs and expenses of the Prepetition Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without

	limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors). Such adequate protection shall in all cases be subject to the Carve-Out and shall be entitled to the full protections of Section 507(b) of the Bankruptcy Code and shall be payable from Avoidance Actions upon entry of the Interim Order. The Prepetition Secured Parties reserve all rights with respect to additional adequate protection, including adequate protection payments substantially equal to interest on the Prepetition Obligations.
DIP COLLATERAL:	"**DIP Collateral**" means, collectively, all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and upon entry of the Final Order, avoidance actions under chapter 5 of the Bankruptcy Code and proceeds thereof (collectively, the "**Avoidance Actions**"). For the avoidance of doubt, any amounts paid by Purchaser to the Debtors in the event of a breach or termination of the APA shall be Cash Collateral. The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by the DIP Agent in order to claim or perfect such rents, issues, products, or proceeds. The Debtors shall take all action that may be reasonably necessary or desirable or that the DIP Agent may reasonably request, to at all times maintain the validity, perfection, enforceability and priority of the security interest and liens of the DIP Agent in the DIP Collateral, or to enable the DIP Agent to protect, exercise or enforce its rights hereunder, under the DIP Orders, the Canadian DIP Recognition Orders and in the DIP Collateral.
DIP FEES:	The Debtors shall pay the (A) DIP Lender (i) an origination fee of 2.00% of the DIP Commitment, which shall be fully

	earned and non-refundable on the Interim Closing Date, and shall be paid from the proceeds of the initial funding of DIP Loans, and (ii) an exit fee of 2.00% of the DIP Commitment, which shall be fully earned and non-refundable upon consummation of the Plan and (B) the DIP Agent, a weekly administrative fee of $7,500.
INTEREST RATE:	The interest rate on the DIP Loans shall be a rate per annum equal to Adjusted Term SOFR for an Interest Period (as such terms are defined in the Prepetition Credit Agreement) of one month plus 8.50%. Interest shall be paid at the end of each Interest Period in cash, using Cash Collateral or proceeds of the DIP Loans. On the last day of each Interest Period the interest rate on the outstanding DIP Loans will be automatically deemed continued at Adjusted Term SOFR for an Interest Period of one month determined as of such date. Interest shall be paid monthly on the DIP Loans in cash, using Cash Collateral or proceeds of the DIP Loans.
DEFAULT RATE:	At all times following the occurrence and during the continuance of an Event of Default, principal, interest and other amounts due on the DIP Loans shall bear interest at a rate equal to the "Interest Rate" section above *plus* 3.00%.
MATURITY DATE:	The DIP Loans (together with all other DIP Obligations) shall mature and be due and payable on the earliest to occur of the following (such date, the "**Maturity Date**"): (i) the date that is sixty (60) days after the Petition Date (the "**Outside Date**"), which may be extended in the sole discretion of the DIP Lender; (ii) the date which is thirty (30) days following the entry of the Interim Order if the Bankruptcy Court has not entered the Final Order on or prior to such date; (iii) the date of the Debtors' receipt of notice of the acceleration of any of the DIP Loans and the termination of the commitments to make the DIP Loans resulting from the occurrence of an Event of Default (including, without limitation, the failure to meet any Chapter 11 Milestone set forth in the RSA (collectively, the "**Chapter 11 Milestones**")); (iv) the effective date of the Plan;

	(v)a sale of all or substantially all of the Debtors' assets is consummated under Section 363 of the Bankruptcy Code (which for the avoidance of doubt shall include the Backyard Sale after the occurrence of the Sale Toggle (as defined in the Plan Term Sheet)); and (vi) the filing of a motion by the Debtors seeking dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the filing of a motion by the Debtors seeking to convert any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, the conversion of any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or entry of an order appointing a trustee under chapter 11 of the Bankruptcy Code, a responsible officer or examiner with enlarged powers relating to the operation of the Debtors' business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1106 of the Bankruptcy Code, the making of an assignment in bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case without the prior written consent of the DIP Agent.
OPTIONAL PREPAYMENTS:	The Debtors may prepay the DIP Loans in whole or in part at any time without premium or penalty. All optional prepayments shall be applied to the DIP Loans in accordance with the Prepayment Waterfall set forth below. Any amounts so prepaid may not be reborrowed.
MANDATORY PREPAYMENTS; APPLICATION OF PREPAYMENTS:	The Debtors shall pay or prepay the DIP Loans and all other DIP Obligations (together with a cash reserve established for the benefit of the DIP Agent to cover asserted contingent and indemnity obligations) in accordance with the Prepayment Waterfall, in each case after funding the Carve-Out, reserving proceeds sufficient to pay accrued and unpaid expenses to the extent set forth in the Approved Budget, and reserving for amount secured by and necessary to fund the Canadian Priority Charges (without duplication), upon receipt of any of the following (each, a "**Mandatory Prepayment Event**"): (i) net proceeds of any sale or disposition of all or substantially all of Debtors' assets pursuant to section 363 of

	the Bankruptcy Code simultaneous with the consummation thereof, other than the Backyard Sale. (ii) net proceeds of any other sale or other disposition by any Debtor of any assets, in a single transaction or series of related transactions, having a value in excess of $10,000 (except for the sale of goods or services in the ordinary course of business, sales contemplated by the Approved Budget, and certain other sales to be agreed on); and (iii) 100% of the net proceeds of extraordinary receipts (including tax refunds, indemnity payments, pension reversions, acquisition purchase price adjustments and insurance proceeds not included as proceeds of asset dispositions) by any Debtor, excluding any tax refunds contemplated to be received by any of the Debtors as set forth in the Approved Budget. Any amounts so paid or prepaid may not be reborrowed. No reinvestment of the proceeds of any extraordinary receipts, asset sales or other proceeds described above shall be permitted without the prior written consent of the DIP Lender. All payments or prepayments and proceeds of DIP Collateral received by the Debtors outside the ordinary course of business (other than the Backyard Sale) will be applied in the following order of priority (the "**Prepayment Waterfall**" (unless otherwise determined by the DIP Lender in its sole discretion)), in each case after funding the Carve-Out, reserving proceeds sufficient to pay accrued and unpaid expenses to the extent set forth in the Approved Budget, and reserving for amount secured by and necessary to fund the Canadian Priority Charges (without duplication): (i) *first*, to pay all reasonable documented out-of-pocket expenses of the DIP Secured Parties (including, without limitation, reasonable and documented out-of-pocket fees and expenses of counsel and external advisors); (ii) *second*, to pay an amount equal to all accrued and unpaid interest (including, without limitation, any interest that accrued and was "paid in kind") owing to the DIP Secured Parties;

	(iii) *third*, to repay any principal amounts outstanding in respect of the DIP Loans (including any amounts, other interest, that have been added to the principal balance); and (iv) *fourth*, all other amounts owing to the DIP Secured Parties. Proceeds from the Backyard Sale shall be distributed in accordance with the Plan.
INDEFEASIBLE PAYMENT:	All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason.
CONDITIONS PRECEDENT TO EACH INTERIM DIP LOAN:	The obligations of the DIP Lender to make any Interim DIP Loans will be subject to satisfaction, or written waiver, by the DIP Lender in its sole and absolute discretion, of each of the following conditions precedent in connection with each draw request: (i) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Interim DIP Loan; (ii) Debtors shall have timely delivered to the DIP Lender the Approved Budget or any update thereto required to be delivered in accordance with this Term Sheet; (iii) Debtors shall have delivered to the DIP Agent a Closing Certificate, duly executed by the chief executive officer, president, or chief financial officer of the Borrower and appropriately completed, by which such officer shall certify to the DIP Agent all of the conditions precedent to the Interim DIP Loans have been satisfied (at any time delivered, a "**Closing Certificate**"); (iv) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances;

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	(v) Debtors shall be in compliance with and satisfied the applicable Chapter 11 Milestones; (vi) the interim order has been entered by the Bankruptcy Court (after a hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral) and shall not have been reversed, modified, amended, stayed or vacated, or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Interim Order**"), and the Debtors shall be in compliance in all respects with the Interim Order; (vii) the DIP Lender shall be satisfied that the DIP Liens have been properly perfected and shall constitute first-priority liens (subject only to Permitted Liens); (viii) all reasonable, documented fees and out-of-pocket expenses of the DIP Secured Parties relating to the DIP Facility (including, without limitation, the reasonable, documented fees and out-of-pocket expenses of their counsel and external advisors) shall have been paid in full to the extent invoiced at least two (2) business days prior; (ix) Debtors shall have insurance (including, without limitation, commercial general liability and property insurance) with respect to the DIP Collateral in such amounts and scope as is customary for companies similarly-situated to the Debtors and otherwise reasonably acceptable to the DIP Agent, and the DIP Agent shall have received additional insured and loss payee endorsements, as applicable, with respect thereto, in form and substance reasonably acceptable to the DIP Agent; (x) the DIP Agent shall have received the results of a recent lien, tax, and judgment search in each relevant jurisdiction with respect to Debtors, and such search shall reveal no liens on any of the assets of Debtors other than Permitted Liens and Permitted Prepetition Liens; (xi) no Event of Default shall have occurred and be continuing on the Interim Closing Date, or after giving effect to the Interim DIP Loan; (xii) all representations and warranties of the Debtors hereunder shall be true and correct in all material respects;

	(xiii) subject to Bankruptcy Court approval, (i) each Debtor shall have the corporate power and authority to make, deliver and perform its obligations under this Term Sheet and the Interim Order, and (ii) no consent or authorization of, or filing with, any person (including, without limitation, any governmental authority) shall be required in connection with the execution, delivery or performance by each Debtor, or for the validity or enforceability in accordance with its terms against such Debtor, of this Term Sheet and the Interim Order, except for consents, authorizations and filings which shall have been obtained or made and are in full force and effect, relating to the CCAA Recognition Proceedings, or, the failure to obtain or perform, could not reasonably be expected to cause a Material Adverse Change; (xiv) no Material Adverse Change shall have occurred; (xv) each of the non-Debtor borrower and the non-Debtor guarantors under the Prepetition Loan Documents shall have executed a reaffirmation and ratification agreement ratifying and confirming its obligations under each of the Prepetition Loan Documents to which it is a party and each grant of a security interest contained therein, which agreement shall be in form and substance acceptable to the Prepetition Secured Parties; (xvi) DIP Agent shall have received, such certificates of good standing (to the extent such concept exists) from the applicable secretary of state (or equivalent) of the state (or other jurisdiction) of organization of each Debtor, certificates of resolutions or other corporate or limited liability company action, incumbency certificates and/or other certificates of responsible officers of each Debtor as the DIP Agent may reasonably require evidencing the identity, authority and capacity of each responsible officer thereof authorized to act as a responsible officer in connection with this DIP Term Sheet and the other DIP Documents to which such Debtor is a party or is to be a party on the Interim Closing Date and certifying the organization documents of each Debtor; and (xvii) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably require or request consistent with the Prepetition Loan Documents. "**Material Adverse Change**" means a material adverse effect on and/or material adverse developments arising after the

	Petition Date with respect to (i) the business operations, properties, assets, or financial conditions of the Debtors and their subsidiaries taken as a whole; (ii) the validity, perfection or priority of the DIP Liens granted by the Borrower and the Guarantors in favor of the DIP Secured Parties, (iii) the rights, remedies and benefits available to, or conferred upon, the DIP Secured Parties, taken as a whole; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change, or (iv) the Backyard Sale; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change.
CONDITIONS PRECEDENT TO EACH FINAL DIP LOAN:	The obligations of the DIP Lender to make any Final DIP Loans shall be subject to satisfaction or waiver of each of the following conditions: (i) all representations and warranties of the Debtors hereunder being true and correct in all material respects; (ii) no Event of Default shall exist or would immediately result from such proposed Final DIP Loan or from the application of the proceeds therefrom; (iii) all reasonable, documented fees and out-of-pocket expenses, including reasonable, documented and out-of-pocket attorney's fees of the DIP Secured Parties, shall have been paid in full; (iv) the applicable Chapter 11 Milestones shall have been satisfied; (v) a final order approving the DIP Facility shall have been entered, which final order shall not have been reversed, modified, amended, stayed or vacated or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Final Order**," and together with the Interim Order, the "**DIP Orders**") and the Debtors shall be in compliance in all respects with the Final Order; (vi) no Material Adverse Change shall have occurred; (vii) the Debtors shall have delivered to the DIP Agent a Closing Certificate certifying all of the conditions precedent to such Final DIP Loan have been satisfied;

	(viii) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Final DIP Loan; (ix) DIP Agent shall have received with respect to the week in which such Final DIP Loan is to be made, an Approved Budget for such week, including an Approved Variance Report; (x) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances; and (xi) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably require or request consistent with the Prepetition Loan Documents. Any modifications of the Final Orders shall require the prior written consent of the DIP Secured Parties.
REPRESENTATIONS AND WARRANTIES:	The representations and warranties set forth in Sections 5.01 through 5.04, 5.06 through 5.10, 5.12, 5.13, 5.15, 5.17, and 5.18 of the Prepetition Credit Agreement are incorporated herein by reference and shall be deemed made by the Debtors for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, *mutatis mutandis*, as if fully set forth herein, on the Interim Closing Date, on the Final Closing Date and on the date of each credit extension hereunder. Each Debtor further represents that the proceeds of each advance hereunder shall be used solely in accordance with the "Use of Proceeds" section of this Term Sheet.
AFFIRMATIVE COVENANTS:	From and after the Closing Date, each Debtor shall: (i) comply with the affirmative covenants set forth in Sections 6.04 through 6.08, 6.11 and 6.12 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (ii) timely deliver, or cause to be timely delivered, to the DIP Lender the Approved Budget and Approved Variance

	Reports, and all other financial reports, budgets, forecasts, and legal and financial documentation requested by the DIP Lender (or their respective legal advisors), all in accordance with the provisions set forth herein; (iii) deliver, or continue to deliver, to the DIP Lender all financial and other information required to be delivered by any Debtor under Sections 6.01, 6.02, and 6.03 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (iv) (a) keep proper books, records and accounts in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to their business and activities and consistent with Section 6.09 of the Prepetition Credit Agreement, (b) cooperate, consult with, and provide to the DIP Secured Parties all such information as required or as reasonably requested by the DIP Secured Parties, (c) permit, upon three (3) business days' notice, representatives of the DIP Secured Parties to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective inventory and accounts, to tour the Debtors' business premises and other properties, and to discuss, and provide advice with respect to, their respective affairs, finances, properties, business operations and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired, and (d) permit representatives of the DIP Secured Parties to consult with and advise the Debtors' management on matters concerning the general status of the Debtors' business, financial condition and operations; (v) comply with the Approved Budget (subject to the Permitted Variances) and with provisions of this Term Sheet, DIP Orders and the Canadian DIP Recognition Orders (as applicable); (vi) except to the extent (a) contemplated by the Approved Budget, (b) the failure to do so could not reasonably be expected to cause a Material Adverse Change, or (c) otherwise consented to by the DIP Lender in writing, continue, and cause to be continued, the business of the Debtors, maintain, and cause to be maintained, the Debtors'

	existence and material relationships, rights and privileges, and comply with all material contractual obligations; (vii) take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable, to pursue and consummate the Plan in accordance with the Chapter 11 Milestones, and provide the DIP Lender with copies of any bids (including, without limitation, any information, financial or otherwise, submitted in connection with any bids) upon receipt by the Debtors; (viii) do or cause to be done all things reasonably necessary, proper or advisable under applicable law, and to execute and deliver such documents and other papers, as may be reasonably requested by the DIP Secured Parties to carry out the provisions of this Term Sheet, the Interim Order, the Final Order or the Canadian DIP Recognition Orders; (ix) take, or cause to be taken, all appropriate action to remain the sole owner of the DIP Collateral, free of liens other than Permitted Liens and Permitted Prepetition Liens; (x) take, or cause to be taken, all appropriate action to comply with all material applicable laws with respect to the DIP Collateral; (xi) pay when due all U.S. Trustee fees; (xii) provide all notices received from the Purchaser under the APA, and exercise or refrain from exercising, as applicable, such rights, in each case, in accordance with the written instructions (emails suffice) of the DIP Agent, and otherwise allow the DIP Agent to participate and audit any of the Debtors' rights under the APA; (xiii) the Debtors shall not release or otherwise terminate, or cause to be released or otherwise terminated, any security interest granted by the Debtors' non-debtor affiliates under the Prepetition Loan Documents before a substitute, valid right of pledge or similar charge has been created, consented to and perfected by such affiliate in favor of the Prepetition Secured Parties (which substitute shall include a right, pledge or charge against any proceeds of the asset on which the security interest has been released or terminated); and (xiv) promptly provide such additional information concerning the Debtors, the Plan, or the DIP Collateral as the

	DIP Secured Parties may reasonably request and access to Debtors' officers, directors, and advisors to discuss such information at reasonable times during normal business hours (and such officers, directors, and advisors shall be directed to discuss such information with the DIP Secured Parties).
NEGATIVE COVENANTS:	Unless otherwise provided in the Approved Budget, this Term Sheet or as part of the Plan, no Debtor shall, without the express, prior written consent of the DIP Agent, do, or cause to be done, any of the following: (i) create, incur, assume or suffer to exist any lien (other than a Prepetition Permitted Lien) upon any of its property, assets, income or profits, whether now owned or hereafter acquired, except valid, perfected and unavoidable liens existing as of the Petition Date which, other than Permitted Liens, are junior to the liens securing the DIP Facility, and shall not cause, or permit to be caused, any direct or indirect subsidiary of Borrower that is not a Debtor to, create, incur, assume or suffer to exist any such liens; (ii) convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger or consolidation) any of its property, business or assets, whether now owned or hereafter acquired, out of the ordinary course of business; (iii) incur or make any expenditure, investment or other payment, or any Restricted Payment (as defined in the Prepetition Credit Agreement), other than in accordance with the Approved Budget, subject to the Permitted Variances; (iv) create, or acquire any ownership interest in, any subsidiaries (whether direct or indirect) other than those existing on the Petition Date; (v) create, incur assume or suffer to exist any indebtedness other than (A) indebtedness of the Debtors under this Term Sheet, (B) indebtedness contemplated by the Approved Budget and (D) indebtedness permitted under Section 7.03(l), (o), (v) or (z) of the Prepetition Credit Agreement; (vi) enter into any transaction of any kind with any Affiliate of Borrower without the DIP Agent's prior written consent or as otherwise permitted by the order of the Bankruptcy Court governing the Debtors' authorization to continue using its cash management system; or

	(vi) consummate any amendment, restatement, supplement or other modification to or waiver of any of its organization documents.
EVENTS OF DEFAULT:	Each of the following shall constitute an "**Event of Default**": (i) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the Permitted Variances; *provided*, *that*, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer; (ii) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognition Orders or Approved Budget; (iii) any modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders; (iv) failure of any of the Chapter 11 Milestones to be satisfied; (v) failure by any Debtor to be in compliance in all material respects with the sections of the Term Sheet entitled "Affirmative Covenants" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) and "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders; (vi) failure of any representation or warranty to be true and correct in all material respects when made; (vii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under Section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or

	pursuant to any other financing agreement made with the prior written consent of the DIP Agent; (viii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion; (ix) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties; (x) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP Orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP Orders or the Canadian DIP Recognition Orders; (xi) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet is not valid and binding for any reason, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral (as defined in the DIP Orders), cease to be valid and binding (without the prior written consent of the DIP Secured Parties); (xii) the filing with the Bankruptcy Court of a plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan; (xiii) the appointment or entry of an order in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of the business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been

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	reversed, stayed, or vacated within thirty (30) days after the entry of such order; (xiv) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate; (xv) failure to pay principal, interest or other DIP Obligations in full in cash when due, including without limitation, on the Maturity Date; (xvi) the allowance of any claim or claims under section 506(c)or 552(b) of the Bankruptcy Code against or with respect to any DIP Collateral; (xvii) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties; (xviii) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties; (xix) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan; (xx) the occurrence of any Material Adverse Change; (xxi) any termination of the RSA or the APA; (xxii) the actual amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount; (xxiii) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; (xxiv) such other events of default to be included in the DIP Orders as reasonably specified by the DIP Secured Parties with the reasonable consent of the Debtors; and

	(xxv) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.
REMEDIES UPON EVENT OF DEFAULT:	Upon the occurrence and during the continuance of any Event of Default and delivery of a Carve-Out Trigger Notice (as defined in the Interim DIP Order or the Final DIP Order, as applicable) and delivery by the DIP Agent of five (5) business days' notice to the Debtors (the "**Notice Period**"), during which time the Debtors may seek an emergency hearing before the Bankruptcy Court, the DIP Secured Parties may not exercise rights or remedies; *provided*, *that*, if a hearing cannot be scheduled prior to the expiration of the Notice Period solely as a result of the Bankruptcy Court's unavailability, the Notice Period shall be automatically extended to the date that is one (1) business day after the first date that the Bankruptcy Court is available. After the expiration of the Notice Period, the DIP Secured Parties may (except as otherwise ordered by the Bankruptcy Court or the CCAA Court): (i) declare all DIP Obligations (including principal of and accrued interest on any outstanding DIP Loans) to be immediately due and payable; (ii) terminate the DIP Facility and/or any further commitment to lend to Borrower; and (iii) exercise rights and remedies pursuant to the terms of the DIP Documents, the DIP Orders, the Canadian DIP Recognition Orders or applicable law, and if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (A) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (B) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (B) provide the DIP Agent and their representatives or agents, at all reasonable times access to the Debtors' books and records

	and any information or documents requested by the DIP Agent or their respective representatives, (C) perform all other obligations set forth in the DIP Documents, and (D) take reasonable steps to safeguard and protect the DIP Collateral, and (iv) the Debtors shall not otherwise interfere with or actively encourage others to interfere with the DIP Agent's enforcement of rights including, without limitation, the right to (W) take any actions reasonably calculated to preserve or safeguard the DIP Collateral or to prepare the DIP Collateral for sale; (X) foreclose or otherwise enforce the DIP Liens on any or all of the DIP Collateral; (Y) immediately set off any and all amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the DIP Agent and DIP Lenders); and/or (Z) exercise any other default-related rights and remedies under the under the DIP Facility Documents, this Interim Order the DIP Orders, the Canadian DIP Recognition Orders or applicable law.
DIP SECURED PARTIES' EXPENSES:	All reasonable, documented out-of-pocket costs and expenses of the DIP Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors) shall be payable by Borrower promptly upon written demand (together with summary backup documentation supporting such reimbursement request) and without the requirement for Bankruptcy Court or CCAA Court approval. A copy of summary invoices for the U.S. advisors to the DIP Secured Parties and Prepetition Secured Parties shall be provided by the Debtors to the Office of the U.S. Trustee, and counsel for any statutory committee, subject to customary review periods.
RELEASES:	The Interim Order and Final Order shall provide customary releases for each of the DIP Secured Parties and the Prepetition Secured Parties and each of their respective each of their respective former, current or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates and successors and predecessors in interest (in their respective capacities as such) (collectively, the "**Released Parties**") with respect to all claims and liabilities arising from

	the DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Documents and the Prepetition Secured Parties with respect to the Prepetition Obligations and the Prepetition Loan Documents; *provided that*, with respect to the Prepetition Secured Parties, such releases shall be subject to the Challenge Period.
INDEMNITY:	Each Debtor shall indemnify, pay and hold harmless the DIP Secured Parties (and each of their directors, officers, members, employees and agents) against any loss, liability, cost, or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence, or willful misconduct, bad faith, or a material breach of DIP Documents of the indemnified party, as determined by a final, nonappealable judgment of a court of competent jurisdiction).
CREDIT BID:	The DIP Agent shall have the right to credit bid the outstanding DIP Obligations on a dollar-for-dollar basis in any sale of DIP Collateral, subject to the requirement that the DIP Agent fund all Allowed Administrative Expenses, up to the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount and the Carve-Out, and the amount secured by and necessary to fund the Canadian Priority Charges (without duplication).
DIP ORDERS GOVERN:	To the extent of any conflict or inconsistency between this Term Sheet and the DIP Orders, the DIP Orders shall govern.
AMENDMENT AND WAIVER:	No provision of this Term Sheet or the DIP Orders may be amended other than by an instrument in writing signed by the DIP Secured Parties and Debtors, provided, however on the Petition Date, the Parties agree to update the amounts set forth in (i) of the "Acknowledgment; Ratification" section herein and the "Roll-Up" section herein.
GOVERNING LAW AND JURISDICTION:	The laws of the State of New York (except as governed by mandatory provisions of the Bankruptcy Code or the CCAA) shall govern this Term Sheet. The parties to this Term Sheet shall submit to the exclusive jurisdiction of the Bankruptcy Court and shall waive any right to trial by jury. Notwithstanding the foregoing, the CCAA Court shall have exclusive jurisdiction of the CCAA Recognition Proceedings.

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Court File No./N° du dossier du greffe : CV-24-00720035-00CL

NOTICES:	All notices required to be provided hereunder shall be delivered to: (i) if to Debtors to: KidKraft, Inc. Attention: Geoffrey Walker Email: Geoff.W@kidkraft.com with a copy (which shall not constitute notice) to: Vinson & Elkins LLP Attention: David Meyer; William Wallander; Lauren Kanzer Email: dmeyer@velaw.com; bwallander@velaw.com; lkanzer@velaw.com (ii) if to Prepetition Secured Parties or DIP Secured Parties to: GB Funding, LLC Attention: David Braun and Kyle Shonak Email: dbraun@gordonbrothers.com; kshonak@gordonbrothers.com with a copy (which shall not constitute notice) to: Katten Muchin Rosenman LLP Attention: Steven Reisman; Cindi Giglio Email: sreisman@katten.com; cgiglio@katten.com
COUNTERPARTS AND ELECTRONIC TRANSMISSION:	This Term Sheet may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Term Sheet by facsimile, "PDF" or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Term Sheet.

Schedule 1

1. KidKraft, Inc.
2. KidKraft Intermediate Holdings, LLC
3. KidKraft International Holdings, Inc.
4. KidKraft Europe, LLC
5. KidKraft International IP Holdings, LLC
6. KidKraft Partners, LLC
7. Solowave Design Corp.
8. Solowave Design Inc.
9. Solowave Design LP
10. Solowave Design Holdings Limited
11. Solowave International Inc.

Exhibit A

Approved Budget

KidKraft, Inc. DIP Budget (9 Weeks)

DIP Week>>	1	2	3	4	5	6	7	8	9		
Week End>>	5/10/2024	5/17/2024	5/24/2024	5/31/2024	6/7/2024	6/14/2024	6/21/2024	6/28/2024	7/5/2024	Exit	Total
Total Inflows	2,000,000	2,097,889	1,796,228	1,079,983	1,810,476	2,048,180	2,120,225	2,160,181	2,565,020	-	17,678,181
Operating Cash Flow:											
Factory Payments	1,089,533	1,041,389	733,769	594,427	1,796,758	1,806,739	1,737,717	762,125	694,866	-	10,257,323
Cost of Sales (Shipping, Testing, etc.)	301,795	314,211	444,969	195,409	203,911	161,007	387,578	188,353	214,588	-	2,411,821
Employee Costs	295,450	39,254	291,039	39,254	291,039	39,254	291,039	39,254	291,039	99,254	1,715,874
Operating Expenses	518,985	377,348	266,077	410,319	797,084	535,720	217,965	378,859	545,151	50,000	4,097,506
Intercompany (from)/to China	342,000	660,000	-	-	-	225,000	570,000	-	-	128,226	1,925,226
Total Operational Outflows	2,547,763	2,432,202	1,735,853	1,239,408	3,088,792	2,767,720	3,204,299	1,368,591	1,745,643	277,479	20,407,750
Restructuring Fees:											
Professional Fees - BK Restructuring	30,000	626,545	574,878	408,212	424,878	408,212	633,212	429,878	526,545	1,225,000	5,287,361
Professional Fees - Trustee Fees (est.)	-	-	-	-	-	-	-	-	-	250,000	250,000
Other	27,250	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	-	87,250
Total Restructuring Outflows	57,250	634,045	582,378	415,712	432,378	415,712	640,712	437,378	534,045	1,475,000	5,624,611
Other Obligations											
Other Employee Obligations	-	-	-	-	-	-	-	-	58,905	-	58,905
Priority Tax Claims	-	-	-	300,700	-	-	-	-	175,000	275,000	750,700
Severance	93,257	-	-	-	-	-	-	-	57,848	-	151,105
Post Sale Reserve	-	-	-	-	-	-	-	-	-	643,000	643,000
Pre-Petition Vendor Payments - CV/503b9/Shippers	-	525,000	-	425,000	-	-	-	-	-	-	950,000
Utility Deposit	-	20,000	-	-	-	-	-	-	-	-	20,000
Total Incremental Outflows	93,257	545,000	-	725,700	-	-	-	-	291,753	918,000	2,573,710
Net Cash Flow	(698,270)	(1,513,359)	(522,004)	(1,300,837)	(1,710,695)	(1,135,251)	(1,724,786)	354,211	(6,421)	(2,670,479)	(10,927,891)
Cash Requirement											
Beginning Book Balance	2,129,070	1,430,800	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070
Net Cash Flow	(698,270)	(1,513,359)	(522,004)	(1,300,837)	(1,710,695)	(1,135,251)	(1,724,786)	354,211	(6,421)	(2,670,479)	(10,927,891)
DIP Financing	-	2,211,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	6,421	541,409	8,798,821
Ending Cash	1,430,800	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	-	-
DIP Financing											
Interest/Origination Fee/Exit Fee	-	210,000	-	-	-	-	-	-	841,994	-	1,051,994
DIP Financing	-	2,211,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	6,421	541,409	8,798,821
Ending Balance	-	2,421,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	848,416	541,409	9,850,815

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Schedule "L"

Form of Notice

Court File No.: CV-24-00720035-00CL

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC., AND SOLOWAVE DESIGN LP (collectively, the "**Canadian Debtors**")

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

NOTICE OF RECOGNITION ORDERS

PLEASE BE ADVISED that this Notice is being published pursuant to orders of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") granted on May 15, 2024 (the "**Recognition Orders**").

PLEASE TAKE NOTICE that on May 10, 2024, the Canadian Debtors and certain other of their affiliates filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (the "**Chapter 11 Cases**") with the United States Bankruptcy Court for the Northern District of Texas Dallas Division (the "**U.S. Court**"). In connection with the Chapter 11 Cases, KidKraft, Inc. has been appointed as the foreign representative of the Canadian Debtors. KidKraft, Inc.'s address is 4630 Olin Road Dallas, TX 75244 USA.

AND TAKE NOTICE that the Recognitions Orders granted by the Canadian Court under Part IV of the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA Proceedings**"), among other things: (i) recognize the Chapter 11 Cases as a "foreign main proceeding"; (ii) grant a stay of proceedings in respect of the Canadian Debtors, their property and their directors and officers in Canada; (iii) prohibit the commencement of any proceedings against the Canadian Debtors in Canada absent further order of the Canadian Court; and (iv) appoint KSV Restructuring Inc. as Information Officer in the CCAA Proceedings.

AND TAKE NOTICE that the motions and notices filed with, and the orders entered by (i) the U.S. Court are available at https://cases.stretto.com/kidkraft/, and (ii) the Canadian Court are available at https://www.ksvadvisory.com/experience/case/KidKraft.

AND TAKE NOTICE that Canadian counsel for the Canadian Debtors is:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, 100 King West, Suite 6200
Toronto, ON M5X 1B8
Email: jkanji@osler.com

PLEASE FINALLY TAKE NOTICE that for further information on the CCAA Proceedings you may contact the Information Officer at:

KSV Restructuring Inc.
150 King Street West, #2308
Toronto, ON M5H 1J9

Phone: 647 848 1350
Email: mostling@ksvadvisory.com

DATED AT TORONTO, ONTARIO this May 15, 2024.

KSV RESTRUCTURING INC., solely in its capacity as Information Officer in the CCAA Proceedings and not in its personal or corporate capacity

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36 AS AMENDED

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Fax: 416.862.6666

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

THIS IS **EXHIBIT "G"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

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

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Mark Sheeley	Lawyers for the Applicant, Kidkraft Inc.	msheeley@osler.com
Emilie Dillon		edillon@osler.com
Justin Kanji		jkanji@osler.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Virginie Gauthier	Lawyer for the KSV Restructuring Inc.	virginie.gauthier@gowlingwlg.com
Heather Meredith	Lawyers for the Backyard Products LLC	hmeredith@mccarthy.ca
Ella Hantho		ethantho@mccarthy.ca
Mitch Stephenson	Lawyers for the Gordon Brothers	mstephenson@fasken.com
Stuart Brotman		sbrotman@fasken.com

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.

Mr. Justice
Cavanagh

THIS IS **EXHIBIT "H"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

NOTICE OF SUPPLEMENT TO THE DEBTORS' JOINT PREPACKAGED CHAPTER 11 PLAN

PLEASE TAKE NOTICE that, on May 9, 2024, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") commenced solicitation of the *Debtors' Joint Prepackaged Chapter 11 Plan* (as it may be amended, altered, modified, or supplemented, and including all exhibits and supplements thereto, the "***Plan***")[2] by sending copies of the Plan, the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan* (as it may be amended, altered, modified, or supplemented, and together with all exhibits thereto, the "***Disclosure Statement***"), and the ballot for voting to accept or reject the Plan (the "***Ballot***," and together with the Plan and the Disclosure Statement, the "***Solicitation Materials***"), to the sole party entitled to vote to accept or reject the Plan, which is the sole Holder of Class 3 Prepetition Secured Party Claims.

PLEASE TAKE FURTHER NOTICE that the Debtors commenced the above-captioned chapter 11 cases (the "***Chapter 11 Cases***") on May 10, 2024 and substantially contemporaneously

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

therewith filed the Plan [Docket No. 28] and the Disclosure Statement [Docket No. 29] on the docket in the Chapter 11 Cases.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file this supplement to the Plan (the "***Plan Supplement***").

PLEASE TAKE FURTHER NOTICE that the Plan Supplement includes the following documents, as may be modified, amended, or supplemented from time to time in accordance with the Plan and the Restructuring Support Agreement:

- **Exhibit A** — Purchase Agreement
- **Exhibit B** — Schedule of Assumed Executory Contracts and Unexpired Leases
- **Exhibit C** — Schedule of Retained Causes of Action
- **Exhibit D** — Liquidation Analysis

PLEASE TAKE FURTHER NOTICE that the Plan Supplement and any exhibits, appendices, supplements, or annexes to the Plan Supplement documents are incorporated into the Plan by reference and are a part of the Plan as if set forth therein. If the Plan is confirmed by the Court, the Plan Supplement will thereby be approved as well. The Debtors reserve the right, subject to any applicable consent rights contained in the Plan and the Restructuring Support Agreement, to alter, amend, modify, or supplement any document or exhibit in the Plan Supplement until the Effective Date or as otherwise provided in the Plan, in each case in accordance with the Plan and the Restructuring Support Agreement, as applicable; *provided*, that if any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect, the Debtors will file a revised version of such document with the Court.

PLEASE TAKE FURTHER NOTICE that copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, may be obtained upon request made to the Debtors' counsel at the address specified below and are also on file with the Clerk of the Court, 1100 Commerce St., Rm. 1254, Dallas, TX 75242 and available for review during the normal operating hours. Copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, are also available for inspection on the Court's website at www.txnb.uscourts.gov/, and such pleadings are available for inspection free of charge on the Debtors' restructuring website at https://cases.stretto.com/kidkraft/.

Dated: June 12, 2024
Dallas, Texas

/s/ *Matthew D. Struble*

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com;
mstruble@velaw.com; kvakamudi@velaw.com

- and –

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

I certify that on June 12, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Matthew D. Struble
One of Counsel

Exhibit A

Purchase Agreement

ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL
Execution Version

ASSET PURCHASE AGREEMENT

by and among

KIDKRAFT, INC.,

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

SOLOWAVE DESIGN CORP.,

SOLOWAVE DESIGN INC.,

SOLOWAVE DESIGN LP,

as Sellers,

AND

BACKYARD PRODUCTS, LLC

as Buyer,

Dated as of April 25, 2024

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 25, 2024 (the "Execution Date"), by and among (i) KidKraft, Inc., a Delaware corporation ("KK OpCo"), KidKraft International IP Holdings, LLC, a Delaware limited liability company ("KK Holdings"), Solowave Design Corp. d/b/a/ PlayDirect, a Delaware corporation ("Solowave U.S." and, together with KK OpCo and KK Holdings, each a "U.S. Seller" and collectively, "U.S. Sellers"), Solowave Design LP, an Alberta limited partnership ("KK Canada LP"), and Solowave Design Inc., an Ontario corporation ("KK Canada GP" and, together with KK Canada LP, each a "Canadian Seller" and collectively, "Canadian Sellers" and, together with the U.S. Sellers, each a "Seller" and collectively, "Sellers"), and (ii) Backyard Products, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms have the definitions set forth in Article I below.

RECITALS

A. Sellers are engaged in the Business;

B. Sellers, Buyer, GB Funding LLC, 1903 Partners, LLC, MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. have entered into that certain Restructuring Support Agreement, dated as of the date hereof (the "RSA"), pursuant to which the Restructuring Transactions (as defined in the RSA) will be effectuated;

C. In accordance with the RSA, (i) each Seller and certain of their affiliates (collectively, the "Debtors") intend to file voluntary petitions on or about May 6, 2024 (collectively, the "Chapter 11 Case") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "U.S. Bankruptcy Court") and (ii) upon its appointment as "foreign representative" in the Chapter 11 Cases, KK OpCo, on behalf of the Debtors, intends to file proceedings (such recognition proceedings, the "CCAA Recognition Proceedings" and, together with the Chapter 11 Case, the "Bankruptcy Cases") pursuant to Part IV of the Companies' Creditors Arrangement Act (Canada) (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court", and, together with the U.S. Bankruptcy Court, the "Bankruptcy Courts");

D. Subject to the terms and conditions set forth in this Agreement and the entry and terms of the U.S. Sale Order (which may be included as part of the Confirmation Order, as defined herein) and Canadian Sale Order (collectively, the "Sale Orders"), Sellers desire to sell to Buyer all of the Transferred Assets and to assign to Buyer all of the Assumed Liabilities, Buyer desires to purchase from Sellers all of the Transferred Assets and assume all of the Assumed Liabilities, and the Parties intend to effectuate the transactions contemplated by this Agreement, upon the terms and conditions hereinafter set forth;

E. The Transferred Assets and Assumed Liabilities shall be purchased and assumed by Buyer (or Designated Buyer) pursuant to the Sale Orders, free and clear of all Encumbrances (other than Permitted Encumbrances), pursuant to, inter alia, Sections 105, 363, 365 and 1123 of the Bankruptcy Code, Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, the CCAA, and the local rules for the Bankruptcy Courts, all on the terms and subject to the conditions set forth in this Agreement and subject to entry of the Sale Orders; and

F. The execution and delivery of this Agreement and Sellers' ability to consummate the transactions set forth in this Agreement are subject to, among other things, the entry of the Sale Orders, as further set forth herein. The Parties desire to consummate the proposed transaction as promptly as practicable after the Bankruptcy Courts enter the Sale Orders.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement:

"A/R Dilution" means any reduction in the gross amount of accounts receivable of any Seller as a result of customer returns, allowances, discounts, disputes, chargebacks, credits, financing or factoring that result in a Seller collecting less than the full invoiced amount of such accounts receivable.

"A/R Dilution Amount" means the A/R Dilution applicable to the Transferred A/R (excluding (i) any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing and (ii) any A/R Dilution occurring following the delivery of the A/R Dilution Closing Statement).

"A/R Dilution Escrow Amount" means the "Dilution Reserves" line item listed on the Estimated Closing Statement *multiplied* by 15%, together with any interest earned thereon.

"A/R Dilution Closing Statement" has the meaning set forth in Section 2.8(h).

"A/R Dilution Consideration Adjustment" has the meaning set forth in Section 2.8(k).

"Accounting Firm" has the meaning set forth in Section 2.8(e)(i).

"Action" means any action, complaint, claim, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, or appellate proceeding), hearing, inquiry, investigation or audit commenced, brought, conducted or heard by or before any Governmental Authority, other than an Avoidance Action.

"Adjustment Amount" means an amount (which can be positive or negative) equal to the sum of:

(a) (i) the Final Purchased Inventory Payment Amount *minus* (ii) the Estimated Purchased Inventory Payment Amount; *plus*

(b) (i) the Final Reimbursement Amount *minus* (ii) the Estimated Reimbursement Amount; *plus*

(c) the Final Net A/R Payment Amount *minus* (ii) the Estimated Net A/R Payment Amount.

"Adjustment Closing Statement" has the meaning set forth in Section 2.8(c).

"Adjustment Escrow Amount" means $2,000,000, together with any interest earned thereon.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other Representatives of such Person.

"Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, where "control," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Ainsley RTV Inventory" means the Inventory located at Sellers' Arlington Warehouse and designated as "Ainsley RTV" in the KK Inventory File.

"Allocation" has the meaning set forth in Section 2.11.

"Alternative Transaction" means (a) the sale, transfer or other disposition, directly or indirectly, including through an asset sale, share sale, merger, amalgamation, or other similar transaction, including a plan of reorganization approved by the U.S. Bankruptcy Court, of a material portion of the Transferred Assets, in a transaction or series of transactions with one or more Persons other than Buyer, or (b) any other transaction that would interfere with, materially delay or prevent the transactions contemplated hereby.

"Ancillary Agreements" means, collectively, the agreements to be executed in connection with the transactions contemplated by this Agreement, including the Assignment and Assumption Agreement, the IP Assignment Agreement, and the Escrow Agreement.

"Anti-Corruption Laws" has the meaning set forth in Section 3.6(d).

"Arlington Warehouse" means the warehouse at 3221 East Arkansas Lane, Arlington, Texas 76010 that is leased to a Seller.

"Assignment and Assumption Agreement" has the meaning set forth in Section 2.10(b)(i).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Audited Financial Statements" has the meaning set forth in Section 3.14(a).

"Avoidance Actions" has the meaning set forth in Section 2.1(k).

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Courts" has the meaning set forth in the Recitals.

"Bidder Protections" has the meaning set forth in Section 9.3(a).

"Break-up Fee" has the meaning set forth in Section 9.3(a).

"Business" means the design, development, creation, making, and sale of toys and other children's play products, including, without limitation, playground, play center, and play-house products, and related products and service as conducted by Sellers on the date hereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the State of Delaware, the State of Michigan, or the State of New York.

"Buyer" has the meaning set forth in the Preamble (and additionally includes reference to the Designated Buyer as the context requires).

"Buyer Breach Fee" has the meaning set forth in Section 2.9(c).

"Buyer Breach Termination" has the meaning set forth in Section 2.9(b)(ii).

"Buyer Non-Recourse Person" has the meaning set forth in Section 10.22(a).

"Canadian Sale Order" means an Order of the CCAA Court in the CCAA Recognition Proceedings, among other things, (a) recognizing and giving full force and effect to the U.S. Sale Order in Canada, and (b) vesting the Canadian Transferred Assets in and to Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances, and subject to the rights of the applicable parties under Section 2 of the RSA.

"Canadian Seller" has the meaning set forth in the Preamble.

"Canadian Transferred Assets" means (a) the Transferred Assets of the Canadian Sellers, and (b) the Transferred Assets of the Sellers other than the Canadian Sellers that are located in Canada.

"Cash and Cash Equivalents" means all of any Seller's cash (including petty cash and checks received on the Closing Date), checking account balances, marketable securities, certificates of deposits, time deposits, bankers' acceptances, commercial paper, security entitlements, securities accounts, commodity Contracts, commodity accounts, government securities and any other cash equivalents, whether on hand, in transit, in banks or other financial institutions, or otherwise held (including held as a deposit), including any cash collateral supporting or otherwise relating to any letter of credit or similar instrument relating to the Business.

"Cash Breach Fee Component" has the meaning set forth in Section 2.9(c).

"CCAA" has the meaning set forth in the Recitals.

"CCAA Court" has the meaning set forth in the Recitals.

"CCAA Recognition Proceedings" has the meaning set forth in the Recitals.

"Chapter 11" means chapter 11 of the Bankruptcy Code.

"Chapter 11 Case" has the meaning set forth in the Recitals.

"Closing" has the meaning set forth in Section 2.10(a).

"Closing Date" has the meaning set forth in Section 2.10(a).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Compliance Date" means April 1, 2022.

"Conditions Certificates" means (a) a certificate signed by a duly authorized officer of Buyer and addressed to Sellers and the Information Officer (in form and substance satisfactory to Sellers and the Information Officer, acting reasonably) certifying that the closing conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived, and (b) a certificate signed by a duly authorized officer of KK OpCo and addressed to Buyer and the Information Officer (in form and substance satisfactory to Buyer and the Information Officer, acting reasonably) certifying that the Purchase Price payable upon Closing has been paid in full in accordance with this Agreement and the closing conditions set forth in Section 8.1 and Section 8.3 have been satisfied or waived.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of November 8, 2023, entered into between KidKraft Group Holdings, LLC and Source Capital, LLC with respect to the transactions contemplated hereby.

"Confirmation Order" means an order of the U.S. Bankruptcy Court confirming the Plan, which order may include the U.S. Sale Order and shall be subject to the rights of the parties under Section 2 of the RSA.

"Contract" means any contract, agreement, insurance policy, lease, license, sublicense, sales order, purchase order, instrument, or other commitment, that is binding on any Person or any part of its assets or properties under applicable Law.

"Controlled Group Liability" means any and all Liabilities of Sellers and their ERISA Affiliates (a) under Title IV of ERISA, (b) under Section 302 of ERISA, (c) under Sections 412 or 4971 of the Code and (d) under corresponding or similar provisions of foreign Laws.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof.

"Cure Claims" means amounts that must be paid and obligations that otherwise must be satisfied, pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code or the CCAA, in

connection with the assumption and assignment of the Transferred Contracts to be assumed and assigned to Buyer.

"Customs and International Trade Laws" means any domestic Law, license, directive, award or other decision or requirement, including any amendments, having the force or effect of Law, of any Governmental Authority, concerning the transfer, importation, exportation, reexportation or deemed exportation of products, technical data, technology and/or services.

"Debtors" has the meaning set forth in the Recitals.

"Deposit Amount" has the meaning set forth in Section 2.9(a).

"Designated A/R Account" has the meaning set forth in Section 6.7(c).

"Designated Buyer" has the meaning set forth in Section 2.12(a).

"Designated Parties" has the meaning set forth in Section 2.1(k).

"Designation Deadline" has the meaning set forth in Section 2.5(f).

"DIP Agent" means GB Funding, LLC.

"DIP Budget" means the budget provided for under the DIP Order, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"DIP Facility" means the senior secured superpriority debtor-in-possession term loan facility provided to the Debtors by 1903 Partners, LLC.

"DIP Order" means the interim or final (whichever is then in effect) Order entered by the U.S. Bankruptcy Court approving or authorizing the Debtors' entry into and performance under the DIP Term Sheet.

"DIP Term Sheet" means that certain priming super priority debtor-in-possession financing term sheet dated as of the date hereof pursuant to which 1903 Partners, LLC made the DIP Facility available to the Debtors, subject to entry of the DIP Order.

"Disclosed Personal Information" means Personal Data governed by applicable Canadian federal or provincial Privacy Laws that Buyer receives from Seller in connection with this Agreement.

"Disclosure Letter" means the disclosure letter being delivered to Buyer contemporaneously with the execution of this Agreement. Notwithstanding anything to the contrary contained in the Disclosure Letter or in this Agreement, (a) the information and disclosures contained in any section of the Disclosure Letter shall be deemed to be disclosed and incorporated by reference in any other section of the Disclosure Letter as though fully set forth in such other section for which the applicability of such information and disclosure is reasonably apparent on the face of such information or disclosure, (b) the disclosure of any matter in the

Disclosure Letter shall not be construed as indicating that such matter is necessarily required to be disclosed in order for any representation or warranty to be true and correct, (c) the Disclosure Letter is qualified in its entirety by reference to this Agreement and is not intended to constitute, and shall not be construed as constituting, representations and warranties by any Party except to the extent expressly set forth herein, (d) the inclusion of any item in the Disclosure Letter shall be deemed neither an admission that such item is material to the business, financial condition or results of operations of any Seller or the Business, nor an admission of any liability to any third party, (e) matters reflected in the Disclosure Letter are not necessarily limited to matters required by this Agreement to be reflected therein and any additional matters are set forth therein for informational purposes and (f) headings are inserted in the Disclosure Letter for convenience of reference only and shall not have the effect of amending or changing the express description of the sections as set forth in this Agreement.

"Disclosure Limitations" has the meaning set forth in Section 6.2(a).

"Disputed Amounts" has the meaning set forth in Section 2.8(e).

"Employee Benefit Plans" means each (i) "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (ii) other benefit and compensation plan, contract, policy, program, practice, arrangement or agreement, including pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which any Seller is an owner, a beneficiary or both), employee loan, educational assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, equity or equity-based compensation, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement and (iii) other employment, consulting or other individual agreement or arrangement, in each case, (a) that is sponsored or maintained or contributed, or required to be contributed, to by any Seller or any of its ERISA Affiliates in respect of any current or former employees, directors, independent contractors, consultants or leased employees of any Seller, including any dependents or beneficiaries thereof or (b) with respect to which any Seller or any of its ERISA Affiliates has any actual or contingent Liability.

"Employees" means all of the employees of Sellers on the Execution Date, as well as any additional persons who become employees of Sellers during the period from the Execution Date through the Closing.

"Encumbrance" means any charge, claim (including any "claim" as defined in the Bankruptcy Code), lease, sublease, mortgage, deed of trust, lien (including any "lien" as defined in the Bankruptcy Code), license, encumbrance, option, pledge, hypothecation, security interest or similar interest, preemptive right, right of first refusal, right of first offer, right of use or possession, restriction, easement, servitude, restrictive covenant, encroachment, conditional sale or title retention agreements or other similar restriction or encumbrance, whether imposed by Law, Contract, equity or otherwise.

"Enforceability Exceptions" has the meaning set forth in Section 3.2.

"Environmental Claim" means any Action, cause of action, claim, suit, proceeding, investigation, Order, demand or notice by any Person alleging Liability (including Liability for investigatory costs, governmental response costs, remediation or clean-up costs, natural resources damages, property damages, personal injuries, attorneys' fees, fines or penalties) arising out of, based on, resulting from or relating to (a) the presence, Release or threatened Release of, or exposure to any Hazardous Materials; (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law; or (c) any other matters for which Liability is imposed under Environmental Laws, including common law.

"Environmental Law" means any Law relating to pollution, the protection of, restoration or remediation of the environment or natural resources, or the protection of human health and safety (regarding exposure to Hazardous Materials), including, Laws relating to: (a) the exposure to, or Releases or threatened Releases of, Hazardous Materials; (b) the generation, manufacture, processing, distribution, use, transport, treatment, containment, storage, disposal, or handling of Hazardous Materials; or (c) recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"Environmental Permit" means any Permit required under or issued pursuant to any Environmental Law for the Sellers' operations as currently conducted.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and regulations promulgated thereunder.

"ERISA Affiliate" means any entity which is a member of (a) a controlled group of corporations (as defined in Section 414(b) of the Code), (b) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), (c) an affiliated service group (as defined under Section 414(m) of the Code) or (d) any group specified in Treasury Regulations promulgated under Section 414(o) of the Code, any of which includes or included (as of the relevant time) any Seller.

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means the Contract by and among Buyer, KK OpCo and Escrow Agent attached hereto as Exhibit A.

"Estimated A/R Dilution Amount" has the meaning set forth in Section 2.8(a).

"Estimated Closing Statement" has the meaning set forth in Section 2.8(a).

"Estimated Net A/R Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Reimbursement Amount" has the meaning set forth in Section 2.8(a).

"ETA" means the *Excise Tax Act* (Canada) and the regulations thereunder.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" has the meaning set forth in Section 2.2(i).

"Excluded In-Transit Inventory" has the meaning set forth in Section 6.9.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Specified Inventory" has the meaning set forth in Section 2.2(g).

"Excluded Taxes" means any Liabilities (i) for Taxes of the Sellers with respect to any taxable period, (ii) for Taxes relating to the operation of the Business or ownership of the Transferred Assets prior to (but not after) the Closing and (iii) for Taxes for which the Sellers are responsible pursuant to Section 7.3.

"Execution Date" has the meaning set forth in the Preamble.

"Expense Reimbursement" has the meaning set forth in Section 9.3(a).

"FCPA" has the meaning set forth in Section 3.6(d).

"Final A/R Dilution Amount" has the meaning set forth in Section 2.8(j).

"Final Net A/R Payment Amount" has the meaning set forth in Section 2.8(j).

"Final Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(f).

"Final Reimbursement Amount" has the meaning set forth in Section 2.8(f).

"Financial Statements" has the meaning set forth in Section 3.14(a).

"Foreign Inventory" has the meaning set forth in Section 6.9.

"Fraud" means intentional and knowing common law fraud under the laws of the State of Delaware with respect to each of the Parties' respective representations and warranties expressly set forth in Article III or Article IV this Agreement. For the avoidance of doubt, "Fraud" does not include any claim for constructive or equitable fraud or any fraud based on negligence or recklessness.

"Fundamental Representations" means the representations and warranties set forth in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.4(a) and (b) (Title to Transferred Assets) and Section 3.19 (Financial Advisors).

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Gordon Brothers" means GB Funding, LLC, 1903 Partners, LLC, or any of their Affiliates.

"Governmental Authority" means any United States or non-United States national, federal, state or local governmental, regulatory or administrative authority, agency, court, tribunal or commission or any other judicial or arbitral body, including the Bankruptcy Courts.

"Hazardous Materials" means any material, substance, chemical, or waste (or combination thereof) that (a) is listed, defined, designated, regulated or classified as hazardous, toxic, radioactive, dangerous, a pollutant, a contaminant, petroleum, oil, or words of similar meaning or effect under any Environmental Law; or (b) forms the basis of any Liability under any Environmental Law.

"In-Transit Inventory" has the meaning set forth in Section 6.9.

"In-Transit Inventory Consideration" has the meaning set forth in Section 6.9.

"In-Transit Inventory Escrow Amount" has the meaning set forth in Section 6.9.

"Income Taxes" means (a) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains and alternative minimum Taxes, but excluding property, sales, real or personal property transfer or other similar Taxes), (b) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to is included in clause (a) above, or (c) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (a) or (b) above.

"Indoor Vendor Payments" has the meaning set forth in Section 2.7(b).

"Information Officer" means the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings.

"Information Officer's Certificate" means the certificate issued by the Information Officer, substantially in the form attached to the Canadian Sale Order, certifying that the Information Officer has received the Conditions Certificates.

"Initial Cash Consideration" has the meaning set forth in Section 2.6(a).

"Intellectual Property" means all intellectual property rights throughout the world, including all U.S. and foreign rights in (a) trade names, trademarks and service marks, business names, corporate names, domain names, trade dress, logos, slogans, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing ("Trademarks"); (b) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof ("Patents"); (c) copyrights and copyrightable subject matter (whether registered or unregistered), works of authorship ("Copyrights"); (d) computer programs (whether in source code, object code, or other form), firmware, software, models, algorithms, methodologies, databases, compilations, data, all technology supporting the foregoing, and all documentation, including user manuals and training materials, programmers' annotations, notes, and other work product used to design, plan, organize, maintain, support or develop, or related to any of the

foregoing; (e) confidential or proprietary information, trade secrets and know-how, and all other inventions, proprietary processes, formulae, models, and methodologies; (f) all applications and registrations for any of the foregoing; and (g) all rights and remedies (including the right to sue for and recover damages) against past, present, and future infringement, misappropriation, or other violation relating to any of the foregoing.

"Interim Financial Statements" has the meaning set forth in Section 3.14(a).

"Inventory" means all raw materials, works-in-progress, finished goods, supplies, packaging materials and other inventories owned by Sellers.

"Inventory Count" means the physical count and inspection of the Purchased Inventory by the Sellers or their Representatives completed prior to Closing. The Inventory Count will be conducted by Sellers no more than two (2) Business Days prior to the Closing Date. The Inventory Count will be taken in accordance with the historical past practice of the Business, to the extent consistent with GAAP, and otherwise in accordance with GAAP, to verify the Purchased Inventory accurately reflects the KK Inventory File. Buyer and Gordon Brothers will each have the right to have a Representative observe and participate in the verification of the Inventory Count. The results of the Inventory Count will be used to determine the amount of Purchased Inventory and the calculation of the Purchased Inventory Payment Amount.

"IP Assignment Agreement" means the Intellectual Property rights assignment agreement, in form and substance reasonably satisfactory to the Parties.

"IRS" means the Internal Revenue Service of the United States.

"KK Canada GP" has the meaning set forth in the Preamble.

"KK Canada LP" has the meaning set forth in the Preamble.

"KK Holdings" has the meaning set forth in the Preamble.

"KK Inventory File" means the excel file labeled "Inventory Detail 03.21.2024.xlsx" and made available in the Project Liftoff data room, as the volume of the inventory reflected therein is updated pursuant to the Inventory Count, or as otherwise determined by mutual agreement of Buyer and Sellers (acting reasonably) prior to Closing, to reflect actual inventory as of the Closing (for the avoidance of doubt, no such update to the KK Inventory File will amend or otherwise modify any of the grades of any of the inventory reflected therein).

"KK OpCo" has the meaning set forth in the Preamble.

"Knowledge" with respect to Sellers means the actual (but not constructive or imputed) knowledge of Geoff Walker, Johnnie Goodner and David Barr after reasonable inquiry.

"Law" means any and all federal, state, provincial, local and foreign laws, statutes, ordinances, rules, regulations, policies, orders, judgments and decrees, in each case, enacted, adopted or promulgated by a Governmental Authority.

"Leased Real Property" has the meaning set forth in Section 3.9.

"Legal Restraint" has the meaning set forth in Section 8.1(a).

"Liability" means any debt, loss, claim, damage, demand, fine, judgment, penalty, liability (including any liability that results from, arises out of, or relates to any tort or product liability claim), commitment, undertaking, expense, cost, royalty, deficiency, fee, charge or obligation (in each case, of any nature, whether known or unknown, disclosed or undisclosed, express or implied, primary or secondary, mature or unmatured, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort or otherwise, and without regard to when sustained, incurred or asserted or when the relevant events occurred or circumstances existed).

"Listed Person" has the meaning set forth in Section 3.6(g).

"Material Adverse Effect" means any event, change, condition, occurrence or effect that individually or in the aggregate (a) has had, or would reasonably be expected to have, a material adverse effect on the Business or the Transferred Assets or the condition (financial or otherwise), assets, Liabilities, or operations of the Business or the Transferred Assets, taken as a whole, or (b) prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the performance by Sellers of their obligations under this Agreement, other than, in each case of the preceding clause (a), any event, change, condition, occurrence or effect to the extent arising out of, attributable to or resulting from, alone or in combination, (i) general changes or developments in the industry or geographical areas in which the Business operates, (ii) with respect to the Business or the Transferred Assets, changes in general domestic or foreign economic, social, political, financial market or geopolitical conditions (including the existence, occurrence, escalation or outbreak or worsening of any hostilities, war, police action, acts of terrorism or military conflicts, whether or not pursuant to the declaration of an emergency or war), (iii) the occurrence of any act of God or other calamity or force majeure event (whether or not declared as such), including any civil disturbance, embargo, natural disaster, earthquake, fire, flood, hurricane, tornado or other weather event, or the onset or continuation of any global or national health concern, epidemic, pandemic (whether or not declared as such by any Governmental Authority), viral outbreak (including "Coronavirus" or "COVID-19" or any variant thereof) or any quarantine, lockdown, travel restriction, business restriction or trade restriction related thereto, (iv) changes in any applicable Laws or GAAP or interpretations thereof, (v) the execution, existence, performance, announcement, pendency or consummation of this Agreement or the transactions contemplated hereby, (vi) the announcement or pendency of the Bankruptcy Cases (and any limitations therein pursuant to the Bankruptcy Code, the CCAA, any Order of the Bankruptcy Courts, or the DIP Facility (or limitations of funding thereunder)) or any objections in the Bankruptcy Courts to (1) this Agreement or any of the transactions contemplated hereby, (2) the reorganization or liquidation of Sellers and any related plan of reorganization or disclosure statement, (3) the Plan, (4) the assumption of any Transferred Contract or (5) any action approved by the Bankruptcy Courts, (vii) any action taken by any Seller at the written request of Buyer or that is required by this Agreement, (viii) the identity of Buyer or any of its Affiliates, (ix) any failure to achieve and comply with any budgets (including, without limitation, the DIP Budget), projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics (but, for the avoidance or doubt, not the underlying causes of any such failure to the extent such

underlying cause is not otherwise excluded from the definition of Material Adverse Effect); (x) the effect of any action taken by Buyer or its Affiliates with respect to the transactions contemplated by this Agreement, (xi) any breach by Buyer of its obligations under this Agreement or (xii) any change in the cost or availability or other terms of any financing; provided, however, that changes or developments set forth in clauses (i), (ii), (iii) or (iv) may be taken into account in determining whether there has been or is a Material Adverse Effect if such changes or developments have a disproportionate impact on the Business, taken as a whole, relative to the other participants in the industries and markets in which the Business operates.

"Net A/R" means aggregate book balance of the Transferred A/R, as updated in the Estimated Closing Statement to reflect Transferred A/R accounts receivable as of the Closing, net of (i) any A/R Dilution (excluding any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing), (ii) any accounts receivable aged in excess of ninety (90) days past due as of the Closing and (iii) unapplied cash in respect of the Transferred A/R.

"Net A/R Payment Amount" means Net A/R *multiplied* by 90%.

"Non-Income Taxes" means any Taxes other than Income Taxes, including ad valorem, property, excise, sales, use or other similar Taxes relating to the Transferred Assets or the Business, but excluding, for the avoidance of doubt, Transfer Taxes.

"Objection Notice" has the meaning set forth in Section 2.8(d).

"Order" means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

"Ordinary Course of Business" means the operation of the Business in the ordinary and usual course consistent with past practice and custom of Sellers, as such practice and custom is, or may have been, modified as a result of the Bankruptcy Cases, in each case subject to (a) the filing of the Bankruptcy Cases and (b) any Orders of the Bankruptcy Courts or the Bankruptcy Code or the CCAA.

"Organizational Documents" means (i) with respect to any corporation, its certificate or articles of incorporation, its bylaws, and any shareholder or stockholder agreement, (ii) with respect to any limited partnership, its certificate of limited partnership and its partnership agreement, (iii) with respect to any general partnership, any statement of partnership and its partnership agreement, (iv) with respect to any limited liability company, its certificate of formation or articles of organization and its operating agreement, (v) with respect to any other form of entity, any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and any agreement amongst its members, (vi) any documents equivalent to any of the foregoing applicable to non-U.S. jurisdictions, and (vii) any amendments, side letters, modifications, or other arrangements with respect to any of the foregoing.

"Outdoor Vendor Payments" has the meaning set forth in Section 2.7(a).

"Outside Date" has the meaning set forth in Section 9.1(b)(ii).

"Party" or "Parties" means, individually or collectively, Buyer and Sellers.

"Permits" has the meaning set forth in Section 3.6(b).

"Permitted Encumbrance" means (a) Encumbrances for Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings, (b) mechanics', carriers', workers', repairers', suppliers', vendors' and other similar common law or statutory Encumbrances arising or incurred in the Ordinary Course of Business under applicable Law, (c) with respect to any Leased Real Property, any Encumbrance primarily affecting the interest of the landlord, sublandlord or licensor of such real property, (d) any non-exclusive licenses to Intellectual Property granted to customers of the Business in the Ordinary Course of Business, (e) public roads, highways, zoning codes, building codes, entitlements, conservation restrictions or other land use or environmental Laws regulating the use or occupancy of the Real Property or the activities conducted thereon which are imposed by any governmental authority having jurisdiction over the Real Property, (f) any Encumbrances that will be removed or released by operation of the Sale Orders and (g) any other Encumbrance permitted in writing by Buyer.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Personal Data" means any information (a) that could be used to identify, contact, or locate a natural Person, including name, contact information, financial account number, an identification number, location data, IP address, online activity or usage data, an online identifier, or one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural Person, or (b) that is considered "personally identifiable information," "personal information," or "personal data" by one or more applicable Privacy Laws.

"Petition Date" means the date of filing of the Chapter 11 Case.

"Plan" The Chapter 11 plan of Debtors (as defined in the RSA) filed in accordance with the RSA.

"Prepetition Budget" means the budget regarding applicable Vendor Payments from the effective date of the RSA through the Petition Date, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"Prepetition Credit Agreement" means that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KK OpCo and KidKraft Netherlands B.V. a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, the guarantors party thereto, GB Funding, LLC as administrative agent and collateral agent and the lenders from time to time party thereto, as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof.

"Privacy and Information Security Requirements" means (a) all applicable Laws regulating the Processing of Personal Data, data breach notification, privacy policies and practices,

processing and security of payment card information, including, to the extent applicable, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018 ("CCPA"), the Payment Card Industry Data Security Standards, the European General Data Protection Regulation (the "GDPR"), any applicable national laws which implement the GDPR, the UK Data Protection Act 2018 (the "UK DPA"), the Personal Information Protection Law ("PIPL") of China, state data security laws and state data breach notification law, in each case as amended, consolidated re-enacted or replaced from time to time ("Privacy Laws"), (b) obligations under all Transferred Contracts that relate to Personal Data and (c) all of the Sellers' and their Subsidiaries' written internal and publicly posted policies and representations regarding the Processing of Personal Data in the conduct of the Business.

"Process" or "Processing" with regard to Personal Data means the collection, use, storage, maintenance, retention, transmission, access, processing, recording, distribution, transfer, import, export, protection (including security measures), deletion, disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

"Purchase Price" has the meaning set forth in Section 2.6.

"Purchased Inventory" has the meaning set forth in Section 2.1(d).

"Purchased Inventory Payment Amount" means an amount calculated as follows: (a) 75% of the book value of Purchased Inventory graded A, A+, B, C, Comp, I, New, New_FY24 or blank in the KK Inventory File; *plus* (b) 60% of the book value of Purchased Inventory graded D in the KK Inventory File; provided, in each case, the amount of Purchased Inventory shall be adjusted based on the Inventory Count and will only include Inventory located in the United States that has cleared customs, Australia (to the extent that title of such Australian inventory is transferred to a Seller prior to Closing) or Canada, or that becomes Purchased Inventory in accordance with Section 6.9, *plus* (c) the lesser of (i) 100% of the book value of the Purchased Inventory on the KK Inventory File designated as "European Inventory", and (ii) the documented landed duty paid price of such inventory styles if the Buyer had purchased such Purchased Inventory directly from vendors in China; provided, that, Buyer shall reimburse Sellers the costs of importing any Foreign Inventory into the United States in accordance with Section 2.7(f).

"Qualifying Alternative Transaction" means an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: the implied cash portion of the Purchase Price (determined based on the KK Inventory File) *plus* the Break-up Fee *plus* the Expense Reimbursement *plus* $4,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities.

"Registered IP" has the meaning set forth in Section 3.10(a).

"Reimbursement Amount" has the meaning set forth in Section 2.7.

"Release" means any release, spill, emission, discharge, leaking, pouring, dumping or emptying, pumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including soil, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the migration of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Representatives" means, with respect to any Person, the officers, managers, directors, principals, employees, agents, auditors, Advisors, and other representatives of such Person.

"RSA" has the meaning set forth in the Recitals.

"Sale Hearing" means the hearing conducted by the U.S. Bankruptcy Court to approve the transactions contemplated by this Agreement.

"Sale Orders" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller Non-Recourse Person" has the meaning set forth in Section 10.22(b).

"Solowave U.S." has the meaning set forth in the Preamble.

"Specified Indoor Inventory" has the meaning set forth in Section 2.7(b).

"Specified Outdoor Inventory" has the meaning set forth in Section 2.7(a).

"Straddle Period" means any taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" of any Person means any entity (a) of which 50% or more of the outstanding share capital, voting securities or other voting equity interests are owned, directly or indirectly, by such Person, (b) of which such Person is entitled to elect, directly or indirectly, at least 50% of the board of directors or similar governing body of such entity or (c) if such entity is a limited partnership or limited liability company, of which such Person or one of its Subsidiaries is a general partner or managing member or has the power to direct the policies, management or affairs.

"Successor" has the meaning set forth in Section 9.3(b).

"Tax Law" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority relating to Taxes.

"Tax Return" means any return, document, declaration, report, claim for refund, statement, information statement or other information or filing relating to Taxes, including any schedule or attachment thereto or amendment thereof, that is filed with or supplied to, or required to be filed with or supplied to, any Governmental Authority.

"Taxes" means any and all U.S. federal, state, and local, Canadian federal, provincial, territorial and local, non-U.S./non-Canadian and other taxes, charges, fees, duties, levies, tariffs, imposts, tolls, customs or other assessments in the nature of a tax imposed by any Governmental Authority, including net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, branch profits, profit share, license, lease, service, service use, value added, goods and services, harmonized sales, provincial sales, retail sales, withholding, payroll, employment, fringe benefits, excise, estimated, severance, stamp, occupation, premium, property,

escheat or unclaimed property, windfall profits or other taxes, together with any interest, penalties, or additions to tax imposed by a Governmental Authority with respect thereto.

"Transfer Taxes" has the meaning set forth in Section 7.1.

"Transferred A/R" has the meaning set forth in Section 2.1(c).

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transferred Contracts" has the meaning set forth in Section 2.1(e).

"Transferred Employee Records" means records of Sellers that relate to the Transferred Employees, but only to the extent that such records pertain to (a) skill and development training, (b) seniority histories, (c) salary information and (d) Occupational, Safety and Health Administration reports and records (or similar reports and records under Canadian law) that Buyer or its Affiliates are obligated to maintain as a successor employer.

"Transferred Employee" has the meaning set forth in Section 6.3(a).

"Transferred IP" has the meaning set forth in Section 2.1(f).

"Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury (whether in final, proposed or temporary form), as the same may be amended from time to time.

"U.S. Bankruptcy Court" has the meaning set forth in the Recitals.

"U.S. Sale Order" means an Order of the U.S. Bankruptcy Court approving this Agreement and the transactions contemplated by this Agreement, and subject to the rights of the parties under Section 2 of the RSA (for the avoidance of doubt, in form and substance acceptable to Buyer), provided that such U.S. Sale Order may be included as part of the Confirmation Order.

"U.S. Seller" has the meaning set forth in the Preamble.

"Vendor Payments" has the meaning set forth in Section 2.7(c).

"Vendor Start Up Cost Payments" has the meaning set forth in Section 2.7(c).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 and any similar applicable local or state Laws.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Transferred Assets. Upon the terms and subject to the conditions of this Agreement and the Sale Orders, at the Closing, Sellers shall sell, assign, transfer, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer (or, as applicable, one or more Designated Buyers), and Buyer (or, as applicable, one or more

Designated Buyers) shall purchase, all right, title and interest of Sellers, in, to or under the Transferred Assets free and clear of any and all Encumbrances (other than Permitted Encumbrances). "Transferred Assets" shall mean all right, title and interest of Sellers to or under the following properties and assets of Sellers of every kind and description, whether real, personal, mixed, intangible (but excluding in each case any Excluded Assets):

(a) all rights, claims or causes of action of Sellers against any party arising out of events occurring prior to the Closing related to other categories of Transferred Assets, including, for the avoidance of doubt, arising out of events occurring prior to the commencement of the Chapter 11 Case, and including any rights under or pursuant to any and all warranties, licenses, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Sellers, in each case, relating to other categories of Transferred Assets, but excluding any rights, claims or causes of action of Sellers released pursuant to the Plan;

(b) other than Inventory, all fixed assets, equipment, machinery, furnishings, computer hardware, electronic devices, vehicles, tools, office supplies, fixtures and other tangible personal property primarily used in or necessary for the operation of the Business that is owned by a Seller organized under laws of the United States or Canada;

(c) (i) all accounts receivable of Sellers located in the United States and Canada, including all such accounts receivable set forth on Section 2.1(c) of the Disclosure Letter, as updated in the Estimated Closing Statement and the A/R Dilution Closing Statement to reflect accounts receivable as of the Closing, regardless of aged status (the "Transferred A/R") and (ii) all cash receipts received after the Closing on account of any Transferred A/R;

(d) the Inventory described in Section 2.1(d) of the Disclosure Letter, as updated prior to Closing based on the Inventory Count, to the extent such Inventory either (i) at Closing, is located in the United States, Canada or Australia (with title held by a Seller as of Closing), or (ii) constitutes In-Transit Inventory that has been delivered to the United States and cleared through customs within 120 days following Closing in accordance with Section 6.9 (the "Purchased Inventory");

(e) each of the Contracts set forth on Section 2.1(e) of the Disclosure Letter, as may be amended from time to time pursuant to Section 2.5(b) and Section 2.5(f) (the "Transferred Contracts");

(f) all Intellectual Property owned by any Seller and relating primarily to the Business, including but not limited to the Registered IP listed on Section 3.10(a) of the Disclosure Letter, and, to the extent transferable and subject to Section 10.24, (i) all of Sellers' rights in and to Personal Data used in the Business and (ii) Intellectual Property that is governed by any Transferred Contract (the "Transferred IP");

(g) all production molds and other tangible assets necessary to continue to produce inventory in accordance with Company's current practices;

(h) all goodwill associated with the Transferred Assets;

(i) to the extent not prohibited by Law and not subject to attorney-client privilege, solicitor-client privilege or other work product privilege, all documents and other books and records, correspondence (including electronic mail communications), the Transferred Employee Records, all vendor files, information and data, and all customer sales, marketing, advertising, packaging and promotional materials, files, data, software (whether written, recorded or stored on disk, film, tape or other media, and including all computerized data), drawings, engineering and manufacturing data and other technical information and data, and all other business and other records, in each case, that are related primarily to the Business or any Transferred Asset, in each case, except as set forth in Section 2.2(b) and Section 2.2(j); provided, however, that Sellers have the right to retain copies at Sellers' expense;

(j) all telephone and facsimile numbers of the Business and all records of email addresses of customers and suppliers of the Business;

(k) all avoidance claims or causes of action available to Sellers under Chapter 5 of the Bankruptcy Code (including Sections 544, 545, 547, 548, 549, 550 and 553) or any similar actions under any other applicable Law (collectively, "Avoidance Actions") against the following (collectively, the "Designated Parties"): (i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing, (ii) any of Sellers' counterparties under any licenses of Intellectual Property that are Transferred Contracts or counterparties under any other Transferred Contracts, (iii) any officer, manager or employee of Sellers that is a Transferred Employee and (iv) any Affiliates of any of the Persons listed in clauses (i) through (iii); provided, however, that it is understood and agreed by the parties that Buyer will not pursue or cause to be pursued any Avoidance Actions against any of the Designated Parties other than as a defense (to the extent permitted under applicable Law) against any claim or cause of action raised by such Designated Party; and

(l) all bank and lockbox accounts associated with the collection of proceeds from the Business or the Sellers' business, including, without limitation, all bank accounts that receive checks, ACH payments, and electronic payments related to the Transferred A/R.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, Sellers are not selling, and Buyer is not purchasing, any right, title or interest in, to or under any assets of the Sellers other than the Transferred Assets. The following assets and any asset other than the Transferred Assets shall be retained by Sellers (collectively, the "Excluded Assets"):

(a) all assets expressly excluded or excepted from the definition of Transferred Assets;

(b) Sellers' documents, written files, papers, books, reports and records prepared or received by any Seller or any of its Affiliates or Representatives: (i) in connection with any sale, potential sale or other strategic transaction involving KK OpCo and its Affiliates, the Business, or any portion thereof including any of the Transferred Assets (including, but not limited to, this Agreement and the transactions contemplated hereby), (ii) that are subject to any privilege in favor of Seller or any of its Affiliates, or (iii) that any Seller is required by Law or other requirement to retain;

(c) all rights, claims and causes of action to the extent relating to any Excluded Asset (and not relating to any Transferred Asset);

(d) all Intellectual Property owned by Sellers or any Subsidiary of any Seller that is not Transferred IP;

(e) shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller or securities convertible into or exchangeable or exercisable for shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller;

(f) all retainers or similar prepaid amounts paid to the Advisors of Sellers;

(g) the Inventory listed in Section 2.2(g) of the Disclosure Letter and any other Inventory that is not Purchased Inventory (the "Excluded Specified Inventory");

(h) all insurance policies, and all rights and benefits of any nature of Sellers with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, in each case, solely to the extent payable to or on behalf of, or in respect of amounts payable by any Seller or any Subsidiary of any Seller to, any individuals covered by such policies;

(i) each Contract of any Seller that is not a Transferred Contract (the "Excluded Contracts");

(j) (i) all books and records to the extent related to any of the Excluded Assets or Liabilities of Sellers other than Assumed Liabilities; (ii) all minute books, Organizational Documents, stock registers and such other books and records of any Seller or any Subsidiary of any Seller, as pertaining to ownership, organization, qualification to do business, capitalization, or existence of such Seller or Subsidiary of any Seller, Tax Returns (and any related work papers) and any other Tax records of any Seller or any Subsidiary of any Seller (but only to the extent such Tax Returns and records relate to Income Taxes or do not primarily relate to the Transferred Assets or the Business), and corporate seal of any Seller or any Subsidiary of any Seller; (iii) all employment-related records other than the Transferred Employee Records; and (iv) all books and records that any Seller is required by Law to retain, or prohibited by Law from disclosing, or are subject to attorney-client privilege or other work product privilege;

(k) any and all claims of the Sellers for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Non-Income Taxes for which Sellers are responsible pursuant to Section 7.3, (ii) Income Taxes, (iii) Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Transferred Assets that are attributable to any Tax period (or portion thereof) ending on or prior to the Closing Date;

(l) all Cash and Cash Equivalents;

(m) all Excluded In-Transit Inventory;

(n) all rights and claims of any Seller to any deposit of any kind (including any utilities deposits and deposits made in connection with the Bankruptcy Cases);

(o) all rights, claims and causes of action of any Person that is not a Seller (even if such Person is an Affiliate thereof or operates a business similar or identical to the Business); and

(p) all rights, claims or causes of action of Sellers under this Agreement and the Ancillary Agreements and under any Contracts that are not Transferred Contracts.

Section 2.3 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to this Agreement, at and after the Closing, Buyer shall assume and pay, discharge, perform or otherwise satisfy only the following Liabilities (the "Assumed Liabilities"):

(a) Liabilities of Sellers arising under the Transferred Contracts, but only to the extent that the Liabilities thereunder arise after the Closing Date and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers on or prior to the Closing;

(b) All Cure Claims associated with Transferred Contracts in amounts not to exceed the Cure Claim amounts for any such Transferred Contracts as set forth on Section 2.1(e) of the Disclosure Letter, as may be amended in accordance with Section 2.5(f);

(c) All Liabilities for (i) Transfer Taxes for which Buyer is responsible pursuant to Section 7.1 and (ii) for Non-Income Taxes for which the Buyer is responsible pursuant to Section 7.3; and

(d) all other Liabilities arising out of the operation of the Transferred Assets following the Closing Date or arising out of an event that occurs after the Closing Date.

Section 2.4 Excluded Liabilities. Buyer shall not assume, be obligated to pay, perform, or otherwise discharge, or in any other manner be liable or responsible for any Liabilities of, or Action against, Sellers or relating to the Transferred Assets or the Business, of any kind or nature whatsoever, whether absolute, accrued, contingent or otherwise, liquidated or unliquidated, due or to become due, known or unknown, currently existing or hereafter arising, matured or unmatured, direct or indirect, and however arising, whether existing on the Closing Date or arising thereafter as a result of any act, omission, or circumstances taking place prior to the Closing, except for the Assumed Liabilities (all Liabilities not assumed by a Buyer pursuant to Section 2.3, "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include each of the following Liabilities of the Sellers:

(a) any Controlled Group Liability;

(b) any Liabilities arising under or relating to any Employee Benefit Plan, including any severance or retention obligations for any Seller employee;

(c) any Liabilities associated with any matter set forth on Section 3.7 of the Disclosure Letter;

(d) any Excluded Taxes; and

(e) any liabilities of the Sellers under the DIP Facility or any other indebtedness of Sellers.

Section 2.5 Assignment of Transferred Contracts.

(a) Prior to the Sale Hearing, Sellers shall take all reasonably necessary actions in order to determine the Cure Claim with respect to any Transferred Contract entered into prior to the Petition Date, including the right to negotiate in good faith and litigate, if necessary, with any Contract counterparty the Cure Claims needed to cure all monetary defaults under such Transferred Contract. Notwithstanding the foregoing, prior to the Designation Deadline, Buyer may designate or remove the designation of any Contract as a Transferred Contract in accordance with Section 2.5(f).

(b) Within three (3) Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract on any date following the Petition Date, within three (3) Business Days after the Buyer's designation of such later date), the Sellers shall deliver a notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment of the Transferred Contract (a "Contract Notice") to the applicable non-Seller counterparty thereto (each a "Contract Counterparty"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Buyer as a Transferred Contract in connection with the transactions contemplated hereunder,; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "Contract Objection") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto, which Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is twenty-one (21) days after the date the Sellers delivered the Contract Notice (the "Contract Objection Deadline"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Sellers, counsel to Gordon Brothers, counsel to the Buyer, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the U.S. Bankruptcy Court.

(c) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, on the Closing Date, Sellers shall assign the Transferred Contracts to Buyer pursuant to Section 365 of the Bankruptcy Code and the Sale Orders, subject to the provision of adequate assurance by Buyer as may be required under Section 365 of the Bankruptcy Code and payment by Buyer of the Cure Claims to the Contract Counterparty in respect of the Transferred Contracts, and Buyer shall assume such Transferred Contracts pursuant to the Assignment and Assumption Agreement. All Cure Claims in respect of all Transferred Contracts shall be paid by Buyer.

(d) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, Sellers shall transfer and assign all of the Transferred Assets to Buyer, and Buyer shall accept all of the Transferred Assets from Sellers, as of the Closing, pursuant to Sections 363 and 365 of the Bankruptcy Code, the Sale Orders and the Assignment and Assumption Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, transfer, assignment, conveyance or delivery or attempted sale, transfer, assignment, conveyance or delivery to Buyer of any asset that would be a Transferred Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any consent from any Governmental Authority or any other third party and such consents shall not have been obtained prior to the Closing (after giving effect to the Sale Orders), the Closing shall proceed without any reduction in Purchase Price without the sale, transfer, assignment, conveyance or delivery of such asset. In the event that the Closing proceeds without the transfer or assignment of any such asset, then following the Closing, Sellers shall use their commercially reasonable efforts at Buyer's sole expense and subject to any approval of the Bankruptcy Courts that may be required, and Buyer shall cooperate with Sellers, to obtain such consent as promptly as practicable following the Closing. Pending the receipt of such consent, the parties shall, at the Buyer's sole expense, reasonably cooperate with each other to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset. Once consent for the sale, transfer, assignment, conveyance or delivery of any such asset not sold, transferred, assigned, conveyed or delivered at the Closing is obtained, Sellers shall promptly transfer, assign, convey and deliver such asset to Buyer at Buyer's sole expense. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to Buyer, then as promptly as practicable following the Closing, Buyer and Sellers shall use commercially reasonable efforts to enter into such arrangements (including subleasing, sublicensing or subcontracting), and shall, at Buyer's sole expense, reasonably cooperate with each other, to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset, for a period of six (6) months following the Closing (or the closing of the Chapter 11 Case, if shorter). Sellers shall hold in trust for, and pay to Buyer, promptly upon receipt thereof, all income, proceeds and other monies received by Sellers derived from their use of any asset that would be a Transferred Asset in connection with the arrangements under this Section 2.5(e). The Parties agree to treat any asset the benefits of which are transferred pursuant to this Section 2.5(e) as having been sold to Buyer for Tax purposes to the extent permitted by Law. Each of Sellers and Buyer agrees to notify the other parties promptly in writing if it determines that such treatment (to the extent consistent with the relevant arrangement agreed to by such Seller and Buyer pursuant to this Section 2.5(e)) is not permitted for Tax purposes under applicable Law.

(f) Notwithstanding anything in this Agreement to the contrary, by written notice to the Sellers, Buyer may amend or revise Section 2.1(e) of the Disclosure Letter setting forth the Transferred Contracts in order to add any Contract of any Seller to, or eliminate any Contract of any Seller from, such section at any time during the period commencing from the date hereof and ending on the date that is the earlier of (x) two (2) Business Days prior to the Closing Date and (y) two (2) Business Days prior to the date that the Bankruptcy Code or Bankruptcy Court otherwise would require a determination to assume or reject such contract (the "Designation Deadline"); provided, however, in the event a timely objection to a Cure Claim for any Transferred Contract is still pending at the time of Closing, Buyer shall have the option to remove such Transferred Contract from Section 2.1(e) of the Disclosure Letter until the earlier of (A) thirty (30) days following the date on which the Cure Claim has been determined by the Bankruptcy Court and (B) the date the Contract Counterparty for such Transferred Contract and the Buyer have agreed on the Cure Claim for such Transferred Contract, and in the case of (A) or (B), the Cure Claim for such Transferred Contract shall be updated on Section 2.1(e) of the Disclosure Letter accordingly; provided, further that the Sellers may accordingly amend or revise any section of the Disclosure Letter as they deem necessary to account for such addition or removal prior to the Closing. Sellers may amend or revise Section 2.1(e) of the Disclosure Letter at any time prior to Closing to update the Cure Claim for each Transferred Contract in accordance with Section 2.5(b); provided that any such amendment or revision following the Designation Deadline shall require the consent of Buyer. Automatically upon the addition of any Contract by Buyer to Section 2.1(e) of the Disclosure Letter, such Contract shall be a Transferred Contract for all purposes of this Agreement and Buyer shall assume the Liabilities thereunder in accordance with the Bankruptcy Code. Automatically upon the removal of any Contract from Section 2.1(e) (i) of the Disclosure Letter such Contract shall be an Excluded Asset for all purposes of this Agreement, and no liabilities arising thereunder shall be assumed or borne by Buyer unless such liability is otherwise specifically assumed pursuant to Section 2.5.

Section 2.6 Consideration. The aggregate consideration for the purchase, sale, assignment and conveyance of the Transferred Assets from Sellers to Buyer (the "Purchase Price") shall consist of:

(a) the payment by Buyer and/or one or more Designated Buyer, by wire transfer of immediately available funds to one or more accounts (each of which must be subject to deposit account control agreement with Gordon Brothers (or an Affiliate thereof)) designated in writing by KK OpCo in accordance with Section 2.10(c)(iii) (the "Initial Cash Consideration") in an aggregate amount equal to the sum of:

(i) $4,350,000; *plus*

(ii) the Estimated Net A/R Payment Amount; *plus*

(iii) the Estimated Purchased Inventory Payment Amount (less the In-Transit Inventory Escrow Amount); *plus*

(iv) the Reimbursement Amount; *minus*

(v) the Adjustment Escrow Amount; *minus*

(vi) the A/R Dilution Escrow Amount;

(b) the assumption by the applicable Buyer, or a Designated Buyer, as applicable, of the Assumed Liabilities from Sellers; and

(c) the In-Transit Inventory Consideration, when and if payable pursuant to Section 6.9.

Section 2.7 Reimbursement Amounts. At Closing, Buyer shall reimburse Sellers, in cash, for the following payments on behalf of the Business (the "Reimbursement Amount"):

(a) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to outdoor inventory as set forth on Section 2.7(a) of the Disclosure Letter (the "Specified Outdoor Inventory"), in an amount not to exceed the amount set forth in the "Factory Payments-Outdoor Domestic" line of the DIP Budget or Prepetition Budget, as applicable (the "Outdoor Vendor Payments");

(b) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to indoor inventory as set forth on Section 2.7(b) of the Disclosure Letter (the "Specified Indoor Inventory") in an amount not to exceed the amount set forth in the "Factory Payments-Indoor Domestic" line of DIP Budget or Prepetition Budget, as applicable (the "Indoor Vendor Payments");

(c) 50% of the amount paid to Sellers' vendors following the date hereof with respect to indoor inventory start up-costs, in an amount not to exceed 50% of the amount set forth in the "Factory Payments-Start Up Costs" line of DIP Budget or Prepetition Budget, as applicable (the "Vendor Start Up Cost Payments" and together with the Outdoor Vendor Payments and Indoor Vendor Payments, the "Vendor Payments");

(d) 50% of the amount paid to Sellers' vendors in the Chapter 11 Cases pursuant to the shipper's, warehouseman's, and lienholders' order, in an amount not to exceed 50% of the amount set forth in the "Shippers Motion" line of the DIP Budget;

(e) 75% of the book value of the Ainsley RTV Inventory; and

(f) 100% of the out-of-pocket and documented costs of Sellers for any applicable customs, duties/tariffs and transportation costs incurred following the Execution Date associated with importing any Foreign Inventory (other than In-Transit Inventory) into the United States, in an amount not to exceed the amount set forth in the "Cost of Sales (Shipping, Testing, etc.) – Purchaser Reimbursement" line of the DIP Budget or Prepetition Budget, as applicable, as allowed in the DIP Budget or the Prepetition Budget (including any permitted variance).

Set forth on Exhibit B hereto, solely for illustrative purposes, is an example calculation of the Estimated Net A/R Payment Amount and Estimated Purchased Inventory Payment Amount, plus $4,350,000 of cash consideration.

Section 2.8 Adjustment to Initial Cash Consideration.

(a) At least three (3) Business Days prior to the Closing, Sellers shall prepare and deliver to Buyer a written statement (the "Estimated Closing Statement") setting forth Sellers' good faith estimates as of Closing of (i) the Transferred A/R, (ii) the A/R Dilution Amount (the "Estimated A/R Dilution Amount") (including the Dilution Reserves with respect thereto), and the resulting Net A/R Payment Amount (the "Estimated Net A/R Payment Amount"), (iii) the Purchased Inventory Payment Amount (the "Estimated Purchased Inventory Payment Amount") and (iv) the Reimbursement Amount (the "Estimated Reimbursement Amount"), which statement shall quantify in reasonable detail such estimate, calculated in accordance with the terms of this Agreement. Sellers shall update the Estimated Closing Statement at least one (1) Business Day prior to the Closing to reflect the most current estimates of the Estimated Net A/R Payment Amount, Estimated Purchased Inventory Payment Amount, Estimated Reimbursement Amount, and Estimated A/R Dilution Amount. During the period after the delivery of the Estimated Closing Statement and prior to the Closing, the Parties shall reasonably cooperate in connection with Buyer's review of the Estimated Closing Statement, including by (i) providing Buyer and its accountants with reasonable access to the appropriate employees of Sellers who are knowledgeable about the information contained in, or preparation of, the Estimated Closing Statement and (ii) providing all books, records and other information reasonably requested by Buyer in connection with the foregoing. The Parties shall cooperate in good faith to mutually agree upon the Estimated Closing Statement in the event Buyer notifies Sellers of its dispute of any item proposed to be set forth on such schedule, provided, that, if Sellers and Buyer are not able to reach a mutual agreement (acting reasonably and in good faith) prior to the Closing Date, the Estimated Closing Statement provided by Sellers to Buyer shall be binding for purposes of Closing.

(b) The Parties agree that for purposes of preparing the Estimated Closing Statement, the Adjustment Closing Statement and the A/R Dilution Closing Statement, each of the Estimated Net A/R Payment Amount, the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated A/R Dilution Amount (and the underlying calculations supporting such amounts) shall be calculated on a basis consistent with the Sellers' historical accounting methodologies, policies, practices, estimation techniques, assumptions and principles used in the preparation of its Audited Financial Statements and the KK Inventory File; provided, that the amount of Purchased Inventory included in the Estimated Purchased Inventory Payment Amount will be calculated using the actual reports from the Inventory Count (updated to reflect projected changes through the Closing Date but calculated consistent with the KK Inventory File book values). For the avoidance of doubt, (i) the calculation of the Purchase Price will be construed to avoid the double counting of any Vendor Payments by Buyer in accordance with Section 2.7 (i.e. Buyer will not be required to pay for Purchased Inventory or accounts receivable generated from any post-petition trade payable or critical vendor payment for which it is obligated to make, or has made, any reimbursement payment) or any other amounts payable by Buyer hereunder, and (ii) Purchased Inventory Payment Amount shall specifically exclude the value of Specified Outdoor Inventory or the Specified Indoor Inventory.

(c) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "Adjustment Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculations of (i) the Purchased Inventory Payment Amount, (ii)

the Reimbursement Amount and (iii) the Net A/R Payment Amount (provided that the Estimated A/R Dilution Amount shall be used to calculate the Net A/R Payment Amount for purposes of the Adjustment Closing Statement) and resulting Adjustment Amount. The Adjustment Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the Adjustment Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the Adjustment Closing Statement. If Buyer does not prepare and deliver the Adjustment Closing Statement within ninety (90) days after the Closing Date, the calculations of the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated Net A/R Payment Amount shall be deemed final and binding.

(d) If KK OpCo does not object to the Adjustment Closing Statement by a written notice of objection (the "Objection Notice") delivered to Buyer within thirty (30) days after KK OpCo's receipt of the Adjustment Closing Statement, the calculation of the Purchased Inventory Payment Amount, the Reimbursement Amount and the Net A/R Payment Amount set forth in the Adjustment Closing Statement shall be deemed final and binding. An Objection Notice shall set forth in reasonable detail KK OpCo's alternative calculations of the Purchased Inventory Payment Amount, Reimbursement Amount and Net A/R Payment Amount and the resulting Adjustment Amount and the basis therefor.

(e) If KK OpCo delivers an Objection Notice to Buyer within the thirty (30) day period referred to in Section 2.8(d), then each element of the Adjustment Closing Statement that is not disputed in such Objection Notice shall be final and binding and any dispute reflected in the Objection Notice (all such amounts, the "Disputed Amounts") shall be resolved in accordance with this Section 2.8(e).

(i) KK OpCo and Buyer shall promptly endeavor in good faith to resolve the Disputed Amounts listed in the Objection Notice. If a written agreement determining the Disputed Amounts has not been reached within ten (10) Business Days (or such longer period as may be agreed by KK OpCo and Buyer) after the date Buyer receives the Objection Notice from KK OpCo (all discussions and statements made by the Parties and their Representatives in attempting to resolve the disagreement during such period shall be subject to Rule 408 of the Federal Rules of Evidence), KK OpCo or Buyer may elect to submit the resolution of such Disputed Amounts to BDO USA, LLP or if BDO USA, LLP is not available to act as the Accounting Firm, to another independent regional accounting firm mutually selected by Buyer and KK OpCo (BDO USA, LLP or such other mutually selected accounting firm, the "Accounting Firm").

(ii) KK OpCo and Buyer shall use their commercially reasonable efforts to cause the Accounting Firm to render a decision in accordance with this Section 2.8(e) along with a statement of the reasons therefor within thirty (30) days of the submission of the Disputed Amounts to the Accounting Firm.

(iii) If KK OpCo or Buyer submit any Disputed Amounts to the Accounting Firm for resolution, KK OpCo (on behalf of Sellers), on the one hand, and

Buyer, on the other hand, shall each pay their own costs and expenses incurred under this Section 2.8(e) and shall each fund one half of any retainer required by the Accounting Firm and shall execute and deliver any customary engagement letter required by the Accounting Firm. The fees and expenses of the Accounting Firm pursuant to this Section 2.8(e) shall be borne by Buyer, on the one hand, and KK OpCo (for and on behalf of Sellers), on the other hand, based upon the percentage that the aggregate portion of the contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party.

(iv) The Accounting Firm shall act as an expert and not an arbitrator. If the Accounting Firm is retained, then KK OpCo and Buyer shall each submit to the Accounting Firm in writing, not later than five (5) Business Days after the Accounting Firm is retained, their respective positions with respect to the Disputed Amounts, together with such supporting documentation as they deem necessary or as the Accounting Firm may request and no discovery will be permitted and no arbitration hearing among the parties will be held; provided that the Accounting Firm may request additional information and/or a meeting among the Parties in connection with the Accounting Firm's determination hereunder and the Parties will use commercially reasonable efforts to provide such additional information and attend any such meeting. The Accounting Firm shall act to determine, based upon the provisions of this Section 2.8(e), only the Disputed Amounts, which determination shall be made in accordance with the procedures set forth in Section 2.8(b) and this Section 2.8(e), and, in any event, shall not be less than the lesser of the amounts claimed by Buyer or KK OpCo, and shall not be greater than the greater of the amounts claimed by Buyer or KK OpCo. For clarity, the Accounting Firm shall not make a determination as to any amounts or items included in the A/R Dilution Closing Statement, other than the Disputed Amounts. KK OpCo and Buyer shall instruct the Accounting Firm to deliver a written determination (such determination to include a worksheet setting forth all material calculations used in arriving at such determination) of all Disputed Amounts and the resulting Adjustment Amount determined based on such determination, and such determination will be final, binding and conclusive on the Parties.

(f) Upon the determination, in accordance with Section 2.8(c), Section 2.8(d) or Section 2.8(e), of the final Purchased Inventory Payment Amount (the "Final Purchased Inventory Payment Amount"), the final Reimbursement Amount (the "Final Reimbursement Amount") and the final Net A/R Payment Amount (the "Final Net A/R Payment Amount"), the final Adjustment Amount shall be calculated based on the Final Purchased Inventory Payment Amount, Final Reimbursement Amount and Final Net A/R Payment Amount.

(g) The Adjustment Amount shall be paid as set forth below and, except for any imputed interest determined for federal income tax purposes, shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

(i) If the Adjustment Amount is positive, then (x) Buyer shall within ten (10) Business Days after the determination of such Adjustment Amount pay to Sellers the *lesser* of (A) the Adjustment Amount and (B) the Adjustment Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent

instructing it to release an amount equal to Adjustment Escrow Amount to the account specified by KK OpCo.

(ii) If the Adjustment Amount is negative, within five (5) Business Days after the determination of such Adjustment Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) an amount equal to the absolute value of the Adjustment Amount to Buyer and (B) if any amount remains of the Adjustment Escrow Amount after giving effect to the foregoing clause, the remaining amount of the Adjustment Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(g)(ii) to an amount in excess of the Adjustment Escrow Amount and in the event that the absolute value of the Adjustment Amount is in excess of the Adjustment Escrow Amount, Buyer shall solely be entitled to the Adjustment Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(g)(ii).

(h) Within one hundred twenty (120) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "A/R Dilution Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculation of the A/R Dilution Amount. The A/R Dilution Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the A/R Dilution Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the A/R Dilution Closing Statement. If Buyer does not prepare and deliver the A/R Dilution Closing Statement to KK OpCo within one hundred and twenty (120) days after the Closing Date, the calculations of the Estimated A/R Dilution Amount shall be deemed final and binding.

(i) Section 2.8(d) and Section 2.8(e) shall be applied *mutatis mutandis* with respect to the determination of all amounts set forth in the A/R Dilution Closing Statement with all references to the Adjustment Closing Statement (and amounts set forth therein) deemed to mean the A/R Dilution Closing Statement (and amounts set forth therein).

(j) Upon the determination, in accordance with Section 2.8(h) or Section 2.8(i), of the final A/R Dilution Amount (the "Final A/R Dilution Amount"), Sellers or Buyer, as the case may be, shall make the payment required by this Section 2.8(j) as follows:

(i) If the Final A/R Dilution Amount is less than the Estimated A/R Dilution Amount, then (x) Buyer shall within ten (10) Business Days after the determination of such Final A/R Dilution Amount pay to Sellers the *lesser* of (A) the difference between the Estimated A/R Dilution Amount and the Final A/R Dilution Amount and (B) the A/R Dilution Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release an amount equal to the A/R Dilution Escrow Amount to the account specified by KK OpCo.

(ii) If the Final A/R Dilution Amount is greater than the Estimated A/R Dilution Amount, then a portion of the A/R Dilution Escrow Amount equal to the

difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount will be released to Buyer and within five (5) Business Days after the determination of such A/R Dilution Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) such amount to Buyer and (B) if any amount remains of the A/R Dilution Escrow Amount after giving effect to the foregoing clause, the remaining amount of the A/R Dilution Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(j)(ii) to an amount in excess of the A/R Dilution Escrow Amount and in the event that the difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount is in excess of the A/R Dilution Escrow Amount, Buyer shall solely be entitled to the A/R Dilution Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(j)(ii).

(k) Except for any imputed interest determined for federal income tax purposes, any amounts paid pursuant to Section 2.8(j) shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

Section 2.9 Deposit Amount; Buyer Breach Fee.

(a) On the date hereof, unless already deposited, Buyer shall deposit into escrow with Escrow Agent an amount equal to Three Million Dollars ($3,000,0000) (such amount, together with all interest and other earnings accrued thereon, the "Deposit Amount"), by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement duly executed by KK OpCo, Buyer and the Escrow Agent.

(b) The Parties shall instruct the Escrow Agent to release and deliver the Deposit Amount to either (x) Buyer or (y) KK OpCo on behalf of Sellers, as follows:

(i) if the Closing shall occur, the Deposit Amount shall be delivered to Sellers on Closing and applied towards the Purchase Price payable by Buyer pursuant to Section 2.6(a);

(ii) if this Agreement is terminated by KK OpCo pursuant to Section 9.1(d)(i) (a "Buyer Breach Termination"), the Deposit Amount shall be delivered to KK OpCo; or

(iii) if this Agreement is terminated other than in a manner provided by Section 9.1(d)(i), the Deposit Amount shall be delivered to Buyer.

(c) In the event of a Buyer Breach Termination, in consideration for Sellers and Gordon Brothers having expended considerable expense following the Execution Date, and without the requirement of any notice or demand from Sellers or any other application to or order of the Bankruptcy Courts, in addition to the receipt of the Deposit Amount in accordance with Section 2.9(b)(ii), Buyer shall pay to KK OpCo an amount equal to $4,500,000 (the "Cash Breach Fee Component" and, collectively with the Deposit Amount, the "Buyer Breach Fee"). In the event Buyer becomes obligated under this Agreement to pay the Buyer Breach Fee, Buyer shall pay the

Cash Breach Fee Component in immediately available funds to such account or accounts as may be specified in written notice by KK OpCo.

(d) The obligation to pay the Buyer Breach Fee in accordance with the provisions of this Agreement will (i) be binding upon and enforceable against Buyer immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable Law. The obligation to pay the Buyer Breach Fee as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of Buyer and (B) any trustee, examiner or other representative of Buyer's estate as if such Person were the Buyer hereunder. For the avoidance of doubt, nothing in this Section 2.9 shall affect any Party's rights or obligations under Section 10.15.

(e) Subject to Section 9.2(b) and Section 10.15, the Parties acknowledge that the agreements contained in this Section 2.9 are an integral part of the transactions contemplated in this Agreement, that the damages resulting from termination of this Agreement under circumstances where KK OpCo terminates this Agreement pursuant to a Buyer Breach Termination are uncertain and incapable of accurate calculation and that the payment of the Buyer Breach Fee is not a penalty but rather shall constitute liquidated damages in a reasonable amount that will compensate Sellers in the circumstances where KK OpCo is entitled to the Buyer Breach Fee because of a Buyer Breach Termination for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and that, without these agreements, Sellers and Buyer would not enter into this Agreement. If any Party fails to take any action necessary to cause the payment of the Deposit Amount (or the Buyer Breach Fee, as applicable) to any other Party(ies) if and when the same is due, and, in order to obtain such Deposit Amount (or the Buyer Breach Fee, as applicable), such other Party(ies) commence a suit which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including reasonable attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 2.10 Closing.

(a) Subject to the Sale Orders, the purchase, sale, assignment and conveyance of the Transferred Assets contemplated by this Agreement shall take place at a closing (the "Closing") to be held by telephone conference and electronic exchange of documents (or, if the Parties agree to hold a physical closing, at the offices of King & Spalding LLP, located at 1180 Peachtree Street NE, Atlanta, Georgia 30309 at 10:00 a.m. Eastern Time on the second (2nd) Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the Parties set forth in Article VIII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction or waiver of such conditions), or at such other place or at such other time or on such other date as Sellers and Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) At or prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer:

(i) a bill of sale, assignment and assumption agreement, in form and substance reasonably satisfactory to the Parties (the "Assignment and Assumption Agreement"), duly executed by the applicable Sellers;

(ii) an IP Assignment Agreement, duly executed by the applicable Sellers;

(iii) a copy of the Sale Orders;

(iv) for each Seller (or, if a Seller is a disregarded entity for U.S. federal income tax purposes, such Seller's regarded owner for U.S. federal income tax purposes) other than Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an IRS Form W-9, and for Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an applicable IRS Form W-8;

(v) a duly executed certificate of a duly authorized officer of KK OpCo certifying the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b);

(vi) Provincial sales tax clearance certificate(s) issued by the relevant Governmental Authority stating that the Sellers have paid and remitted all outstanding provincial sales Tax and any related penalties and interest under the relevant taxing legislation, if required under Section 6 of the Retail Sales Tax (Ontario) or by a corresponding provision of applicable Law in another province, if and as applicable;

(vii) a Conditions Certificate, duly executed by KK OpCo; and

(viii) such other documents as any Buyer may reasonably request that are not inconsistent with the terms of this Agreement and reasonably necessary to effectuate or consummate the transactions contemplated by this Agreement (without expanding or supplementing any of the representations and warranties hereunder or Buyer's remedies with respect thereto).

(c) At or prior to the Closing, Buyer shall deliver or cause to be delivered to Sellers:

(i) the Assignment and Assumption Agreement, duly executed by Buyer;

(ii) the IP Assignment Agreement, duly executed by Buyer;

(iii) the Initial Cash Consideration in cash by wire transfer of immediately available funds to an account or accounts designated by Sellers;

(iv) a duly executed certificate of an executive officer of Buyer certifying the satisfaction of the conditions set forth in Section 8.2(a) and Section 8.2(b); and

(v) a Conditions Certificate, duly executed by Buyer.

(d) At or prior to the Closing, Buyer shall deposit into escrow with Escrow Agent an amount equal to (i) the Adjustment Escrow Amount, (ii) the Net A/R Adjustment Amount and (iii) the In-Transit Inventory Escrow Amount, by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement.

Section 2.11 Purchase Price Allocation. For U.S. federal and applicable state, local and foreign Tax purposes, Buyer, Sellers, and their respective Affiliates shall use commercially reasonable efforts to agree to an allocation of the Purchase Price for applicable Tax purposes) among the Transferred Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (or any similar principles applicable for the purposes of the Income Tax Act (Canada) as soon as reasonably practicable after the date on which both the Adjustment Closing Statement and the A/R Dilution Closing Statement are finalized (such allocation, the "Allocation"); provided that for purposes of the Allocation the Parties agree to allocate the portion of the Purchase Price attributable to the Canadian Transferred Assets by asset class and by province in which the particular assets are located. If the Parties reach an agreement with respect to the Allocation, Buyer, Sellers and their Affiliates shall (a) file all applicable Tax Returns in accordance with the Allocation, as finally determined hereunder, and (b) not take any Tax-related action in connection with any Tax audit or proceeding that is inconsistent with the Allocation, except, in each case, to the extent otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code or any similar provision of state, local or foreign Tax Law; provided, however, that (A) if Buyer and Seller cannot mutually agree on the Allocation, each Party shall be entitled to determine its own allocation and file its IRS Form 8594 consistent therewith and (B) neither Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation.

Section 2.12 Designated Buyer(s).

(a) In connection with the Closing, without limitation by the terms of Section 10.14, Buyer shall be entitled to designate, in accordance with the terms and subject to the limitations set forth in this Section 2.12, one (1) or more Affiliates to purchase specified Transferred Assets, assume specified Assumed Liabilities, employ specified Transferred Employees and assume the rights and obligations under this Agreement of the Buyer, in whole or in part, on and after the Closing Date (any such Person shall be properly designated by a Buyer in accordance with this Section 2.12, a "Designated Buyer"); provided that no such designation would impede or materially delay the Closing or affect the timely receipt of any regulatory approval; provided, further, that no such designation shall be permitted if any Taxes required to be withheld under applicable Law from any amounts otherwise payable hereunder would be higher than the amount of Taxes that would be required to be withheld absent such designation and the Buyer or the Designated Buyer does not agree to gross up the amount paid to the applicable Seller so that the applicable Seller is in the same economic position it would have been in if such designation had not occurred (taking into account all Taxes payable by such Seller as a result of

such gross up). At and after the Closing, Buyer shall, or shall cause its Designated Buyer(s) to, honor Buyer's obligations at the Closing. After the Closing, any reference to any Buyer made in this Agreement in respect of any purchase, assumption, or employment referred to in this Agreement shall include reference to the appropriate Designated Buyer(s), if any. Buyer shall be liable for all obligations of any Designated Buyer(s) under this Agreement as to any particular Assumed Liability that any Designated Buyer is assuming at the Closing.

(b) Without limitation of Section 6.4, the designation of a Designated Buyer in accordance with Section 2.12(a) shall be made by a Buyer by way of a written notice to be delivered to Sellers as soon as reasonably practicable following the date of this Agreement but in no event later than two (2) Business Days prior to Closing, which written notice shall (i) contain appropriate information about the Designated Buyer(s), (ii) indicate which Transferred Assets, Assumed Liabilities and Transferred Employees Buyer intends such Designated Buyer(s) to purchase, assume and/or employ, as applicable, hereunder and (iii) include a signed counterpart to this Agreement pursuant to which the Designated Buyer(s) agree to be bound by the terms of this Agreement as it relates to such Designated Buyer(s) and which authorizes Buyer to act as such Designated Buyer(s)' agent for all purposes hereunder. Notwithstanding the foregoing, and for the avoidance of doubt, any designation pursuant to Section 2.12(a) shall not relieve Buyer of any of its obligations under this Agreement (or otherwise) and Buyer shall remain primarily liable therefor.

Section 2.13 Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer shall be entitled to deduct and withhold from any amount (or portion thereof) payable under this Agreement such Taxes as are required to be deducted and withheld from such amount under the Code or any other applicable provision of U.S., Canadian or foreign Tax Law. To the extent that Buyer intends to withhold any such amounts from the Purchase Price, it shall notify the applicable Seller of such intention and shall provide such Seller with an opportunity to provide forms or evidence that would establish an exemption from, or reduction in the amount of, withholding tax and shall otherwise cooperate in good faith with Sellers and use commercially reasonable efforts to minimize or eliminate any such deductions or withholdings. To the extent that any amounts are so deducted and withheld and paid to the applicable Governmental Authority, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Disclosure Letter attached hereto, each Seller jointly and severally represents and warrants to Buyer as follows:

Section 3.1 Organization. Each Seller (a) is an entity duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as applicable, (b) has all requisite power and authority to own and operate its properties and to carry on its businesses as now conducted, subject to the provisions of the Bankruptcy Code and the CCAA, and (c) is qualified to do business and is in good standing (or its

equivalent) in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except where the failure to be so qualified is not and would not reasonably be expected to be material to the Business.

Section 3.2 Authority. Subject to approval of the Bankruptcy Courts and entry of the Sale Orders, as applicable (a) each Seller has the corporate (or equivalent) power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, (b) the execution, delivery and performance by such Seller of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by such Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate (or equivalent) action and (c) this Agreement has been, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will have been, duly executed and delivered by such Seller and, assuming due execution and delivery by each of the other parties thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will constitute, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions").

Section 3.3 No Conflict; Required Filings and Consents.

(a) Except as set forth on Section 3.3(a) of the Disclosure Letter and assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders and (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable), after giving effect to the application of the Bankruptcy Code, including Section 365 thereof, on certain legal and contractual provisions applicable to the Transferred Contracts and other Transferred Assets, the execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby, do not and will not, with or without notice, lapse or time or both: (i) violate the Organizational Documents of Sellers; (ii) conflict with or violate any Law applicable to Sellers or by which any Transferred Asset is bound; (iii) result in any material breach of, constitute a material default (or an event that, with notice or lapse of time or both, would become a material default) under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance (other than a Permitted Encumbrance) on any Transferred Asset; or (iv) result in any material breach of, constitute a material default under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance on any Transferred Contract; except, in the case of clause (ii) and (iv), for any such violations, breaches, defaults or other occurrences that are not material to the Business taken as a whole.

(b) Except as set forth on Section 3.3(b) of the Disclosure Letter, no Seller is required to file, seek or obtain any notice, authorization, approval, Order, permit, or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Sellers of this Agreement or the consummation by Sellers of the transactions contemplated hereby,

except (i) requisite approvals from the Bankruptcy Courts or (ii) as may be necessary as a result of any facts or circumstances relating to any Buyer or any of its Affiliates.

Section 3.4 Transferred Assets. Subject to entry of the Sale Orders by the Bankruptcy Courts:

(a) Each Seller, as applicable, has good, valid and marketable title to, and owns and possesses all rights and interests in, including the right to use, each of the Transferred Assets, or with respect to leased Transferred Assets, valid leasehold interests in, or with respect to licensed Transferred Assets, valid licenses to use, in each case, in all material respects.

(b) Assuming that the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.4(b) of the Disclosure Letter and the Sales Orders are made, given or obtained (as applicable), this Agreement and the instruments and documents to be delivered by Sellers to Buyer at the Closing shall be adequate and sufficient to transfer (i) Sellers' entire right, title and interest in and to the Transferred Assets and (ii) to Buyer, good, valid and marketable title to, and interest in the applicable Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), claims and interests, other than Assumed Liabilities, in each case, in all material respects.

(c) The Transferred Assets are adequate for the purposes for which such assets are currently used or are held for use, conform in all material respects to all Laws applicable thereto, are in good repair and operating condition (subject to normal wear and tear), and there are no facts or conditions affecting the Transferred Assets which would, individually or in the aggregate, reasonably be expected to interfere with the use or operation thereof as currently used or operated, or their adequacy for such use, in any material respect.

Section 3.5 Absence of Certain Changes or Events. Since February 29, 2024, through the date of this Agreement, there has not been any event, change, condition, occurrence or effect that, individually or in the aggregate, has had, or would be reasonably expected to have, a Material Adverse Effect. Except (i) discussions, negotiations and activities related to this Agreement and the RSA or other potential strategic transactions, including preparation for the Bankruptcy Cases, (ii) for the solicitation of, discussions and negotiations with, presentations and provision of other diligence to and similar engagement with other potential bidders for the Transferred Assets, the negotiation and execution of this Agreement, (iii) for the preparation and commencement of the Bankruptcy Cases and Sellers' debtor in possession financing in the Bankruptcy Cases or (iv) as expressly contemplated by this Agreement, from February 29, 2024, until the date hereof, Sellers have operated only in the Ordinary Course of Business and no Seller has taken any action or failed to take any action, as applicable, that would be prohibited by Section 6.1(b), if taken, failed to be taken or proposed to be taken, except for the execution and delivery of this Agreement.

Section 3.6 Compliance with Law; Permits.

(a) As of the date hereof, (i) the Business is being conducted in compliance with, and Sellers are in compliance with, all applicable Laws relating to the operation of the Business and the Transferred Assets and (ii) there are no pending or, to the Knowledge of Sellers, threatened, claims from any Governmental Authority relating to any non-compliance of the

Business or the Transferred Assets, except, in each case of (i) and (ii), as has not been, and would not be reasonably expected to be material to the Business, taken as a whole.

(b) Sellers are in possession of all material permits (including work permits and visas), licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority (the "Permits") necessary for them to own, lease and operate their assets and properties, to employ or engage officers, workers and employees who are not citizens of the country where they are carrying out their duties or performing their services and to carry on the Business as currently conducted. All material Permits held by Sellers: (i) are valid and in full force and effect and no Seller is in default under, or in violation of, any such Permit, except for such defaults or violations which would not reasonably be expected, individually or in the aggregate, to materially restrict or interfere with Buyer's ability to operate the Business as currently operated and no suspension or cancellation of any such Permit is pending (other than pursuant to its terms) or, to Sellers' Knowledge, threatened and (ii) subject to entry of the Sale Orders each such Permit may be transferred or reissued to Buyer in accordance with this Agreement and without the approval of any Person (other than the Bankruptcy Courts).

(c) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws except as has not been, and would not be reasonably expected to be material, to the Business, taken as a whole. Except as set out in Section 3.6(c) of the Disclosure Letter, during the past three (3) years Sellers have not been charged with, nor received any notice that it is under investigation with respect to, and, to the Knowledge of Sellers, no Seller is otherwise now under investigation with respect to, any violation of any applicable Law or other requirement of a Governmental Authority. No Seller sells, or has ever sold, in relation to the Transferred Assets, any product or provided any services to any Governmental Authority. In respect to the Transferred Assets, no Seller is currently a party to or subject to any Contract with any Governmental Authority. Sellers are not debarred or suspended from doing business with any Governmental Authority.

(d) Each Seller, and any such officer and director and, to the Knowledge of the Sellers, any agent acting on behalf of such Seller, in relation to the Transferred Assets, is in compliance and has since the Compliance Date complied with applicable anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), all national and international laws enacted to implement the Organization for Economic Co-operation and Development Convention on Combatting Bribery of Foreign Officials in International Business Transactions, and other similar Laws of those countries in which any Seller conducts business (collectively, "Anti-Corruption Laws"), and to Knowledge of the Sellers there are no unresolved investigations or claims concerning any Liability of Sellers with respect to such Laws. Each Seller has policies and procedures in place that are reasonably designed to (i) prevent, detect, and deter bribery and corruption in the conduct of the Business, and (ii) achieve compliance by the Business with all applicable anti-corruption Laws.

(e) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Customs and International Trade Laws, and at no time has any Seller or, to Seller's Knowledge, any Person acting on behalf of the Business committed any violation of the Customs and International Trade Laws of those

countries in which Sellers are engaged in the Business. Except as set forth on Section 3.6(e) of the Disclosure Letter, the conduct of the Business and Sellers is, and during the past three (3) years has been, in all material respects, in compliance with all Laws governing or concerning the payment of all customs duties, countervailing duties, fees and charges applicable to and due with respect to all import transactions, including any countervailing or antidumping duties. No products, goods, parts, or accessories imported in the course of engaging in the Business are or have been subject to any countervailing or antidumping duty investigation, order, notice or other proceeding by any Governmental Authority. There are no material unresolved questions or claims concerning any Liability of any conduct in furtherance of the Business with respect to Customs and International Trade Laws applicable to the import or export of goods. Without limiting the foregoing, neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any notice that it is subject to any civil or criminal investigation, audit or any other inquiry involving or otherwise relating to any alleged or actual violation of the Customs and International Trade Laws.

(f) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws relating to the importation of materials into the countries in which the Sellers conduct the Business. The origin declarations made in furtherance of the Business are and, during the past three (3) years have been, accurate and based on the exercise of reasonable care. Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any written, or to the Knowledge of Sellers, oral, communication with respect to the conduct of the Business during the past three (3) years from any Governmental Authority that (i) excludes products or materials or (ii) asserts that any Seller owes additional duties, liquidated damages, penalties or fees.

(g) Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business (i) has been or is designated on any list maintained by any U.S. governmental entity responsible for the implementation or enforcement of Customs and International Trade Laws (each such person a "Listed Person"), or (ii) is directly or indirectly 50 percent or more owned by, or otherwise controlled by or acting for (A) any Listed Person or (B) any Governmental Authority or Person that is the subject or target of a comprehensive embargo under Law, or (iii) is located, organized or resident in any country or territory that is the subject or target of a comprehensive embargo under Law (currently, Cuba, Iran, North Korea, Syria, and certain regions of Ukraine).

Section 3.7 Litigation. Except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that questions or challenges (i) the validity of this Agreement or the Ancillary Agreements,(ii) any action taken or proposed to be taken by the Sellers pursuant to this Agreement or Ancillary Agreements or in connection with the transactions contemplated by this Agreement, or (iii) the Intellectual Property rights owned by the Sellers or their Subsidiaries (excluding any objections, rejections, oppositions, or other such proceedings at the United States Patent and Trademark Office, the U.S. Copyright Office, or such other filing offices, domestic or foreign, challenging the registrability of such Intellectual Property). Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that involves or affects the Transferred Assets or the Business. Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no material Actions pending or, to the

Knowledge of the Sellers, threatened in writing against the Sellers based on, arising out of, in connection with or otherwise relating to (i) the non-payment of wages or other compensation to employees or (ii) violation of Law with respect to the employment or termination of employment of or failure to employ any individual.

Section 3.8 Labor and Employment Matters.

(a) No Seller is a party to or bound by a collective bargaining agreement.

(b) Solely with respect to the Business, (i) there is no unfair labor practice charge or complaint pending or, to Sellers' Knowledge, threatened against Sellers before the National Labor Relations Board or any similar Governmental Authority, (ii) no labor union, labor organization, works council or group of Employees has made a pending demand in writing for recognition or certification as the bargaining agent of the Employees, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of Sellers, threatened to be brought or filed with the National Labor Relations Board or any similar Governmental Authority, (iii) to the Knowledge of Sellers, there are no pending or threatened union organizing or decertification activities and (iv) there are no pending or, to Sellers' Knowledge, threatened strikes, work stoppages, lockouts, slowdowns or other material labor disputes, that, in each case of (i) through (iv), would reasonably be expected to be material to the Business, taken as a whole.

(c) Solely with respect to the Business, each Seller is and for the past three (3) years has been in compliance with all applicable Laws respecting labor, labor relations, employment and employment practices, including but not limited to all Laws respecting collective bargaining, the terms and conditions of employment, wages, hours, equal employment opportunity, employment discrimination, worker classification (including the proper classification of workers as independent contractors and consultants, and employees as exempt or non-exempt for overtime pay), immigration, work authorization, occupational health and safety, workers' compensation, vacation pay, the payment of social security and other employment Taxes, disability rights or benefits, plant closures and layoffs, affirmative action, labor relations, employee leave issues and unemployment insurance, in each case, except as would not reasonably be expected to be material to the Business, taken as a whole.

Section 3.9 Real Property. Section 3.9 of the Disclosure Letter sets forth a correct and complete legal description of each parcel of real property leased or sub-leased by any Seller (the "Leased Real Property"). The Leased Real Property constitutes all of the real property owned, leased, occupied or otherwise used in connection with the Business.

Section 3.10 Intellectual Property.

(a) A true, correct and complete list (in all material respects) of all (i) issued Patents and pending Patent applications, (ii) registered Trademarks and applications to register any Trademarks, (iii) registered Copyrights and applications for registration of Copyrights, and (iv) domain name registrations, in each case which is owned by any Seller and relates to the Business (the "Registered IP") is set forth on Section 3.10(a) of the Disclosure Letter. Sellers are the sole and exclusive owners of all material Intellectual Property included in the Transferred IP that is

owned or purportedly to be owned by such Seller or such Subsidiary, including all Registered IP, and all items of such Registered IP are subsisting, and, to the Knowledge of Sellers, valid and enforceable. No claim has been made or, to the Knowledge of Sellers, threatened alleging that any such Registered IP is invalid or unenforceable in whole or in part or challenging the use or of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers. Except as disclosed on Section 3.10(a) of the Disclosure Letter, none of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers is subject to any outstanding order, judgment, or stipulation restricting the use thereof by any of the Sellers or any Subsidiary of any Seller.

(b) The conduct of the Business (including the products and services sold or performed by the Sellers and their respective Subsidiaries in the conduct of the Business) and the use, practice or exploitation of the Transferred IP and other Intellectual Property as currently used, practiced or exploited by Sellers and any Subsidiaries of the Sellers in the conduct of the Business do not, to the Knowledge of the Sellers, infringe, misappropriate or otherwise violate (and, since January 1, 2021 have not infringed, misappropriated or otherwise violated) any Person's Intellectual Property rights, and since January 1, 2021 there has been no such Action asserted or, to the Knowledge of Sellers, threatened against any Seller or any Subsidiary of such Seller.

(c) Other than third-party commercial "off-the-shelf" software licensed by the Sellers or their Subsidiaries on standard terms and conditions and Intellectual Property that is governed by any Excluded Contract, the Transferred IP constitutes all material Intellectual Property used in, held for use or necessary for the conduct of the Business as currently conducted.

(d) To the Knowledge of Sellers, no Person is infringing, misappropriating or otherwise violating in any material respect any Intellectual Property owned by or exclusively licensed to Sellers or any Subsidiary of any Seller that is a Transferred Asset or is used in or relates to the Business or the products and services of the Business, and since January 1, 2021, no such Actions have been asserted or threatened against any Person by any Seller or any Subsidiary of such Seller.

(e) Sellers have taken commercially reasonable steps to safeguard and maintain the Transferred IP, including maintaining the confidentiality of all trade secrets and other material confidential or proprietary information related primarily to the Business, and none of such confidential or proprietary information has been disclosed other than to employees, contractors, representatives and agents of the Sellers and the Subsidiaries of the Sellers, and other third parties in connection with the operation of the Business, all of whom are bound by written confidentiality agreements. To the Knowledge of Sellers, no Person is in violation of any such agreement.

Section 3.11 Tax Matters.

Except as set forth in Section 3.11 of the Disclosure Letter:

(a) All material Tax Returns required to be filed by or with respect to the Transferred Assets or the Business have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Except for any Taxes that need not be paid pursuant to an Order of the Bankruptcy Courts or pursuant to the Bankruptcy Code or CCAA, subject to any obligation of Sellers under the Bankruptcy Code and the CCAA, all material Taxes due and

payable by or with respect to the Transferred Assets or the Business have been timely paid (whether or not shown as due on any Tax Return).

(b) There is no action, suit, claim, deficiency, assessment, or audit pending, proposed in writing, or, to Sellers' Knowledge, threatened in writing with respect to material Taxes of or relating to the Transferred Assets or the Business.

(c) There are no Encumbrances for Taxes upon the Transferred Assets, other than Permitted Encumbrances.

(d) No agreement, waiver, extension or consent regarding the application of the statute of limitations with respect to any material Taxes or material Tax Returns of or with respect to the Transferred Assets or the Business is outstanding, nor is there pending any request for such an agreement, waiver, extension or consent.

(e) All material Taxes required to have been deducted, withheld, collected or deposited by the Sellers with respect to the Business have been timely deducted, withheld, collected or deposited and, to the extent required, have been paid or remitted to the relevant Tax authorities.

(f) None of the Canadian Transferred Assets are owned by a Seller that is a non-resident of Canada for purposes of the *Income Tax Act* (Canada), other than such assets that are not "taxable Canadian property" or are "excluded property" of such other Sellers for purposes of section 116 of the *Income Tax Act* (Canada).

(g) Solowave Design LP is a "Canadian partnership" for purposes of the *Income Tax Act* (Canada), and Solowave International Inc., Solowave Design Holdings Limited, and Solowave Design Inc. are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada).

The representations and warranties set forth in this Section 3.11 and Section 3.8(c) constitute the sole and exclusive representations and warranties of Seller with respect to Tax matters in connection with the Business and the Transferred Assets, and no other provision of this Agreement shall be deemed to address or include such matters.

Section 3.12 Environmental Matters.

(a) As of the date hereof, Sellers, the Transferred Assets and the Business are in compliance in all respects with all applicable Environmental Laws, which compliance includes, but is in no way limited to, compliance with the terms of, all Environmental Permits, except in each case, as such noncompliance would not be reasonably expected to have a Material Adverse Effect.

(b) As of the date hereof, Sellers, the Transferred Assets and the Business are in possession of all material Environmental Permits required in connection with the lawful conduct or operation of the Business and the ownership or use of the Transferred Assets as currently operated. There is no material claim or action currently pending or, to the Knowledge of Sellers,

threatened, that is or would reasonably be expected to result in the cancellation, revocation or other adverse or limiting modification of any such Environmental Permit.

(c) There is no Environmental Claim pending or, to the Knowledge of Sellers, threatened against or affecting any Seller, Transferred Asset or the Business that would be reasonably expected to have a Material Adverse Effect. There are no environmental conditions, including the presence of any Hazardous Material at the Leased Real Property, which would be reasonably likely to form the basis of any Liability of the Business, any Transferred Asset or of any Environmental Claim against or affecting any Seller or the Business that would be reasonably expected to have, a Material Adverse Effect.

Section 3.13 Material Contracts.

(a) Subject to requisite approvals from the Bankruptcy Courts, as applicable, and assumption by the applicable Seller of the applicable Contract in accordance with applicable Law and except as a result of the commencement of the Bankruptcy Cases, each Transferred Contract is in full force and effect and is a valid, binding and enforceable obligation of the applicable Seller and, to the Knowledge of Sellers, each of the other Parties thereto, except as may be limited by the Enforceability Exceptions. Except as set forth on Section 3.13(a) of the Disclosure Letter, or as would not reasonably be expected to be material to the Business, taken as a whole, no Seller is in default, or is alleged by the counterparty thereto to have breached or to be in default, under any Transferred Contract, and, to the Knowledge of Sellers, the other party to each Transferred Contract is not in default thereunder. No Transferred Contract has been canceled or otherwise terminated, and no Seller has received any notice from any Person regarding any such cancellation or termination.

Section 3.14 Financial Statements.

(a) True, correct and complete copies of (i) the audited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of KK OpCo and its Subsidiaries as of March 31, 2023, together with the auditor's reports thereon (the "Audited Financial Statements") and (ii) an unaudited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of the Sellers as of and for the 11-month period ended February 29, 2024 (the "Interim Financial Statements" and, together with Audited Financial Statements, the "Financial Statements") have been provided to Buyer. The Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Sellers as of the dates and for the periods indicated in such Financial Statements, have been prepared in all material respects, in accordance with the books of account and other financial records of the Sellers and have been prepared, in all material respects, in conformity with GAAP (except, in the case of the Interim Financial Statements, for the absence of footnotes and other presentation items and for normal year-end adjustments that are not material individually or in the aggregate).

Section 3.15 Accounts Receivable. Sellers have not entered into any agreement to discount or accelerate the payment of the Transferred A/R. The Transferred A/R has arisen from bona fide transactions entered into by the Sellers in the Ordinary Course of Business consistent with past practice and, other than A/R Dilution, are not subject in any material respect to claims

of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business.

Section 3.16 Inventory. On and as of the Execution Date, the level of inventory and raw materials (as of type, category, style, brand and description, and proportion to all Purchased Inventory) is in all material respects consistent with the level and mix set forth in the KK Inventory File as of the date hereof.

Section 3.17 Certain Payments. Since the Compliance Date, no Seller (nor, to the Knowledge of Sellers, any of their respective Representatives) has, in violation of Anti-Corruption Laws, (a) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees; (c) violated or is violating any provision of the FCPA; (d) established or maintained, or is maintaining, any unlawful fund of corporate monies or other properties; or I made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

Section 3.18 Competition Act; Cultural Business. For purposes of subsection 110(2) of the Competition Act (Canada), each of (a) the total value of the Transferred Assets that are assets in Canada and (b) the gross revenues from sales prescribed by that subsection, each measured in accordance with the Competition Act (Canada) and the regulations thereunder as at Closing, will be less than the review threshold amount as determined pursuant to subsections 110(8) and 110(9) of the Competition Act (Canada). The Business does not include a "cultural business" as that term is defined in subsection 14.1(6) of the Investment Canada Act.

Section 3.19 Financial Advisors. Neither Buyer nor any Designated Buyer is and will become obligated to pay any fee or commission or like payment to any broker, finder, or financial advisor as a result of the consummation of the transactions contemplated by this Agreement based upon any arrangement made by or on behalf of Sellers.

Section 3.20 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to Buyer or any of its Affiliates or Representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), no Seller makes, or has made, (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty with respect to the Business or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, and Buyer and its Representatives are not relying on any representation, warranty or other information of any Seller or any Person except for those expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v). No Seller makes (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, any Seller or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or its Representatives, or resulting from the omission of, any estimate, projection, prediction, data, budget, forecast, financial information, memorandum, prospect information,

presentation or any other materials or information, including any oral, written, video, electronic or other materials or information presented to or made available to Buyer in connection with presentations by KK OpCo's management or information made available on any "data sites" or in the course of their due diligence investigation of the Business, the negotiation of this Agreement or the course of the transactions contemplated by this Agreement except as expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as to only itself as follows:

Section 4.1 Organization. Buyer is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has all necessary corporate (or equivalent) power and authority to perform its obligations hereunder and under any Ancillary Agreement.

Section 4.2 Authority. Buyer has the power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action and this Agreement has been, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will have been, duly executed and delivered by Buyer and assuming due execution and delivery by each of the other Parties and thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) Assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders, (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable) and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which Buyer will be a party, and the consummation of the transactions contemplated hereby and thereby, or compliance by Buyer with any of the provisions hereof, do not and will not:

(i) conflict with the Organizational Documents of Buyer;

(ii) conflict with or violate any Law applicable to Buyer or by which any property or asset of Buyer is bound or affected;

(iii) conflict with or violate any Order of any Governmental Authority; or

(iv) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or give rise to a right of termination, modification, notice or cancellation or require any consent of any Person pursuant to, any Contract to which Buyer is a party.

except, in each case of clauses (i) through (iv), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement;

(b) Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party or the consummation of the transactions contemplated hereby or thereby, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.4 Absence of Litigation. There is no Action pending or, to the knowledge of Buyer, threatened in writing, against Buyer that, if adversely determined, (a) would prevent or materially restrict, impede or delay the performance by Buyer of its obligations under this Agreement or (b) would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.5 Qualification.

(a) To the knowledge of Buyer, there exist no facts or circumstances that would cause, or be reasonably expected to cause, Buyer and/or its Affiliates not to qualify as "good faith" purchasers under Section 363(m) of the Bankruptcy Code.

(b) As of the Closing, Buyer will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to the Transferred Contracts, if any, that are being transferred to it.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to any fee, commission or expense from Buyer that would be payable by Sellers in connection with the transactions contemplated hereby.

Section 4.7 Sufficient Funds; Solvency. Buyer has, or will have available to it at the Closing, sufficient funds to satisfy all obligations of Buyer under this Agreement, including the payment of a portion of the Initial Cash Consideration and any associated expenses including to pay all fees, costs and expenses to be paid by Buyer related to the transactions contemplated hereby. Assuming the accuracy of the representation and warranties of the Sellers set forth in

Article III, Buyer is not insolvent (either because of its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair value of its assets will be less than the amount required to pay its probable liabilities on its debts as they become absolute and matured). Buyer and each Designated Buyer, as applicable, has or will have available to it at the Closing, sufficient access to capital to satisfy the Assumed Liabilities. Without limiting this Section 4.7, in no event shall the receipt or availability of any funds or financing be a condition to Closing or to any of Buyer's obligations hereunder.

Section 4.8 Exclusivity of Representations and Warranties.

(a) Except for the representations and warranties expressly set forth in this Article IV, neither Buyer nor any other Person on behalf of Buyer makes (and Buyer, on behalf of itself, its Subsidiaries, and their respective Affiliates and Representatives, hereby disclaims), and KK Parent has not relied on, any express or implied representation or warranty with respect to Buyer, its Subsidiaries or any of their respective businesses, operations, properties, assets, liabilities or otherwise in connection with this Agreement or the transactions contemplated hereby, including as to the accuracy or completeness of any information.

(b) Except for the representations and warranties expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), Buyer acknowledges and agrees that (x) no Seller or any other Person on behalf of any Seller makes, or has made, any express or implied representation or warranty, at law or in equity, with respect to Sellers or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, including with respect to its business, operations, assets (including the Transferred Assets), liabilities (including the Assumed Liabilities), conditions (financial or otherwise), prospects or otherwise in connection with this Agreement or the transactions contemplated by this Agreement, including any representation or warranty as to value, merchantability, fitness for any particular purpose or for ordinary purposes, and Buyer and its Representatives are not relying on any written or oral statement, representation, warranty, guaranty or other information of any Seller or any Person except for those expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) or (y) no person has been authorized by Sellers or any other Person on behalf of Sellers to make any representation or warranty relating to the Business in connection with this Agreement, and if made, such representation or warranty shall not be relied upon by Buyer as having been authorized by such entity. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that no Seller or any other Person has made a representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, Sellers or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or their respective Representatives, or resulting from the omission of, any estimate, projection, prediction, data, financial information, memorandum, presentation or any other materials or information, including any materials or information made available to Buyer and/or its Representatives in connection with presentations by KK OpCo's management or information made available on any "data sites." Buyer acknowledges that it has conducted, to its satisfaction, its own independent investigation of the condition (financial or otherwise), operations and business of Sellers and, in making its determination to proceed with the transactions contemplated by this Agreement, Buyer has relied solely on the results of its own independent investigation and representations and warranties set

forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) and has not relied directly or indirectly on any materials or information made available to Buyer and/or its Representatives by or on behalf of any Seller. Buyer acknowledges that, should the Closing occur, Buyer shall acquire its portion of the Business and the Transferred Assets, as set forth in this Agreement, without any surviving representations or warranties, on an "as is" and "where is" basis.

ARTICLE V

BANKRUPTCY COURT MATTERS

Section 5.1 Debtors-in-Possession. As of the Petition Date through the Closing, Sellers shall continue to operate their businesses as debtors-in-possession pursuant to the Bankruptcy Code and any Order of the Bankruptcy Courts.

Section 5.2 Sale Orders. The U.S. Sale Order shall among other things, (a) approve, pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, (i) the execution, delivery and performance by Sellers of this Agreement, (ii) the sale of the Transferred Assets to Buyer on the terms set forth herein and free and clear of all Encumbrances (other than Permitted Encumbrances), and (iii) the performance by Sellers of their respective obligations under this Agreement; and (b) find that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code and the sale is entitled to the protections afforded under Section 363(m) of the Bankruptcy Code. The Canadian Sale Order shall, among other things, (a) recognize and give full force and effect to the U.S. Sale Order in Canada pursuant to the CCAA, and (b) vest the Canadian Transferred Assets in and to the Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances.

Section 5.3 Cooperation with Respect to Approvals from the Bankruptcy Courts. Buyer shall take such commercially reasonable actions as are reasonably requested by Sellers to assist in obtaining entry by the Bankruptcy Courts of the Sale Orders, including furnishing affidavits or other documents or information for filing with the Bankruptcy Courts for purposes of, among other things: (a) demonstrating that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code; and (b) establishing "adequate assurance of future performance" within the meaning of Section 365 of the Bankruptcy Code.

Section 5.4 Bankruptcy Court Filings.

(a) Sellers shall consult with Buyer concerning the Sale Orders and any other Orders of the Bankruptcy Courts entered after the date hereof relating to the transactions contemplated herein, and the bankruptcy proceedings in connection therewith.

(b) Sellers shall provide Buyer with copies of any material applications, pleadings, notices, proposed Orders and other documents to be filed by Sellers in the Bankruptcy Cases that relate in any material respect to this Agreement, the Transferred Assets, or Buyer at least 24 hours prior to the making of any such filing or submission to the Bankruptcy Courts, and such documents shall be in form and substance acceptable to the Parties in their reasonable discretion to the extent of their respective consent rights set forth in Section 2 thereof.

Section 5.5 Appeal of Sale Orders. In the event an appeal is taken or a stay pending appeal is requested from any Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and provide Buyer a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of any Sale Order, Sellers shall, in consultation with Buyer, be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal. In such case, Sellers will provide Buyer with a draft copy of any filing or submission at least three (3) Business Days prior to the filing or submission to the applicable Bankruptcy Court and any such documents shall be in form and substance acceptable to the Parties to the extent of their respective consent rights set forth in Section 2 of the RSA.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business Prior to the Closing. From the date of this Agreement until the Closing Date or earlier termination of this Agreement,

(a) except (1) as otherwise expressly required by this Agreement, (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use commercially reasonable efforts to conduct the Business in the Ordinary Course of Business and preserve the material business relationships with customers, suppliers, distributors and others with whom Sellers deal in the Ordinary Course of Business (including timely payment of post-petition accounts payable, purchasing and maintaining appropriate levels of Inventory, performing all reasonably required maintenance and repairs, making capital expenditures and collecting receivables);

(b) except (1) as otherwise expressly required by this Agreement (including with respect to a Qualifying Alternative Transaction), (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations or requirements imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall not:

(i) sell, transfer, lease, sublease, license, abandon, encumber or otherwise dispose of any Transferred Assets other than immaterial dispositions thereof and/or Inventory sold or disposed of in the Ordinary Course of Business;

(ii) acquire any corporation, partnership, limited liability company, other business organization or division thereof related to or affecting the Business or the

Transferred Assets or any material assets, except acquisitions of raw materials in the Ordinary Course of Business;

(iii) fail to make payments in accordance with and as contemplated by the Prepetition Budget or the DIP Budget;

(iv) enter into any joint venture agreement that involves a sharing of profits, cash flows, expenses or losses with other Persons related to or affecting the Business or the Transferred Assets;

(v) (1) reject, terminate (other than by expiration in accordance with its terms), or materially amend any Transferred Contract or seek approval of the Bankruptcy Courts to do so, or (2) fail to use commercially reasonable efforts to oppose any action by a third party to so terminate (including any action by a third party to obtain approval of the Bankruptcy Courts to terminate) any Transferred Contract;

(vi) make any loans, advances or capital contributions to, or investments in, any other Person (other than to a Seller in the Ordinary Course of Business);

(vii) subject any of the Transferred Assets to any Encumbrance other than Permitted Encumbrances;

(viii) incur, guarantee or assume any indebtedness for borrowed money, enter into any capital lease or guarantee any such indebtedness except for indebtedness under the DIP Facility or the Prepetition Credit Agreement;

(ix) use the sale theme "going out of business";

(x) modify, amend, terminate or waive any rights under any Transferred Contract;

(xi) change or modify any material accounting practice, policy or procedure, except as required by GAAP or applicable Law;

(xii) except as required by applicable Law, (1) revoke or change any material Tax election or method of accounting with respect to Taxes, (2) make any material Tax election inconsistent with past practices and outside ordinary course of business, (3) file any amended Tax Return, (3) enter into any closing agreement or settle or compromise any material Tax claim or assessment, or (4) consent to any extension or waiver of the limitation period applicable to any claim or assessment with respect to Taxes; in each case to the extent such action could adversely affect Buyer or any of its Affiliates in a Tax period that ends after the Closing Date;

(xiii) ship, sell or transfer any Inventory during the period that is between the Inventory Count and the Closing Date;

(xiv) amend the DIP Budget; or

(xv) agree or commit to any of the foregoing; and

(c) from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use reasonable best efforts to clear any unapplied cash in respect of the Transferred A/R.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Sellers, or the Business prior to the Closing and (ii) prior to the Closing, Sellers shall exercise, consistent with, and subject to, the terms and conditions of this Agreement, complete control and supervision over the Business and their operations.

Section 6.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date or earlier termination of this Agreement, upon reasonable request, Sellers shall afford Buyer and its Representatives reasonable access to the properties, offices, plants and other facilities, books and records (including Tax books and records) of Sellers, solely with respect to the Business, and shall furnish Buyer with such financial, operating and other data and information, and access to all the officers, employees, customers, vendors, accountants and other Representatives of Sellers, solely with respect to the Business, as any Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything to the contrary in this Agreement, Sellers shall not be required to provide access to or disclose any information to any Buyer or its Representatives if (i) such access or disclosure is prohibited pursuant to the terms of a confidentiality agreement with a third party entered into prior to the date hereof, (ii) such access or disclosure would violate applicable Law, or (iii) such access or disclosure would adversely affect any attorney-client or other legal privilege or contravene and applicable Laws (the "Disclosure Limitations"); provided that the Parties shall reasonably cooperate in seeking to find a way to allow disclosure of such information to the extent doing so would not (in the good faith belief of Sellers after consultation with outside counsel) violate any such confidentiality agreement or applicable Law, or cause such privilege to be undermined with respect to such information.

(b) The information provided pursuant to this Section 6.2 prior to Closing will be used solely for the purpose of effecting the transactions contemplated hereby, and will be governed by the terms and conditions of the Confidentiality Agreement, which Confidentiality Agreement shall not terminate upon the execution of this Agreement notwithstanding anything to the contrary therein. The Confidentiality Agreement shall terminate automatically, and with no further action required of any party thereto, upon the Closing. No Seller makes any representation or warranty as to the accuracy of any information, if any, provided pursuant to this Section 6.2, and Buyer may not rely on the accuracy of any such information (and Buyer hereby knowingly and expressly disclaims any reliance with respect to any such information), except to the extent of the representations and warranties set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

(c) From and after the Closing, until the closing of the Bankruptcy Cases, Buyer will provide Sellers and their Representatives, with reasonable access, during normal business

hours, and upon reasonable advance notice, subject to reasonable denials of access or delays to the extent any such access would unreasonably interfere with the operations of either Buyer or the Business, to the books and records, including work papers, schedules, memoranda, and other documents (for the purpose of examining and copying) that are in its possession or reasonable control relating to its respective Transferred Assets, its respective Assumed Liabilities, or the Excluded Assets with respect to periods or occurrences prior to the Closing Date, for the purposes of (i) complying with the requirements of any Governmental Authority, including the Bankruptcy Courts, (ii) the closing of the Bankruptcy Cases and the wind down of Sellers' estates (including reconciliation of claims and preparation of Tax Returns or other Tax proceedings and the functions of any trusts established under the Plan), (iii) complying with applicable Laws or (iv) other reasonable business purposes; provided that no Buyer shall be obligated to provide any such access that would, in the reasonable, good faith judgment of Buyer, conflict with the Disclosure Limitations. Unless otherwise consented to in writing by KK OpCo, Buyer will not, for a period of three (3) years following the Closing Date, destroy, alter or otherwise dispose of any of such books and records without first offering to surrender to KK OpCo such books and records or any portion thereof that Buyer may intend to destroy, alter or dispose of.

Section 6.3 Employee Matters.

(a) Not later than three (3) Business Days prior to the Designation Deadline, Buyer shall provide (or cause an Affiliate to provide) to each Seller employee identified on Section 6.3 of the Disclosure Letter, an offer of employment which such employment shall commence as of the Closing, that provides for (i) a base annual salary or hourly wage rate, as applicable, that is not less than such employee's base annual salary or hourly wage rate, as applicable, with the applicable Seller immediately prior to the Closing, and (ii) benefits comparable to those provided by Buyer to its similarly situated employees. Buyer shall use commercially reasonable efforts to ensure that each offer of employment executed by a Transferred Employee reflects a full release by such employee of any and all Liabilities, obligations and/or causes of action of or against any Seller and its Affiliates. At any time during the period commencing from the Effective Date until the Designation Deadline, Buyer may amend or revise the employee list on Section 6.3 of the Disclosure Letter in order to (i) add any employee employed by a Seller as of the date thereof, or (ii) remove any Seller employee based on such employee's actions that would give rise to a for cause employment termination. Each Seller employee who receives and accepts (or is deemed with a base salary equal to or better than the Company's existing terms to have accepted) Buyer's (or an Affiliate of Buyer's) offer of employment and who commences employment with Buyer or an Affiliate thereof on the Closing shall be a "Transferred Employee". Sellers will reasonably cooperate with Buyer with respect to such employee matters. Buyer shall, or shall cause its Affiliate to, credit each Transferred Employee with the amount of paid time off accrued, but unused by such Transferred Employee as of the Closing Date.

(b) Sellers shall retain all Liabilities relating to all unpaid wages, salaries, commissions and other compensation amounts, earned or accrued on or before the Closing Date by or in respect of all of their current and former employees, including the Transferred Employees. During the ninety (90) days from Closing, Buyer shall not, and shall cause its Affiliates not to, take any action that causes any Seller or Affiliate of Seller to incur Liabilities under the WARN Act.

(c) Nothing herein, expressed or implied, shall confer upon any Seller employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Section 6.3, are for the sole benefit of the parties to this Agreement and are not for the benefit of any third party.

Section 6.4 Consents and Filings; Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall, and shall cause its Subsidiaries to, use reasonable best efforts to cooperate with each other Party and to, promptly take, or cause to be taken, any and all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the Ancillary Agreements, in accordance with the terms hereof and thereof. This Section 6.4(a) does not apply with respect to Taxes.

(b) From time to time, whether at or following the Closing, Sellers and Buyer shall execute, acknowledge and deliver all such further conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to vest in Buyer all the right, title, and interest in, to or under its Transferred Assets, to provide Buyer and Sellers all rights and obligations to which they are entitled and subject pursuant to this Agreement and the Ancillary Agreements, and to otherwise make effective as promptly as practicable the transactions contemplated by this Agreement and the Ancillary Agreements. Each of the Parties will take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under applicable Laws to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to such obligations to be satisfied. Notwithstanding the foregoing, nothing in this Section 6.4 shall (a) require Sellers or Buyer or any of their Affiliates to make any expenditure or incur any obligation on their own or on behalf of any other Party (unless funds in the full amount thereof are advanced by such other Party in cash) or (b) prohibit Sellers or any of their Affiliates from ceasing operations or winding up its affairs following the Closing.

(c) Sellers and Buyer shall cooperate with each other and, as promptly as practicable after the date of this Agreement, take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to obtain the transfer or reissuance to the applicable Buyer of all Environmental Permits necessary to lawfully own and operate the Business and Transferred Assets. The Parties shall take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to (i) respond promptly to any requests for additional information made by such agencies, (ii) participate in any hearings, settlement proceedings or other proceedings ordered with respect to applications to transfer or reissue such Environmental Permits, and (iii) cause regulatory approval to be obtained as soon as practicable after the date of filing. Each Party will bear its costs of the preparation and review of any such filing. Sellers and Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection any

filings to transfer the Environmental Permits and the filing Party shall consider in good faith any revisions reasonably requested by the non-filing Party.

(d) Following Closing, Sellers shall cooperate with Buyer's reasonable requests with respect to the investigation and prosecution of any Actions related primarily to the Business or the Transferred Assets (other than in connection with disputes between the Parties), including taking, or causing to be taken, all actions, and doing, or causing to be done, all things necessary, proper or advisable under applicable Laws to furnish all reasonably available information and testimony, to arrange discussions with, and the calling as witnesses of, officers, directors, employees, agents and Representatives, and to provide other reasonable assistance in connection with any such Actions, with such cooperation to be at the cost and expense of the requesting Buyer.

Section 6.5 Refunds and Remittances.

(a) After the Closing: (i) if Sellers or any of their Affiliates receive any refund or other amount that is a Transferred Asset or is otherwise properly due and owing to a Buyer in accordance with the terms of this Agreement, Sellers promptly shall remit, or shall cause to be remitted, such amount to Buyer in accordance with this Agreement and (ii) if any Buyer or any of its Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Sellers or any of their Affiliates in accordance with the terms of this Agreement, Buyer promptly shall remit, or shall cause to be remitted, such amount to Sellers in accordance with this Agreement.

(b) In the event that, from and after the Closing, (i) Sellers or any of their Affiliates have retained ownership of a Transferred Asset, then, for no additional consideration to Sellers or any of their Affiliates, Sellers shall, and shall cause their controlled Affiliates to, convey, assign or transfer promptly such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, (ii) any Excluded Asset has been conveyed to or is received by a Buyer, then, without any consideration payable to Buyer or any of its Affiliates, Buyer shall convey, assign or transfer promptly such Excluded Asset to Sellers in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Excluded Asset to Sellers or their designees in accordance with this Agreement.

Section 6.6 Public Announcements and Communications. From the date hereof through the Closing Date, neither Buyer, on the one hand, nor Sellers, on the other hand, shall issue any public report, statement, press release or otherwise make any public statement regarding this Agreement or the transactions contemplated hereby, without the prior written consent of Buyer and KK OpCo, unless otherwise required by applicable Law, in which case such Party shall coordinate and consult with the other Party with respect to the timing, basis, scope and content before issuing any such report, statement or press release; provided, however, that nothing in this Section 6.6 shall (a) prohibit or delay any required filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority or otherwise hinder either KK OpCo's or its Representatives' ability to timely comply with all Laws (including the Bankruptcy Code, the

CCAA and the WARN Act), (b) prohibit any public announcement containing information that is otherwise generally available to the public (including as a result of any filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority) or (c) delay or prohibit any WARN Act-related notice issued by KK OpCo. Until the Closing Date, Buyer and Sellers shall use commercially reasonable efforts to develop mutually agreeable messaging for any communications to employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement. Sellers shall consult with Buyer before any material communications (other than those made in the Ordinary Course of Business) to any employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement.

Section 6.7 Collection of Accounts Receivable. Subject to the terms of the DIP Order:

(a) As of the Closing Date, each Seller hereby (i) authorizes Buyer and any Buyer designee to open any and all mail addressed to any Seller relating to the Business or the Transferred Assets and delivered to the offices of the Business or otherwise to Buyer or any Buyer designee if received on or after the Closing Date and (ii) appoints Buyer, any Buyer designee or its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by Buyer of any Buyer designee after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed or products delivered by Buyer after the Closing, as the case may be, made payable or endorsed to any Seller or Seller's order, for Buyer's or any Buyer designee's own account.

(b) As of the Closing Date, each Seller agrees that any monies, checks or negotiable instruments received by any Seller after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed by Buyer after the Closing, as the case may be, shall be held in trust by such Seller for Buyer's or any Buyer designee's benefits and accounts, and promptly upon receipt by a Seller of any such payment, such Seller shall pay over to Buyer or their designee the amount of such payments without any right of set off or reimbursement.

(c) Without limiting the foregoing, Sellers will, and will cause their respective Subsidiaries and Affiliates to, deposit into the bank account designated by the Buyer (the "Designated A/R Account") within one (1) Business Day after receipt all amounts received by Sellers or their respective Subsidiaries and Affiliates constituting Transferred A/R. Sellers will, and will cause their respective Subsidiaries and Affiliates to, deliver written instructions no later than one (1) Business Day following the Closing to all customers with accounts receivable constituting Transferred A/R to deliver all payments with respect thereto directly to the Designated A/R Account. Sellers will maintain their bank accounts to accept any Transferred A/R for 120 days following the Closing.

(d) As of the Closing Date, Buyer or any Buyer designee shall have the sole authority to bill and collect Transferred A/R and accounts receivable relating to work performed by Buyer after the Closing.

(e) Notwithstanding anything to the contrary contained hereto, any Designated Buyers that acquire any Transferred A/R hereunder shall be express third-party beneficiaries of this Section 6.7.

Section 6.8 Intercompany Accounts and Arrangements. Effective prior to the Closing, all outstanding intercompany accounts, whether payables or receivables, between any Seller, on the one hand, and any Subsidiary of Sellers, on the other hand, shall be settled in full without any cash payment required to be made, and shall be of no further force and effect, in each case, without Liability to the Business, Buyer, or the Sellers at or after the Closing.

Section 6.9 In-Transit Inventory. Any Inventory of Sellers that is not located in Canada, the United States or Australia as of the date hereof and does not constitute Excluded Specified Inventory shall be referred to herein as "Foreign Inventory". Foreign Inventory shall only be included in the definition of the Purchased Inventory for the purposes of the Closing to the extent it has been imported to and has cleared customs in the United States as of the Closing. Any Foreign Inventory that is in-transit to the United States as of the Closing shall be referred to herein as "In-Transit Inventory", and shall only be purchased by Buyer in accordance with the terms of this Section 6.9. Seller will, or will cause a designee to, (i) serve as the importer of record for such In-Transit Inventory, (ii) exercise commercially reasonable efforts to import such In-Transit Inventory into the United States and (iii) exercise commercially reasonable efforts to cause such In-Transit Inventory to clear through United States customs. At Closing, Buyer will deposit into escrow with Escrow Agent an amount equal to the Purchased Inventory Payment Amount applicable to such In-Transit Inventory *plus* the estimated customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory as mutually agreed by the Parties (such escrowed amount, the "In-Transit Inventory Escrow Amount"). Upon successful importation of such In-Transit Inventory, Seller will provide Buyer with a detailed accounting of all out-of-pocket, documented customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory. Within five (5) Business Days of Buyer's receipt of such accounting, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing Escrow Agent to release the amount of the In-Transit Inventory Escrow Amount attributable to such successfully imported In-Transit Inventory (the "In-Transit Inventory Consideration"). If any such In-Transit Inventory has not cleared customs within one-hundred twenty (120) days following the Closing (excluding any delays caused by *force majeure* or other delays outside of the reasonable control of any party), such In-Transit Inventory shall be retained by the applicable Seller (the "Excluded In-Transit Inventory") and the corresponding portion of the In-Transit Inventory Escrow Amount shall be returned to Buyer. Buyer shall not, and Buyer shall cause each of its Affiliates and Representatives not to, interfere with or impede, in any manner whatsoever, the process by which any Seller (or any Representative thereof) transports, exports, imports, pays duties or fees with respect to, ships, moves or otherwise interacts with any In-Transit Inventory.

Section 6.10 Exclusivity. Except as provided in Section 6(b) of the RSA, the Sellers will not, and will direct their Affiliates not to, directly or indirectly, through any Representative of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations or discussions of any type, directly or indirectly, or enter into a confidentiality Contract, letter of intent or purchase Contract, merger Contract or other similar Contract with any Person other than Buyer with respect to a sale of all or any substantial portion of the assets of any Seller, or a merger, consolidation, business combination, sale of all or any substantial portion of the equity any Seller, or the liquidation or similar extraordinary transaction with respect to any Seller. The Sellers will notify Buyer as promptly as practicable of any inquiry or proposal by a third party to do any of the foregoing that

the Sellers or any of their Affiliates or any of their respective Representatives may receive relating to any of such matters.

Section 6.11 Name Change. Except as necessary to effect the transactions contemplated by this Agreement, including the winding down of the Business and any Subsidiary of any Seller, from and after the Closing, the Sellers and their Affiliates shall cease using any Transferred IP related to the Business as well as the names set forth on Section 6.11 of the Disclosure Letter or any derivation thereof. Each Sale Order shall effectuate a change to the caption of the applicable Bankruptcy Case to exclude the words "KidKraft." In addition, Buyer hereby grants to the Sellers and their Subsidiaries a limited, non-exclusive, worldwide, irrevocable, sublicensable, non-transferable, fully paid-up, right and license to use the Transferred IP, solely as necessary to effect the transactions contemplated herein, including the winding down of the Business and any Subsidiary of any Seller.

ARTICLE VII

TAX MATTERS

Section 7.1 Transfer Taxes. The Purchase Price and any other consideration payable under this Agreement are exclusive of Transfer Taxes. Any and all sales, harmonized sales, use, property transfer or gains, real estate or land transfer or gains, documentary, stamp, registration, recording, filing, value-added, goods and services or other similar Taxes (including any Canadian federal goods and services tax or harmonized sales tax payable under Part IX of the ETA, or any similar taxes payable under applicable Canadian provincial legislation) ("Transfer Taxes") payable by Buyer solely as a result of the sale or transfer of the Transferred Assets and the assumption of the Assumed Liabilities pursuant to this Agreement shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to mitigate, reduce, or eliminate any such Transfer Taxes and the appropriate Party shall provide the information and documentation that is necessary to obtain any available exemptions or relief including the information required under subsection 169(4) of Part IX of the ETA (which shall be provided by the Seller(s) registered for goods and services tax/harmonized sales tax) and any other documentation necessary in connection with recovery by the Buyer of Transfer Taxes. Buyer shall prepare and file all necessary Tax Returns or applicable elections and other documents with respect thereto and, if reasonably requested or required by applicable Law, the Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. Buyer shall promptly provide a copy of any such Tax Returns or other documents to Sellers. To the extent that Sellers do not provide a provincial sales or retail sales tax clearance certificate(s) that is required under applicable Law, Sellers shall indemnify Buyer for any Tax liability (including penalties and interest) that is assessed against Buyer arising from the failure of the particular Seller(s) to provide such certificate(s)

Section 7.2 Tax Cooperation. Buyer and Sellers agree to furnish or cause to be furnished to each other, upon reasonable request, as promptly as practicable, such information (including access to books and records relating to Taxes) and assistance relating to the Business, the Transferred Assets and the Assumed Liabilities as is reasonably necessary for determining any Liability for Taxes, filing a Tax Return, making any election relating to Taxes, the claiming or recovery of any Transfer Taxes, preparing for any audit by any Governmental Authority or

prosecuting or defending any claim, suit or proceeding relating to any Tax. Any reasonable expenses incurred in furnishing such information or assistance pursuant to this Section 7.2 shall be borne by the requesting Party.

Section 7.3 Straddle Period Allocation. The Sellers shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period ending on or prior to the Closing Date, and (B) the portion of any Straddle Period ending on the Closing Date, and (ii) Buyer shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period beginning after the Closing Date and (B) the portion of any Straddle Period beginning after the Closing Date. For purposes of determining the allocation of Non-Income Taxes set forth in the first sentence of this Section 7.3, (i) Non-Income Taxes that are based upon or related to sales or receipts imposed on a transactional basis (other than Non-Income Taxes described in (ii)) shall be allocated to the period in which the transaction giving rise to such Non-Income Taxes occurred, and (ii) Non-Income Taxes that are ad valorem, property or other Non-Income Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated on a per diem basis between Buyer and Sellers as of the Closing Date, and the amount of such Non-Income Taxes for which Sellers are allocated shall be equal to the amount of the Non-Income Tax for the applicable Straddle Period multiplied by a fraction, the numerator of which is the number of days from the beginning of the period through and including the Closing Date and the denominator of which is the entire number of days in the period. For the avoidance of doubt, any Non-Income Taxes for which Sellers are liable under this Section 7.3 shall not constitute Assumed Liabilities.

Section 7.4 Section 22 Tax Election. At the reasonable request of Buyer and to the extent this election is available under applicable Law, Buyer and each Canadian Seller (as applicable) agree to elect jointly on or before the date on which such election is required to be made in accordance with applicable Law, in the prescribed form under Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial legislation) as to the sale of the Transferred A/R described in Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial or territorial legislation) and to designate in such election an amount equal to the portion of the Purchase Price allocated to such Transferred Assets pursuant to Section 2.11 as the consideration paid by Buyer therefor. Each of Buyer and Canadian Seller shall prepare and file their respective Tax returns in a manner consistent with such election.

Section 7.5 Subsection 20(24) Tax Election. Buyer and each Canadian Seller (as applicable) acknowledge that Canadian Seller is transferring Transferred Assets to Buyer with a value equal to the amount set out in the Allocation in consideration for Buyer assuming prepaid obligations of Canadian Seller to deliver goods or provide services in the future. At the reasonable request of Buyer, Canadian Seller and Buyer will, if applicable, execute and file, on a timely basis and using any prescribed form, a joint election under subsection 20(24) of the Income Tax Act (Canada) and any equivalent or corresponding provision under applicable provincial legislation as to such assumption hereunder, and prepare their respective Tax Returns in a manner consistent with such joint election.

Section 7.6 Canadian Transferred Assets. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer a schedule listing all Transferred Assets of the Sellers (other than the Canadian Sellers) that are located in Canada or used or held by the

Sellers in a business carried on in Canada, including, for greater certainty, property that this "excluded property" for the purposes of section 116 of the *Income Tax Act* (Canada). This schedule shall contain reasonable details regarding the description such Transferred Assets and their physical location.

Section 7.7 Tax Registrations. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to the Buyer a schedule listing all of the Sellers' registrations for goods and services tax, harmonized sales tax and provincial sales tax, including the applicable tax registration numbers. If the Sellers have determined that such registrations are not applicable to the Sellers, the Sellers shall provide a certification that it is not registered, or required to be registered, for goods and services tax, harmonized sales tax and/or provincial sales tax purposes, and is not required to collect and remit such taxes, as the case may be.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 General Conditions. The respective obligations of Buyer and Sellers to consummate the Closing shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any Party in its sole discretion (provided that such waiver shall only be effective as to the obligations of such Party):

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent), or shall have initiated and be actively pursuing any legal proceedings seeking any such Order, that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements (any such Law or Order, a "Legal Restraint").

(b) The Bankruptcy Courts shall have entered the Sale Orders, and the Sale Orders shall not have been stayed, reversed or modified in a manner materially adverse to Buyer without the consent of Buyer.

Section 8.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by KK OpCo in its sole discretion:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period).

(b) Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

(c) Sellers shall have received the documents listed in Section 2.10(c).

Section 8.3 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived only in a writing executed by Buyer in its sole discretion:

(a) Representations and Warranties.

(i) The representations and warranties of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement), other than the Fundamental Representations of Sellers, shall be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of such date or with respect to such period), in each of the foregoing cases, except where the failure of such representations and warranties to be true and correct at such time would, either individually or in the aggregate, not constitute a Material Adverse Effect.

(ii) The Fundamental Representations of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement) shall be true and correct in all respects (other than de minimis inaccuracies) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those Fundamental Representations of Sellers that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct as of such date or with respect to such period).

(b) Sellers shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) No Material Adverse Effect shall have occurred after the date of this Agreement.

(d) Buyer shall have received the documents listed in Section 2.10(b).

(e) Sellers shall have performed or complied in all material respects with all agreements and covenants required by the RSA to be performed or complied with by RSA at or prior to the Closing and the RSA shall be in full force.

Section 8.4 Information Officer's Certificate. When the conditions to Closing set forth in this Article VIII have been satisfied and/or waived by Sellers and Buyer, as applicable, Sellers

and Buyer will each deliver to the Information Officer the applicable Conditions Certificate. Upon receipt of each of the Conditions Certificates, the Information Officer shall (a) issue forthwith the Information Officer's Certificate concurrently to Sellers and Buyer (with a copy legal counsel for the DIP Agent), at which time the Closing will be deemed to have occurred, and the Canadian Transferred Assets shall vest in and to Buyer (or its permitted designee) pursuant to the Canadian Sale Order, and (b) file as soon as practicable a copy of the Information Officer's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Sellers, Buyer and Gordon Brothers). The Parties hereto acknowledge and agree that the Information Officer shall be entitled to file the Information Officer's Certificate with the CCAA Court without independent investigation upon receiving the Conditions Certificates, and the Information Officer will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions and shall have no liability to Sellers or Buyer or any other Person as a result of filing the Information Officer's Certificate upon receiving such Conditions Certificates.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of both Buyer and KK OpCo;

(b) by either KK OpCo or Buyer, if:

(i) a Legal Restraint is in effect that has become final and nonappealable; provided that no Party may terminate this Agreement pursuant to this Section 9.1(b)(i) whose breach of any of its representations, warranties, covenants or agreements contained herein results in such Legal Restraint;

(ii) the Closing shall not have occurred on or before July 19, 2024 (the "Outside Date"); provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 9.1(b)(ii) if (A) the failure of the Closing to have occurred by the Outside Date was caused by the breach of such Party with respect to any obligation or condition of this Agreement or (B) another Party has commenced appropriate proceedings to enforce its rights pursuant to Section 10.15, and, thereafter, uses commercially reasonable efforts to prosecute such proceeding or proceedings(s);

(iii) the RSA is terminated as to all parties thereof in accordance with its terms, unless such termination was following such Party's breach of the RSA;

(iv) if Sellers consummate any Qualifying Alternative Transaction.

(c) by Buyer, if:

(i) at any time, Sellers shall have breached or violated any of their representations, warranties or covenants set forth in this Agreement in a manner that would

prevent the satisfaction of the conditions to Closing set forth in Section 8.3(a) or Section 8.3(b), and (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured by the earlier of ten (10) days after written notice thereof has been given by Buyer to Seller and the Outside Date; provided that Buyer shall not be entitled to terminate the Agreement pursuant to this Section 9.1(c)(i) if Buyer is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.2(a) or (b) would not be satisfied;

(ii) (x) the U.S. Bankruptcy Court has not entered an interim DIP Order within three (3) Business Days after the Petition Date; (y) the U.S. Bankruptcy Court has not entered a final DIP Order within thirty (30) days after the Petition Date; or (z) Gordon Brothers fails to fund the DIP Facility when required, and each such event remains uncured (to the extent curable) for a period of five (5) Business Days; provided that, with respect to clause (y), such time period shall be subject to reasonable extensions (not to exceed 45 days following the Petition Date) so long as Sellers and Gordon Brothers are using commercially reasonable efforts to cause the prompt entry of the DIP Order and the funding of the DIP Facility;

(iii) the Chapter 11 Case is dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement or the CCAA Recognition Proceedings are dismissed;

(iv) Sellers withdraw or seek authority to withdraw the Sale Orders; or

(v) (A) any Seller enters into one or more Qualifying Alternative Transactions with one or more Persons or (B) Sellers publicly announce any plan of reorganization or plan of liquidation or support any such plan filed by any third party, other than, in the case of this clause (B), any such plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay the Closing from occurring in accordance with the terms of this Agreement.

(d) by KK OpCo at any time if:

(i) (x) Buyer shall have breached or violated any of its representations, warranties or covenants set forth in this Agreement in a manner that would prevent the satisfaction of the conditions to Closing set forth in Section 8.2(a) or Section 8.2(b), as the case may be, or (y) Buyer shall have materially breached any Sale Order, and in each case, (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured within ten (10) days after written notice thereof has been given by KK OpCo to Buyer, provided that KK OpCo shall not be entitled to terminate the Agreement pursuant to this Section 9.1(d)(i) if any Seller is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.3(a) or (b) would not be satisfied; or

(ii) the board of directors or board of managers, as applicable, of any Seller determines, in good faith based upon advice of outside legal counsel, that proceeding with this Agreement or the transactions contemplated hereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law.

The Party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall, if such Party is KK OpCo, give prompt written notice of such termination to Buyer, and if such Party is a Buyer, give prompt written notice of such termination to Sellers.

Section 9.2 Effect of Termination.

(a) In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except (i) for the provisions of Section 6.6 (Public Announcements), Section 10.3 (Fees and Expenses), Section 10.7 (Notices), Section 10.10 (Parties in Interest), Section 10.11 (Governing Law), Section 10.12 (Submission to Jurisdiction) and this Article IX and (ii) that, subject to Section 9.2(b), no such termination shall relieve any Party from liability for Fraud.

(b) The Parties agree that if this Agreement is terminated, then (i) KK OpCo's or Buyer's receipt of the Deposit Amount or the Buyer Breach Fee, as applicable, in accordance with this Agreement (when payable), and (ii) Buyer's receipt of the Bidder Protections (when payable) pursuant to Section 9.3 shall be the sole and exclusive remedies of such Party against the other Party(ies) and any of its or their respective Affiliates for any Liability, damage or other loss suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement or the failure of the transactions contemplated hereby to be consummated, and upon payment of such amounts (if due), neither Buyer nor any of its respective Affiliates shall have any further monetary Liability relating to or arising out of this Agreement or the transactions contemplated by this Agreement, in each case, except in the case of Fraud. For the avoidance of doubt, the foregoing does not limit a Party's rights to seek specific performance under Section 10.15 prior to a termination of this Agreement in accordance with Section 9.1.

Section 9.3 Termination Payment.

(a) In the event that this Agreement is terminated pursuant to Section 9.1(b)(iv), Section 9.1(c)(v) or Section 9.1(d)(ii) (in each case, unless such termination is in connection with a transaction that involves a conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code), in consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for and shall pay (or cause to be paid to) Buyer a break-up fee equal to $1,179,673.20 (the "Break-up Fee") and (iii) Sellers shall jointly and severally be liable for and shall reimburse (or cause to be reimbursed to) Buyer, Buyer's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable legal, financial advisory, accounting and other similar costs, fees and

expenses) incurred prior to the termination of this Agreement in connection with its evaluation and negotiation of the transactions contemplated by this Agreement (the "Expense Reimbursement" and together with the Break-up Fee the "Bidder Protections"); provided such Expense Reimbursement shall not exceed $1,000,000. In the event that this Agreement is terminated pursuant to Section 9.1(b)(iii) (other than such termination in connection with a breach of the RSA by Buyer), Section 9.1(c)(i), Section 9.1(c)(ii) or Section 9.1(c)(iv), in consideration for Buyer having expensed considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for the Expense Reimbursement. In the event Sellers become obligated under this Agreement to pay any or all of the Bidder Protections, Sellers shall pay such amounts in immediately available funds to such account or accounts as may be specified in written notice by Buyer; provided that if such obligation arises from a termination pursuant Section 9.1(c)(v), then such amounts shall be paid upon the earlier of (i) the consummation of such transaction giving rise to such termination and (ii) the effective date of the Chapter 11 Case. The Bidder Protections shall constitute an allowed administrative expense claim of Sellers' estates under sections 503(b) and 507 of the Bankruptcy Code.

(b) Each of the Parties acknowledges and agrees that the agreements contained in this Section 9.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other Parties would not enter into this Agreement. Each of the Parties further acknowledges that the payment by Sellers of the Bidder Protections is not a penalty, but rather liquidated damages in a reasonable amount that will compensate Buyers, in the circumstances in which such Bidder Protection is payable, for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be impossible to calculate with precision. The obligation to pay the Bidder Protections in accordance with the provisions of this Agreement will (i) be binding upon and enforceable jointly and severally against each Seller immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable law. The obligation to pay the Bidder Protections as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of any Seller and (B) any trustee, examiner or other representative of a Seller's estate (each of (A) and (B), a "Successor") as if such Successor were a Seller hereunder.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Nonsurvival of Representations, Warranties and Covenants. The respective representations, warranties and covenants of Sellers and Buyer contained in this Agreement and any certificate delivered pursuant hereto shall terminate at, and not survive, the Closing; provided that this Section 10.1 shall not limit any covenant or agreement of the Parties to the extent that its terms require performance after the Closing.

Section 10.2 Bulk Sales. Notwithstanding any other provisions in this Agreement, Buyer and Sellers hereby waive compliance with all "bulk sales," "bulk transfer" and similar Laws that may be applicable with respect to the sale and transfer of any or all of the Transferred Assets to Buyer.

Section 10.3 Fees and Expenses. Except as otherwise provided herein (including Section 6.4(a) and Section 7.1 or in the DIP Order, and except that the actual, documented costs of the Inventory Count shall be borne fifty percent (50%) by the Sellers and fifty percent (50%) by the Buyer (up to a maximum, aggregate amount of $25,000) all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the Party incurring such fees or expenses, whether or not such transactions are consummated.

Section 10.4 Transition of Permits. To the extent that a Buyer has not obtained all of the Permits included in the Transferred Assets that are necessary for Buyer to take title to all of the Transferred Assets at the Closing and to operate all aspects of the Business as of immediately following the Closing in the same manner in all material respects as it was operated by Sellers immediately prior to the Closing, Sellers shall, to the extent permitted by applicable Laws, use commercially reasonable efforts to maintain after the Closing such Permits that Buyer reasonably requests, at Buyer's sole expense, until the earlier of the time Buyer has obtained such Permits and six (6) months following the Closing (or the remaining term of any such Permit or the closing of the Chapter 11 Case, if shorter).

Section 10.5 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 10.6 Waiver. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 10.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier, (c) on the day of transmission if sent via email transmission to the email address(es) given below and the sender does not receive a notice of such transmission being undeliverable to such email address or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(i) if to Sellers, to:

KidKraft, Inc.
Attention: Geoffrey Walker
Email: Geoff.W@kidkraft.com

with a copy (which shall not constitute notice) to:
Vinson & Elkins LLP
Attention: Lauren Kanzer; Peter Marshall
Email: lkanzer@velaw.com; pmarshall@velaw.com

with an additional copy (which shall not constitute notice) to:

Gordon Brothers
Attention:
Email:

(ii) if to Buyer, to:

Backyard Products, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com

with copies (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309
Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

Section 10.8 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall." References to

days mean calendar days unless otherwise specified. References to "Transferred Assets," "Transferred Contracts," "Transferred Employee Records," "Transferred Employees" and "Transferred IP" and the like shall (a) for purposes of the representations and warranties of Sellers, only apply to such items as of the date hereof (and shall not include items that are added to such definitions after the date hereof) and (b) for all other purposes (including Section 6.1) shall only apply to such items that meet the applicable definition as of the time of determination. By way of example, in the event that the Company amends a Contract that is, at such time, not a Transferred Contract but thereafter becomes a Transferred Contract, such amendment to such Contract shall not be a breach of Section 6.1(b)(x); however the amendment of such Contract after it becomes a Transferred Contract shall be subject to Section 6.1(b)(x).

Section 10.9 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings, and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder, and none shall be deemed to exist or be inferred with respect to the subject matter hereof.

Section 10.10 Parties in Interest. Except as specifically set forth in Section 10.13 and Section 10.22, this Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.11 Governing Law. Except to the extent of the mandatory provisions of the Bankruptcy Code or the CCAA, this Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby (in contract or tort) shall be governed by, and construed in accordance with the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 10.12 Submission to Jurisdiction. Without limitation of any Party's right to appeal any Order of the Bankruptcy Courts, (x) the U.S. Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (y) any and all claims relating to the foregoing shall be filed and maintained only in the U.S. Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the U.S. Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or proceeding; provided, however, that, if the Chapter 11 Case is closed or the U.S. Bankruptcy Court declines jurisdiction, each of the Parties irrevocably agrees that any Action or proceeding arising out of or relating to this Agreement brought by another Party or its successors or assigns shall be heard and determined in the Court of Chancery of the State of Delaware, or if jurisdiction is not available in the Court of

Chancery, then in the United States District Court for the Northern District of Texas, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient, without limiting any other manner of service permitted by Law. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts of the State of Texas, and of the United States District Court for the Northern District of Texas as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, the CCAA Recognition Proceedings shall be subject to the jurisdiction of the CCAA Court.

Section 10.13 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of Sellers or Buyer or any officer, director, employee, Representative or investor of any Party hereto.

Section 10.14 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated (except pursuant to Section 2.12), in whole or in part, by operation of law or otherwise, by any Seller without the prior written consent of Buyer, and by Buyer without the prior written consent of KK OpCo, and any such assignment without such prior written consent shall be null and void. Notwithstanding the foregoing, (a) subject to the terms of Section 2.12, Buyer may assign any of its rights under this Agreement to any of its Affiliates and (b) Buyer may designate its rights under this Agreement pursuant to Section 2.12 to any Person, in each case without obtaining the prior written consent of KK OpCo; provided that in connection with such assignment, such assignment shall not relieve Buyer of any of its obligations under this Agreement (or otherwise). Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 10.15 Specific Performance. Each Party acknowledges that money damages would be both incalculable and an insufficient remedy for any breach of this Agreement by such Party and that any such breach would cause Buyer, on the one hand, and Seller, on the other hand, irreparable harm. Accordingly, notwithstanding anything to this Agreement to the contrary, each Party hereto also agrees that, in the event of any breach or threatened breach of the provisions of this Agreement by such Party (including failure to consummate the Closing and the transactions contemplated thereby), Buyer, on the one hand, and Sellers, on the other hand, shall be entitled to equitable relief without the requirement of posting a bond or other security, including in the form of injunctions and orders for specific performance. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy

conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. Sellers, on the one hand, and Buyer, on the other hand, hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by Sellers or Buyer, as applicable, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of Sellers or Buyer, as applicable, under this Agreement. In the event that, due to a Party's breach or threatened breach of this Agreement whereby such other Party(ies) commence a suit contemplated by this Section 10.15 which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 10.16 Currency. All references to "dollars" or "$" in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 10.17 Severability. If any term or other provision of this Agreement, or any portion thereof, is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement, or the remaining portion thereof, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any such term or other provision, or any portion thereof, is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are consummated to the fullest extent possible.

Section 10.18 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.18.

Section 10.19 Counterparts. This Agreement may be executed in any number of counterparts, including by means of email in portable document format (.pdf), each of which when

executed shall be deemed to be an original copy of this Agreement and all of which taken together shall constitute one and the same agreement.

Section 10.20 Jointly Drafted. This Agreement is the product of negotiations among the Parties, each of which is represented by legal counsel, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived by each Party. The Parties acknowledge and agree that prior drafts of this Agreement and the other agreements and documents contemplated hereby will not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto and that such drafts will be deemed to be the joint work product of the Parties.

Section 10.21 Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY BUYER OR BUYER NON-RECOURSE PERSON OR ANY SELLER OR SELLER NON-RECOURSE PERSON BE LIABLE FOR, OR BEAR ANY OBLIGATION IN RESPECT OF, ANY PUNITIVE, SPECIAL, OR EXEMPLARY DAMAGES OF ANY KIND OR CHARACTER OR ANY DAMAGES RELATING TO, OR ARISING OUT OF, DIMINUTION IN VALUE, LOST PROFITS OR CHANGES IN RESTRICTIONS ON BUSINESS PRACTICES.

Section 10.22 No Recourse.

(a) This Agreement may be enforced only by KK OpCo against, and any claim, action, suit, or other legal proceeding by Seller may be brought only against Buyer, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither Seller nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Buyer or of any Affiliate of Buyer or any of their successors or permitted assigns (each, a "Buyer Non-Recourse Person"), and no Buyer Non-Recourse Person shall have any liability for any obligations or liabilities of Buyer under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(b) This Agreement may be enforced only by Buyer against, and any claim, action, suit, or other legal proceeding by Buyer may be brought only against, Sellers, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither of Buyer, nor any Designated Buyer, nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Sellers or of any Affiliate of Sellers or any of their successors or permitted assigns (each, a "Seller Non-Recourse Person"), and no such Seller Non-Recourse Person shall have any liability for any obligations or liabilities of Seller under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

Section 10.23 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement. When calculating the period of time before which, within which or following which, any act is to be done or step taken pursuant to this

Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Section 10.24 Disclosed Personal Information (Canada).

(a) The Parties confirm that the Disclosed Personal Information is necessary for the purposes of determining if the Buyer shall proceed with the transactions contemplated by this Agreement and, if applicable, to complete the transaction. The Buyer shall use the Disclosed Personal Information solely for purposes related to the transaction and shall not disclose such information unless authorized by applicable law. The Buyer shall protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information. If the transactions contemplated by this Agreement do not proceed, the Buyer shall return to the Seller or, at the Seller's request, securely destroy the Disclosed Personal Information within a reasonable period of time.

(b) Following the consummation of the transactions contemplated by this Agreement, the Parties shall (i) not use or disclose the Disclosed Personal Information for any purposes other than the carrying on of the Business (with use or disclosure of the Disclosed Personal Information being restricted to those purposes for which the information was initially collected or for which additional consent was or is obtained) unless consent is obtained or as otherwise permitted or required by applicable Laws; (ii) protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information; and (iii) give effect to any withdrawal of consent with respect to the Disclosed Personal Information. Where applicable privacy Laws require impacted individuals to be notified of the transactions, Buyer will notify the affected individuals, in accordance with applicable Law (including Privacy Laws), that the transactions have been completed and that their Personal Data has been disclosed to Buyer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement on the day and year first above written.

SELLERS:

KIDKRAFT, INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN CORP.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN LP, by its general partner SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Title: Chief Executive Officer

EXHIBIT A

ESCROW AGREEMENT

[Attached.]

EXECUTION VERSION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and entered into as of April 25, 2024 by and among BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller" and, together with the "Buyer", sometimes referred to individually as a "Party" and collectively as the "Parties"), and Citibank, N.A., as escrow agent (the "Escrow Agent"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of the date hereof, by and between the Buyer, the Seller and certain other parties signatory thereto (the "Purchase Agreement"), the Buyer will deposit an amount equal to $3,000,000 (the "Escrow Amount") in a separate and distinct account (the "Escrow Account") to be held by the Escrow Agent for the purposes of securing the Deposit Funds pursuant to Section 2.9 of the Purchase Agreement.

WHEREAS, each of the Parties agrees to work in good faith and use best efforts to amend to this Agreement in accordance with Section 13 herein in order to implement the terms of the Purchase Agreement prior to any closing date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent in accordance with the terms and conditions set forth herein.

2. Escrow Funds.

(a) Simultaneous with the execution and delivery of this Agreement, the Buyer is depositing with the Escrow Agent the Escrow Amount in immediately available funds. The Escrow Agent hereby acknowledges receipt of the Escrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Escrow Earnings") earned with respect thereto (collectively, the "Escrow Funds") in the Escrow Account, subject to the terms and conditions of this Agreement.

(b) For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds; and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. Investment of Escrow Funds.

(a) Unless otherwise instructed in writing and executed by an Authorized Representative (as defined in Section 4(a)(iv) below) of both Parties, the Escrow Agent shall hold the Escrow Funds in a "noninterest-bearing deposit account" of Citibank, N.A., insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Funds shall at all times remain available for distribution in accordance with Section 4 below. Except as expressly provided herein, the Escrow Funds shall not, in any manner, directly or indirectly, be assigned, hypothecated, pledged, alienated, released from escrow or transferred within escrow.

(b) The Escrow Agent shall send an account statement to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month.

(c) The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the escrowed property, as applicable, provided that the Escrow Agent has made such investment, reinvestment or liquidation of the escrowed property in accordance with the terms, and subject to the conditions of this Agreement. The Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

4. Disposition and Termination of the Escrow Funds.

(a) Escrow Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrow Funds as provided in, this Section 4(a) as follows:

(i) Upon receipt of a Joint Release Instruction with respect to the Escrow Funds, the Escrow Agent shall promptly, but in any event within two (2) Business Days after receipt of a Joint Release Instruction, disburse all or part of the Escrow Funds in accordance with such Joint Release Instruction.

(ii) Upon receipt by the Escrow Agent of a copy of Final Determination from any Party, the Escrow Agent shall on the fifth (5th) Business Day following receipt of such determination, disburse as directed, part or all, as the case may be, of the Escrow Funds (but only to the extent funds are available in the Escrow Account) in accordance with such Final Determination. The Escrow Agent will act on such Final Determination without further inquiry.

(iii) All payments of any part of the Escrow Funds shall be made by wire transfer of immediately available funds or check as set forth in the Joint Release Instruction or Final Determination, as applicable.

(iv) Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of any funds on deposit in any Escrow Account under the terms of this Agreement must be in writing, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons set forth on Exhibit A-1 and Exhibit A-2 (the "Authorized Representatives") and delivered to the Escrow Agent either (i) in writing by overnight mail or (ii) attached to an e-mail received on a Business Day sent to an e-mail address set forth in Section 11 (and receipt by the Escrow Agent confirmed) below. In the event a Joint Release Instruction or Final Determination is delivered to the Escrow Agent, whether in writing, by e-mail or otherwise, the Escrow Agent is authorized to seek confirmation of such instruction by telephone call back to the person or persons designated in Exhibit A-1 and/or A-2 annexed

hereto (the "Call Back Authorized Individuals"), and the Escrow Agent may rely upon the confirmations of anyone purporting to be a Call Back Authorized Individual. To assure accuracy of the instructions it receives, the Escrow Agent may record such call backs. If the Escrow Agent is unable to verify the instructions, or is not reasonably satisfied with the verification it receives, the Escrow Agent shall promptly notify the Parties of such inability to verify or non-satisfaction of verification, and it will not execute the instruction until all such issues have been resolved to the reasonable satisfaction of the Escrow Agent. The persons and telephone numbers for call backs may be changed only in writing, executed by an Authorized Representative of the applicable Party and actually received and acknowledged by the Escrow Agent.

(b) Certain Definitions.

(i) "Business Day" means any day that is not a Saturday, not a Sunday or any other day on which banks are not required or authorized by law to be closed in New York, New York.

(ii) "Final Determination" means a final non-appealable order of any court of competent jurisdiction which may be issued, together with (A) a certificate executed by an Authorized Representative of the prevailing Party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (B) the written payment instructions executed by an Authorized Representative of the prevailing Party, to effectuate such order.

(iii) "Joint Release Instruction" means the joint written instruction, substantially in the form of Exhibit B annexed hereto, executed by an Authorized Representative of each of the Buyer and the Seller, directing the Escrow Agent to disburse all or a portion of the Escrow Funds, as applicable.

(iv) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duties, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Purchase Agreement, nor shall the Escrow Agent be required to determine if any Person has complied with any such agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement will control the actions of Escrow Agent. The Escrow Agent may rely upon and shall not be liable, in the absence of its fraud, willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction, for acting or refraining from acting upon any Joint Release Instruction or Final Determination furnished to it hereunder and reasonably believed by it to be genuine and to have been signed by an Authorized Representative of the proper Party or Parties. Concurrent with

the execution of this Agreement, the Parties shall deliver to the Escrow Agent Authorized Representative's forms in the form of Exhibit A-1 and Exhibit A-2 attached hereto. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Funds. In the event that the Escrow Agent, acting reasonably in accordance with its duties hereunder, shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in a Joint Release Instruction or Final Determination. In the event of a dispute between the Escrow Agent and the Parties, after thirty (30) days' notice to each of the Parties of the Escrow Agent's intention to do so, the Escrow Agent may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or nonaction based on such declaratory judgment. The Escrow Agent may consult with legal counsel of its selection in the event of any dispute or question as to the meaning or construction of any of the provisions hereof or its duties hereunder. The Escrow Agent will not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's fraud, gross negligence or willful misconduct was the cause of any direct loss to either Party. To the extent practicable, the Parties agree to pursue any redress or recourse in connection with any dispute (other than with respect to a dispute involving the Escrow Agent) without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such losses or damages and regardless of the form of action.

6. Resignation and Removal of Escrow Agent. The Escrow Agent (a) may resign and be discharged from its duties or obligations hereunder by giving thirty (30) calendar days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect or (b) may be removed, with or without cause, by the Buyer and the Seller acting jointly at any time by providing written notice executed by an Authorized Representative of each Party, to the Escrow Agent. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the escrow business of the Escrow Agent's line of business may be transferred, shall be the Escrow Agent under this Agreement without further act. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires or after receipt of written notice of removal shall be to hold and safeguard the Escrow Funds (without any obligation to reinvest the same) and to deliver the same (i) to a substitute or successor escrow agent pursuant to a joint written designation from the Parties, (ii) as set forth in a Joint Release Instruction or (iii) in accordance with the directions of a Final Determination, and, at the time of such delivery, the Escrow Agent's obligations hereunder shall cease and terminate. Any successor escrow agent shall, as a condition of its appointment, execute a counterpart of this Agreement and agree in writing to be bound as Escrow Agent hereunder. In the event the Escrow Agent resigns, if the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation, the Escrow Agent may petition any court of

competent jurisdiction for the appointment of such a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto.

7. Fees and Expenses. The fees agreed upon for the services to be rendered hereunder are described in Schedule 1 attached hereto and are intended as full compensation for the Escrow Agent services as contemplated by this Agreement.

8. Indemnity. Each of the Parties shall jointly and severally indemnify, defend, and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, officers, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, actions, suits, proceedings, litigation, investigations, reasonable and documented out of pocket costs or expenses actually suffered and incurred (including the reasonable and documented fees and expenses of one outside counsel and experts and their staffs and reasonable and documented out of pocket expenses of document location, duplication and shipment, but excluding any income or similar taxes imposed on the fees payable hereunder) (collectively "Escrow Agent Losses") arising out of or in connection with (a) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding under or in connection with this Agreement, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except to the extent that such Escrow Agent Losses, as adjudicated by a court of competent jurisdiction, have been caused by the fraud, gross negligence or willful misconduct of such Indemnitee, or (b) its following any instructions or other directions from the Buyer or the Seller. To the extent any Escrow Agent Losses result from or are attributable to a Party's failure to provide fully executed IRS Forms W-8, W-9 and/or other required documentation pursuant to Section 9(a), such Party shall be solely responsible for indemnifying the Indemnities for such Escrow Agent Losses. The Escrow Agent will promptly make all claims for indemnification hereunder by written notice to the Parties of such claim, together with detailed supporting documentation related thereto, provided in accordance with the terms set forth herein. Notwithstanding anything to the contrary herein, the Buyer and the Seller agree, solely as between themselves, that any obligation for indemnification under this Section 8 (or for reasonable fees and expenses of the Escrow Agent described in Section 7) shall be borne by the Party or Parties determined by a court of competent jurisdiction to be responsible for causing the loss, damage, liability, cost or expense against which the Escrow Agent is entitled to indemnification or, if no such determination is made, then one-half by the Buyer and one-half by the Seller. The Parties acknowledge that the foregoing indemnities shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement. Notwithstanding anything to the contrary, the parties hereto agree that no indemnification obligations hereunder shall be satisfied from the Escrow Funds.

9. Tax Matters.

(a) The Buyer shall be responsible for and the taxpayer on all taxes due on the interest or other income earned, if any, on the Escrow Funds for the calendar year in which such interest or other income is earned. The Escrow Agent shall report any interest or other income earned on the Escrow Funds, if any, to the IRS or other taxing authority on IRS Form 1099. Prior to the date hereof, the Parties have provided the Escrow Agent with certified tax identification

numbers by furnishing appropriate forms W-9 or W-8 as applicable and such other forms and documents that the Escrow Agent may have reasonably requested.

(b) The Escrow Agent shall be responsible only for income and withholding tax reporting to the Internal Revenue Service with respect to income earned on the Escrow Funds. The Escrow Agent shall withhold any taxes required to be withheld by applicable law, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

(c) The Escrow Agent, its affiliates, and its employees are not in the business of providing tax or legal advice to any taxpayer outside of Citigroup, Inc. and its affiliates. This Agreement and any amendments or attachments hereto are not intended or written to be used, and may not be used or relied upon, by any such taxpayer or for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

10. Covenant of Escrow Agent. The Escrow Agent hereby agrees and covenants with the Buyer and the Seller that it shall perform all of its obligations under this Agreement and shall not deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement or as otherwise required by law.

11. Notices. Except as otherwise expressly required in Section 4(a)(iv), all communications required under this Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) on the day of transmission if sent by electronic mail ("e-mail") with a PDF attachment executed by an Authorized Representative of the Party/ Parties to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five (5) Business Days after the date such notice is deposited with the United States Postal Service. If notice is given to a Party, it shall be given at the address for such Party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes.

if to the Buyer, then to:

BACKYARD PRODUCTS, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com:

with a copy (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309

Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

or, if to the Seller, then to:

KidKraft, Inc.
4630 Olin Rd.
Dallas, TX 75244
Attention: Geoffrey Walker
Johnnie Goodner
Telephone No.: (214) 393-3804
E-mail:geoff.w@kidkraft.com;
johnnie.goodner@kidkraft.com

with a copy (which shall not constitute notice) to:

Vinson & Elkins LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Attention: Lauren R. Kanzer
Telephone No.: (212) 237-0166
E-mail: lkanzer@velaw.com

2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Peter Marshall
Telephone No.: (214) 220 -7849
E-mail: pmarshall@velaw.com

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Telephone No.: (888) 424-1903
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com

or, if to the Escrow Agent, then to:

Citibank, N.A.
Citi Private Bank
388 Greenwich Street
Tower Building, 27th Floor
New York, NY 10013

Attn: Eddy Rosero and Nelson Kercado
Telephone No.: 212-783-7073 and 212-559-8509
Facsimile No.: 212-783-7131
E-mail: eddy.rosero@citi.com and nelson.kercado@citi.com

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clause (i) through (iv) of this Section 11, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate.

12. Termination. This Agreement shall terminate on the first to occur of (a) the distribution of all of the amounts in the Escrow Funds in accordance with this Agreement or (b) delivery to the Escrow Agent of a written notice of termination executed jointly by an Authorized Representative of Buyer and the Seller, after which this Agreement shall be of no further force and effect except that the provisions of Sections 8, 13, and 19 hereof shall survive termination.

13. Miscellaneous. The recitals hereto are incorporated herein as though fully set forth herein. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any party hereto except as set forth in Section 6 and Section 16, without the prior consent of the other parties hereto. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the conflicts of law rules of such state. Each party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the federal district courts located in the Southern District of New York, without regard to the conflicts of law rules of such state. The parties hereto hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising from or relating to this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile or electronic transmission in portable document format (.pdf), and such facsimile or .pdf will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Section 7 and Section 8, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

14. Compliance with Court Orders. In the event that any Escrow Funds shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other Person, by reason of such compliance notwithstanding such writ, order or decree being subsequently reversed, modified, annulled, set aside or vacated.

15. Further Assurances. Following the date hereof, each party shall deliver to the other parties such further information and documents and shall execute and deliver to the other parties such further instruments and agreements as any other party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other party the benefits hereof.

16. Assignment. This Agreement may not be assigned by either Party (by operation of law or otherwise) without the prior written consent of the other Party, and no assignment of the interest of any of the Parties shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and consented to by the Escrow Agent (such consent not to be unreasonably withheld). Any transfer or assignment of the rights, interests or obligations hereunder in violation of the terms hereof shall be void and of no force or effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. Force Majeure. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility), it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

18. Compliance with Federal Law. To help the U.S. Government fight the funding of terrorism and money laundering activities and to comply with Federal law requiring financial institutions to obtain, verify and record information on the source of funds deposited to an account, the Parties agree to provide the Escrow Agent with the name, address, taxpayer identification number, and remitting bank for all Parties depositing funds at Citibank pursuant to the terms and conditions of this Agreement. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, an identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

19. Use of Citibank Name. No publicly distributed printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "Citibank" by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other Parties hereto, or on such Party's behalf, without the prior written consent of the Escrow Agent, except as may be required by applicable law.

20. Confidentiality. Except as required by law, the Escrow Agent agrees to keep confidential, and to cause any of its affiliates or agents to keep confidential and not to disclose any and all documents, materials, and any other non-public information which it shall have obtained regarding the Parties in connection with the execution and delivery of this Agreement and its performance of its duties and obligations hereunder. This Section 20 shall survive termination of this Agreement for a period of twelve (12) months after such termination.

21. Use of Electronic Records and Signatures. As used in this Agreement, the terms "writing" and "written" include electronic records, and the terms "execute," "signed" and "signature" include the use of electronic signatures. Notwithstanding any other provision of this Agreement or the attached Exhibits and Schedules, any electronic signature that is presented as the signature of the purported signer, regardless of the appearance or form of such electronic signature, may be deemed genuine by Escrow Agent in Escrow Agent's sole discretion, and such electronic signature shall be of the same legal effect, validity and enforceability as a manually executed, original, wet-ink signature; provided, however, that any such electronic signature must be an actual and not a typed signature. In accordance with Section 8 of this Agreement, Escrow Agent shall be indemnified and held harmless from any Escrow Agent Losses it incurs as a result of its acceptance of and reliance on electronic signatures that it deems to be genuine. Any electronically signed agreement, instruction or other document shall be an "electronic record" established in the ordinary course of business and any copy shall constitute an original for all purposes. The terms "electronic signature" and "electronic record" shall have the meaning ascribed to them in 15 USC § 7006. This Agreement and any instruction or other document furnished hereunder may be transmitted by facsimile or as a PDF file attached to an email.

22. Return of Funds. If the Escrow Agent releases any funds, including but not limited to the Escrow Amount or any portion of it, to a Party and subsequently determines, in its sole discretion, that the payment or any portion of it was made in error, the Party shall, upon notice, promptly refund the erroneous payment. Any such erroneous payment by the Escrow Agent, and the Party's return thereof to the Escrow Agent, shall not affect any obligation or right of either the Escrow Agent or the Parties. Each of the Parties agrees not to assert discharge for value, bona fide payee, or any similar doctrine as a defense to the Escrow Agent's recovery of any erroneous payment.

23. Sanctions. None of the Parties or any of their parents or subsidiaries, or any of their respective directors, officers, or employees, or to the knowledge of any Party, the affiliates of the Parties or any of their subsidiaries, will, directly or indirectly, use any part of any proceeds or lend, contribute, or otherwise make available such Escrow Funds in any manner that would result in a violation by any person of economic, trade, or financial sanctions, requirements, or embargoes imposed, administered, or enforced from time to time by the United States (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State), the United Kingdom (including, without limitation, His Majesty's

Treasury), the European Union and any EU member state, the United Nations Security Council, and any other relevant sanctions authority.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Its: Chief Executive Officer

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

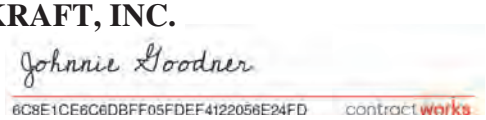
BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name:
Its:

SELLER:

KIDKRAFT, INC.



By: _____
Name: Johnnie Goodner
Its: Chief Financial Officer

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

Nelson Kercado, SVP
Citibank, N.A.
388 Greenwich Street, 29th flr
New York, NY 10013
212-559-8509

Schedule 1

ESCROW AGENT FEE SCHEDULE
Citibank, N.A., Escrow Agent

Acceptance Fee
To cover the acceptance of the Escrow Agency appointment, the study of the Agreement, and supporting documents submitted in connection with the execution and delivery thereof, and communication with other members of the working group:

Fee: Waived

Administration Fee
The annual administration fee covers maintenance of the Escrow Account including safekeeping of assets in the escrow account, normal administrative functions of the Escrow Agent, including maintenance of the Escrow Agent's records, follow-up of the Agreement's provisions, and any other safekeeping duties required by the Escrow Agent under the terms of the Agreement. Fee is based on the total Escrow Amount being deposited in a non-interest bearing deposit account, FDIC insured to the applicable limits.

Fee: Waived

Tax Preparation Fee
To cover preparation and mailing of Forms 1099-INT, if applicable for the escrow parties for each calendar year:

Fee: Waived

Transaction Fees
To oversee all required disbursements or release of property from the escrow account to any escrow party, including cash disbursements made via check and/or wire transfer, fees associated with postage and overnight delivery charges incurred by the Escrow Agent as required under the terms and conditions of the Agreement:

Fee: Waived

Other Fees
Material amendments to the Agreement: additional fee(s), if any, to be discussed at time of amendment.

TERMS AND CONDITIONS: The above schedule of fees does not include charges for out-of-pocket expenses or for any services of an extraordinary nature that Citibank or its legal counsel may be called upon from time to time to perform. Fees are also subject to satisfactory review of the documentation, and Citibank reserves the right to modify them should the characteristics of the transaction change. Citibank's participation in this program is subject to internal approval of the third party depositing monies into the escrow account to be established hereunder. The Acceptance Fee, if any, is payable upon execution of the Agreement. Should this schedule of fees be accepted and agreed upon and work commenced on this program but subsequently halted and the program is not brought to market, the Acceptance Fee and legal fees incurred, if any, will still be payable in full.

EXHIBIT A-1

Certificate as to Buyer's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Buyer and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Buyer. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

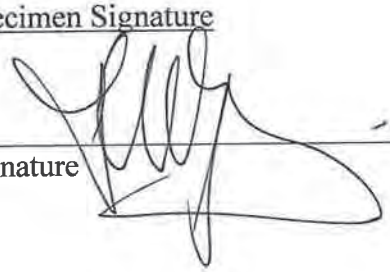
Name / Title / Telephone	Specimen Signature
Thomas van der Menlen Name	 Signature
CEO Title	
404-664-5546 → Same Phone	Mobile Phone
Dan Lawrence Name	 Signature
CFO Title	
8 → Phone	843-816-3553 Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	DocuSigned by: Geoffrey Walker 9B943E20E04B443... Signature
President and Chief Executive Officer Title	
Phone	310-874-0092 Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

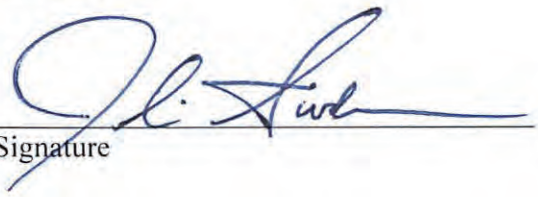
Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	 Signature
President and Chief Executive Officer Title	
 Phone	310-874-0092 Mobile Phone
Johnnie Goodner Name	 Signature
Chief Financial Officer Title	
 Phone	469-360-9789 Mobile Phone
 Name	 Signature
 Title	
 Telephone	 Mobile Phone

EXHIBIT B

Form of Joint Release Instruction

[Date]

[Via Email]
[Via Fax]
[212.780.7131]
Citibank, N.A.
Escrow Services
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: Eddy Rosero and Nelson Kercado

RE: [Name of Parties] – Escrow Agreement dated April 25, 2024
Escrow Account number [25Dxxxxxxxxx]

We refer to an escrow agreement dated April 25, 2024 between BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller") and Citibank, N.A. as Escrow Agent (the "Escrow Agreement")

Capitalized terms in this letter that not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

Pursuant to Section 4(a)(i) of the above referenced escrow agreement, the Parties instruct the Escrow Agent to release [$] to the specified party as instructed below. This letter constitutes a "Joint Release Instruction" pursuant to Section 4 of the Escrow Agreement.

[Bank name]
[ABA number]
[Bank Address]
[Beneficiary name]
[Beneficiary Account number]

Thank you.

[Signatures Follow]

IN WITNESS WHEREOF, this Joint Release Instruction has been duly executed as of the date first written above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: _____
Its: _____

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

EXHIBIT B

ILLUSTRATIVE CALCULATION OF CERTAIN PURCHASE PRICE ELEMENTS

[Attached.]

			March Estimate
Consideration for Other Purchased Assets			
IP, Obsolete, and all Other Assets			4,000,000
$350k for Europe "additional price"			350,000
Consideration for Other Purchased Assets			**4,350,000**
Consideration for Accounts Receivable			
A/R of KK100 (US) as of 3/31/24	20,197,627		
Less: Over 90 Days Past Due Date	(1,763,074)		
A/R of KK150 (Canada) as of 3/31/24	4,843,072		
Less: Over 90 Days Past Due Date	123,679		
Eligible A/R	23,401,305		
Less: Coface, RF Balance	(2,457,055)		
Less: Dilution Reserves	(3,444,747)		
Consideration for Accounts Receivable	**17,499,503**	*90%*	**15,749,553**
Consideration for Inventory			
KK200 Total Inventory as of 3/21/24			
KBV Excluded Inventory	3,543,308		
Nerf, Barbie, American Girl Inventory - Australia	41,098		
Expected to Ship from Amsterdam/UK Warehouses	943,727		
Australia Warehouse	505,474		
KK200 Inventory	**5,033,607**		
Total Inventory as of 3/21/24	**35,526,779**		
Less: KBV Excluded Inventory	(3,543,308)		
Less: Nerf, Barbie, American Girl Inventory - US	(1,539,969)		
Less: Nerf, Barbie, American Girl Inventory - Australia	(41,098)		
Less: KK100 Inventory at Suppliers	(1,134,379)		
Included Inventory	**29,268,025**		
KK100 Inventory			
First Quality*	19,426,597	75%	14,569,948
Discontinued	4,712,992	60%	2,827,795
Obsolete Inventory	2,886,716	0%	-
Ainsley RTV	792,519	75%	594,389
KK200 Inventory			
First Quality - Australia	255,494	75%	191,621
Discontinued - Australia	159,805	60%	95,883
Obsolete Inventory - Australia	90,175	0%	-
Amsterdam/UK Warehouse	943,727	100%	943,727
Consideration for Inventory	**29,268,025**		**19,223,363**
Total			**39,322,916**

Exhibit B

Schedule of Assumed Executory Contracts and Unexpired Leases

Pursuant to Article V.A of the Plan, on the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the Plan shall serve as a motion under sections 365 and 1123(b)(2) of the Bankruptcy Code to assume, assume and assign, or reject Executory Contracts and Unexpired Leases, and all Executory Contracts or Unexpired Leases shall be rejected as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

Entry of the Confirmation Order and/or Sale Approval Order, as applicable, shall constitute the Bankruptcy Court's order approving the assumptions, assumptions and assignments, or rejections, as applicable, of Executory Contracts or Unexpired Leases as set forth in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease comprising a Transferred Contract shall re-vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to, with the consent of the Purchaser, alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases at any time prior to the Effective Date on no less than two business days' notice to the applicable non-Debtor counterparties.

Unless otherwise indicated, assumptions, assumptions and assignments, or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Any motions to reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date.

Contract	Contract Debtor	Contract Counterparty	Address
NetSuite Subscription Services Agreement, dated November 30, 2016 by and between NetSuite Inc. and KidKraft, Inc. (together with all professional services addendums, statement of works and similar service documents issued thereunder, the "***Oracle Agreement***")	KidKraft, Inc.	NetSuite Inc.	N/A

Estimate # 1078206, dated September 13, 2022 and executed on November 28, 2022, by and between Oracle America, Inc. and KidKraft, Inc. (the "***Oracle Binding Estimate***")	KidKraft, Inc.	Oracle America, Inc.	N/A
Industrial Lease, dated April 6, 2011, by and between DPF Trade Center II, L.L.C. and KidKraft, LP, as amended by that certain Commencement Date Agreement, dated September 8, 2011, that certain First Amendment to Lease, dated October 18, 2011, by and between DPF Trade Center II, L.L.C. and KidKraft, LP, that certain Second Amendment to Lease, dated May 3, 2012, by and between DPF Trade Center II, L.L.C. and KidKraft, LP, that certain Third Amendment to Lease, dated October 22, 2012, by and between DPF Trade Center II, L.L.C. and KidKraft, LP, that certain Fourth Amendment to Lease, dated March 17, 2017, by and between Airport Trade Center II, LP (as successor-in-interest to DPF Trade Center II, L.L.C.) and KidKraft, Inc., that certain Fifth Amendment to Lease, dated May 1, 2020, by and between Airport Trade Center II, LP and KidKraft, Inc. and that certain Sixth Amendment to Lease, dated May 4, 2021, by and between Airport Trade Center II, LP and KidKraft, Inc. (as amended supplemented or otherwise modified to the Effective Date, the "***DFW Warehouse Lease***")	KidKraft, LP	DPF Trade Center II, L.L.C.	2525 Esters Blvd., Dallas, TX 75261

In addition to the executory contracts and unexpired leases listed above, the Debtors entered into a postpetition contract with Adobe, Inc. and intend to assign such contract to the Purchaser in connection with the Sale Transaction. Though this contract is not being assumed, the Debtors are providing this additional notice of their intent to assign the contract out of an abundance of caution.

Exhibit B

Exhibit C

List of Retained Causes of Action

Article IV.A.20 of the Plan[1] provides that:

> Except as provided in Article IV.A.20 of the Plan, or in any contract, instrument, release, or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Wind Down Estate will retain and may enforce any claims, demands, rights, and causes of action that any Estate may hold against any Person to the extent not satisfied, settled, and released under the Plan or otherwise, including the Retained Causes of Action; *provided that*, **the Wind Down Estate will not retain any Causes of Action (including Avoidance Actions) that are assigned to Purchaser as Transferred Assets in connection with the Sale Transaction**. The Wind Down Administrator may pursue any such retained claims, demands, rights, or causes of action, as appropriate, in accordance with the best interests of the Wind Down Estate. Except to the extent any such claim is specifically satisfied, settled, and/or released in the Plan, in accordance with and subject to any applicable law, the Debtor's inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtors or Estates may hold against any Person. Except to the extent any such claim is specifically satisfied, settled, and/or released the Plan, the Debtor intends to preserve those claims, demands, rights, or causes of action designated as Retained Causes of Action. **For the avoidance of doubt, in no instance will any Cause of Action preserved under the Plan include any claim or Cause of Action with respect to, or against, a Released Party.**

Emphasis added.

Subject to and without limiting the foregoing, the Debtors, on behalf of the Wind Down Estate, expressly reserve all Causes of Action not expressly released or waived under the Plan, including, but not limited to, the following:

A. Causes of Action Related to Litigation and Possible Litigation

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all Causes of Action, including any claims, defenses, counterclaims, and/or crossclaims against or related to all Entities that are party to or that may in the future become party to litigation, arbitration, or any other type of adversarial proceeding or dispute resolution proceeding involving the Debtors, whether formal or informal, judicial or non-judicial, including, without limitation, proceedings involving dealers,

[1] Capitalized terms used but not otherwise defined herein shall have the meanings given to such term in the Plan.

creditors, counterparties, customers, employees, consultants, contractors, subcontractors, utilities, suppliers, vendors, insurers, sureties, lenders, or any other parties whatsoever.

Except to the extent any such claim is specifically satisfied, settled, and/or released herein or in the Plan, in accordance with and subject to any applicable law, the Debtors' inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtors or the Wind Down Estate may hold against any Entity. For the avoidance of doubt, nothing herein shall be read as an admission as to the validity or allowance of any claim against any Debtor or the Wind Down Estate. Any and all prepetition claims against any Debtor that may be identified herein shall be treated in accordance with the Plan and the Bankruptcy Code.

Without limiting the foregoing, the Debtors expressly reserve any and all Causes of Action, including rights to payment of attorneys' fees costs and expenses, in connection with:

1. *KidKraft, Inc. v. United States, et al., Case No. 1:20-cv-02331-3JP, United States Customs and Border Protection; Office of the United States Trade Representative.*

B. Causes of Action Related to Tax Refunds or Credits

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all Causes of Action against or related to all Entities that owe or that may in the future owe money related to tax assets and refunds.

C. Causes of Action Related to Insurance Policies and Surety Bonds

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all claims or Causes of Action against or related to all Entities based in whole or in part upon any and all insurance contracts, insurance policies, customs bonds, and surety bonds to which any of the Debtors are a party or pursuant to which any Debtor has any rights whatsoever, regardless of whether such contract, policy, or bond is specifically identified in the Plan, this Plan Supplement, or any amendments thereto, including, without limitation, claims or Causes of Action against insurance carriers, reinsurance carriers, insurance brokers, underwriters, or surety bond issuers related to coverage, indemnity, contribution, reimbursement, overpayment of premiums and/or fees, breach of contract, or any other matters.

D. Causes of Action Related to Contracts and Leases

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all claims or Causes of Action against or related to any and all contracts and/or leases and similar agreements to which any Debtor has any rights whatsoever. The claims and Causes of Action reserved include, but are not limited to, Causes of Action against vendors, suppliers of goods and services, or any other parties for: (a) overpayments, back charges, duplicate payments, improper holdbacks, deductions owing or improper deductions taken, deposits, warranties, guarantees, indemnities, recoupment,

or setoff; (b) wrongful or improper termination, suspension of services or supply of goods, or failure to meet other contractual or regulatory obligations; (c) failure to fully perform or to condition performance on additional requirements under contracts with any one or more of the Debtors before the assumption or rejection, if applicable, of such contracts; (d) payments, deposits, holdbacks, reserves, or other amounts owed by any creditor, utility, supplier, vendor, insurer, surety, factor, lender, bondholder, lessor, or other party; (e) counterclaims and defenses related to any contractual obligations; (f) any turnover actions arising under section 542 or 543 of the Bankruptcy Code; and (g) unfair competition, interference with contract or potential business advantage, breach of contract, infringement of intellectual property, or any business tort claims.

E. Causes of Action Related to Accounts Receivable and Accounts Payable

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all claims or Causes of Action against or related to all Entities that owe or that may in the future owe money to the Debtors or the Wind Down Estate, as applicable, regardless of whether such Entity is expressly identified in the Plan, the Plan Supplement, or any amendment thereto. Furthermore, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all Causes of Action against or related to all Entities who assert or may assert that the Debtors or the Wind Down Estate, as applicable, owe money to them.

F. Causes of Action Related to Preferential or Fraudulent Transfers

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all claims and Causes of Action held by the Estate for any state or federal or foreign law fraudulent transfer, preferential transfer, fraudulent conveyance, or similar claim.

G. Causes of Action Related to Deposits, Prepayments, Adequate Assurance Postings, and Other Collateral Postings

Unless otherwise released by the Plan or conveyed to the Purchaser, the Debtors, on behalf of themselves or the Wind Down Estate, as applicable, expressly reserve all claims or Causes of Action based in whole, or in part, upon any and all postings of a security deposit, adequate assurance payment, or any other type of deposit, prepayment, or collateral paid to, or owed by, any creditor, lessor, utility, supplier, vendor, landlord, sub-lessee, assignee, or any other Entity.

The Debtors reserve all rights to amend, revise, or supplement this Exhibit C to the Plan Supplement, and any of the documents and designations contained herein, at any time before the Effective Date of the Plan, or any such other date as may be provided for by the Plan or by order of the Court.

Exhibit D

Liquidation Analysis

[To be Filed]

THIS IS **EXHIBIT "I"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

NOTICE OF AMENDED SUPPLEMENT TO THE DEBTORS' JOINT PREPACKAGED CHAPTER 11 PLAN

PLEASE TAKE NOTICE that, on June 12, 2024, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 175] (the "***First Plan Supplement***").

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file this amended supplement to the Plan (the "***Second Plan Supplement***" and together with the First Plan Supplement the "***Plan Supplement***"), which amends and supplements the First Plan Supplement as set forth herein. For the avoidance of doubt, exhibits contained in the First Plan Supplement that are omitted in this Second Plan Supplement remain unchanged.

PLEASE TAKE FURTHER NOTICE that the Second Plan Supplement includes the following documents, as may be modified, amended, or supplemented from time to time in accordance with the Plan and the Restructuring Support Agreement:

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

- **Exhibit D** — Liquidation Analysis

PLEASE TAKE FURTHER NOTICE that the Plan Supplement and any exhibits, appendices, supplements, or annexes to the Plan Supplement documents are incorporated into the Plan by reference and are a part of the Plan as if set forth therein. If the Plan is confirmed by the Court, the Plan Supplement will thereby be approved as well. The Debtors reserve the right, subject to any applicable consent rights contained in the Plan and the Restructuring Support Agreement, to alter, amend, modify, or supplement any document or exhibit in the Plan Supplement until the Effective Date or as otherwise provided in the Plan, in each case in accordance with the Plan and the Restructuring Support Agreement, as applicable; *provided*, that if any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect, the Debtors will file a revised version of such document with the Court.

PLEASE TAKE FURTHER NOTICE that copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, may be obtained upon request made to the Debtors' counsel at the address specified below and are also on file with the Clerk of the Court, 1100 Commerce St., Rm. 1254, Dallas, TX 75242 and available for review during the normal operating hours. Copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, are also available for inspection on the Court's website at www.txnb.uscourts.gov/, and such pleadings are available for inspection free of charge on the Debtors' restructuring website at https://cases.stretto.com/kidkraft/.

Dated: June 14, 2024
Dallas, Texas

/s/ *Matthew D. Struble*

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com;
mstruble@velaw.com; kvakamudi@velaw.com

- and –

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

I certify that on June 14, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Matthew D. Struble
One of Counsel

Exhibit D

Liquidation Analysis

LIQUIDATION ANALYSIS

I. Best Interests Test

Under the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a chapter 11 plan unless each holder of a Claim or Interest either (i) accepts the Plan or (ii) receives or retains under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain on account of such Claim or Interest if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. *See* 11 U.S.C. §1129(a)(7). Accordingly, to demonstrate that the Plan satisfies the "best interests of creditors" test, the Debtors have prepared the following hypothetical liquidation analysis (the "***Liquidation Analysis***") based on certain assumptions discussed in the Disclosure Statement and the accompanying notes to the Liquidation Analysis.

The Liquidation Analysis estimates potential cash distributions to holders of Allowed Claims and Interests in a hypothetical chapter 7 liquidation of the Debtors' assets. Asset values discussed in the Liquidation Analysis may differ materially from values referred to in the Plan and Disclosure Statement. The Debtors prepared the Liquidation Analysis with the assistance of their financial and legal advisors.

THIS LIQUIDATION ANALYSIS HAS NOT BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. ALTHOUGH THE DEBTORS CONSIDER THE ESTIMATES AND ASSUMPTIONS SET FORTH HEREIN TO BE REASONABLE UNDER THE CIRCUMSTANCES, SUCH ESTIMATES AND ASSUMPTIONS ARE BASED ON INFORMATION AVAILABLE TO THE DEBTORS AND ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE DEBTORS' CONTROL. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RESULTS SET FORTH BY THIS LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE ACTUALLY LIQUIDATED PURSUANT TO CHAPTER 7 OF THE BANKRUPTCY CODE. ACTUAL RESULTS IN SUCH A CASE COULD VARY MATERIALLY FROM THOSE PRESENTED HEREIN, AND DISTRIBUTIONS AVAILABLE TO HOLDERS OF CLAIMS AND INTERESTS COULD DIFFER MATERIALLY FROM THE PROJECTED RECOVERIES SET FORTH BY THE LIQUIDATION ANALYSIS.

THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF PRESENTING A REASONABLE, GOOD-FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF THE DEBTORS WERE LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE AS OF THE CONVERSION DATE (AS DEFINED BELOW). THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE VALUES AND RECOVERIES REPRESENTED IN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED OR CLAIMS GENERATED IN AN ACTUAL LIQUIDATION. NOTHING CONTAINED IN THE

LIQUIDATION ANALYSIS IS INTENDED TO BE, OR CONSTITUTES, A CONCESSION, ADMISSION, OR ALLOWANCE OF ANY CLAIM BY THE DEBTORS. THE ACTUAL AMOUNT OR PRIORITY OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH AND USED IN THE LIQUIDATION ANALYSIS. THE DEBTORS RESERVE ALL RIGHTS TO SUPPLEMENT, MODIFY, OR AMEND THE ANALYSIS SET FORTH HEREIN.

Conclusion:

The Debtors have determined, as summarized in the Liquidation Analysis, that the Plan will provide holders of Allowed Claims and Interests with a recovery that is not less than what they would otherwise receive if the Debtors' estates (the "***Estates***") were liquidated under chapter 7 of the Bankruptcy Code.

II. Global Assumptions

The Liquidation Analysis should be read in conjunction with the following global notes and assumptions:

A. Basis of Presentation

The Liquidation Analysis reflects estimated asset and liability values as of July 5, 2024, the proposed effective date of the Debtors' proposed chapter 11 plan (the "***Conversion Date***"), except as otherwise indicated. The Liquidation Analysis is shown on a consolidated basis, based on the assumption that the Debtors would be liquidated in a jointly administered proceeding, and due to the lack of projected recovery beyond the DIP Claims, which are secured by substantially all of the Debtors' assets (subject to certain exceptions in the proposed Final DIP Approval Order).

B. Chapter 7 Process

The Liquidation Analysis assumes conversion of the Debtors' Chapter 11 Cases to a liquidation under chapter 7 of the Bankruptcy Code on the Conversion Date.

On the Conversion Date, it is assumed that the Office of the United States Trustee would appoint a chapter 7 trustee (the "***Trustee***") to liquidate the Estates, during which time all of the Debtors' assets would be sold or surrendered to the respective lien holders, and the cash proceeds, net of liquidation-related costs, would then be used and distributed to creditors in accordance with the priority scheme under section 726 of the Bankruptcy Code. Under section 704 of the Bankruptcy Code, a chapter 7 trustee must, among other things, collect and convert the property of a debtor's estate as expeditiously as possible with the best interests of the Debtors' stakeholders, which could result in potentially distressed recoveries. To maximize the value of the Estates, the Trustee is assumed to maintain the staff required to support the wind down of the Estates over a four (4) month period for both the "***Low Case***" and "***High Case***" recovery scenarios (as described in Section II.D).

The Liquidation Analysis assumes the Debtors' operations would cease, use of cash collateral would be limited, and that the Debtors would not have funds to support any process other than an expedited wind down of their business by the Trustee to convert the Debtors' assets to cash and limit the amount of administrative expenses. There can be no assurance, however, that the liquidation would be

completed in a limited timeframe, nor is there any assurance that the recoveries assigned to the Debtors' assets would in fact be realized. If the Debtors are not allowed the use of cash collateral, recoveries in a liquidation will likely be materially less than those shown in the Liquidation Analysis.

Additional claims will likely be asserted against the Estates that otherwise would not exist absent such a liquidation, due to the cessation of business in a chapter 7 liquidation. Examples of these kinds of claims include, but are not limited to, employee-related claims (such as severance, WARN Act, or similar claims), tax liabilities, unpaid administrative expenses, diminution in value, and claims related to the rejection of unexpired leases and executory contracts. These additional claims could be significant and, in certain circumstances, may be entitled to priority under the Bankruptcy Code. The Debtors cannot be certain of the sufficiency of any adjustments made for these potential additional claims in the Liquidation Analysis. While the Debtors have made a good faith estimate of claims in a hypothetical chapter 7, the claims assumed in the Liquidation Analysis may vary from actual asserted claims.

C. Length of Liquidation Process

The Liquidation Analysis assumes a process of four (4) months from the Conversion Date in both the Low Case and the High Case to conduct the orderly disposition of substantially all of the Debtors' assets, collect receivables, arrange for distributions, and wind down the Debtors' Estates.

III. Notes to the Liquidation Analysis

A. Total Proceeds Available for Distribution

Note 1. Cash Balance on Conversion Date

The Debtors' cash balance as of the Conversion Date is estimated to be $4.3 million, which is the projected ending cash balance as of the conversion date in the DIP Budget, assuming the DIP Facility has been fully drawn (including the cash amounts needed to satisfy all trailing administrative obligations as contemplated in the DIP Budget). The cash balance excludes amounts funded to the Funded Reserve Account (as defined in the DIP Order), which is held in trust for the benefit of the Debtors' Professionals (as defined in the DIP Order).

Note 2. Accounts Receivable

The Debtors' accounts receivable book balance as of the Conversion Date is estimated to be approximately $18.6 million. Accounts Receivable balances are primarily comprised of customer receivables. The balances are delineated between U.S. and Canadian balances, with a further delineation between those receivables that are over 90 days and those that are under 90 days (in terms of number of days aged). A recovery of 0% was applied to receivables balances over 90 days. On receivables balances less than 90 days, a range of 65% (Low Case) to 85% (High Case) was applied. The Accounts Receivable balance is inclusive of negotiated allowances for customers' reductions. Receivables have a blended recovery rate ranging from 40.5% to 59.1%.

Note 3. Factoring

The Debtors' factoring book balance as of the Conversion Date is estimated to be approximately ($2.6) million. This is the total sum of the Coface balance and is assumed at a 100% dilution rate in both the Low and High cases. The applicable factoring agreements with Coface are true sale of Accounts Receivable. Accordingly, the Debtors have not reflected the Accounts Receivables Coface purchased in the Liquidation Analysis.

Note 4. Inventory

The Debtors' book value of inventory as of the Conversion Date is estimated to be approximately $29.9 million, consisting of the U.S. and Canadian based inventory. For the High Case, the recovery rate of Inventory consists of a blended rate based on warehouse location. Recovery rates of each warehouse location range from 0% to 50%. This results in a blended recovery rate of 31.2% for the High case. The Low Case assumes a discounted recovery for each warehouse, resulting in a 23.9% recovery for the Low Case.

Note 5. Prepaid Accounts

The Debtors' book value of Prepaid Accounts as of the Conversion Date is estimated to be approximately $1.5 million. Prepaid Accounts primarily include expenses related to insurance, freight, royalties, and miscellaneous expenses. Prepaid Accounts are estimated to achieve recoveries of 10.3% to 13.4% in the Low and High Case, respectively. This is due to recovering 22.5% to 29.1% of prepaid freight in the Low and High Case, respectively.

Note 6. Intangibles / Goodwill

The Debtors' book value of Intangibles / Goodwill as of the Conversion Date is estimated to be approximately $53.8 million. Intangibles / Goodwill primarily include the net values of the Debtors' trademarks, trade name, customer relationships, and non-competes. Intangibles / Goodwill are estimated to achieve recoveries of 1.6% to 3.3% in the Low and High Case, respectively. This reflects an estimated recovery for the trade name only of $1.75M and $875K in the Low and High Case, respectively.

Note 7. Other Assets

The Debtors' book value of Other Assets as of the Conversion Date is estimated to be approximately $6.7 million, consisting of, among other things, PP&E, held deposits, intercompany balances, and right of use assets. The Debtors would only expect recoveries on specific PP&E assets, resulting in a recovery rate of 1.9% in both the Low and High Case.

Note 8. Chapter 5 Causes of Action

The Debtors' understand the Estates may have certain chapter 5 claims and causes of action.The Debtors and their Advisors reviewed payments made during the 90-day period prior to the Petition Date and identified approximately $33 million paid during that period. The Liquidation Analysis estimates 10% of those payment may be subject to a potential avoidance action and not have a readily identifiable defense. In the High Case, that subset of payments is then discounted by 33% for attorney

fees. In the Low Case, that subset of payments is discounted by 33% for attorney fees and 20% for difficulty in collections and other miscellaneous issues. This results in net asset proceeds from chapter 5 causes of action totaling approximately $1.5mm to $2.2mm.

B. Liquidation Costs

Note 9. Chapter 7 Trustee Fees

Pursuant to section 326 of the Bankruptcy Code, the Bankruptcy Court may allow reasonable compensation for the Trustee's services. The Trustee's fees should not exceed 25% on the first $5,000 or less, 10% on any amount in excess of $5,000 but not in excess of $50,000, 5% on any amount in excess of $50,000 but not in excess of $1 million, and 3% of such moneys in excess of $1 million, upon all moneys disbursed or turned over in the case by the Trustee to parties in interest. The Liquidation Analysis projects Trustee fees in accordance with these maximum allowable percentages.

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the Trustee, including expenses incurred in connection with selling the Debtors' assets, will be entitled to payment in full prior to any distribution to the holders of chapter 11 Administrative Expense Claims and Priority Claims. The Liquidation Analysis estimates Trustee fees to be approximately 3% of the total liquidation proceeds realized at each Debtor entity.

Note 10. Liquidation Costs

As part of the liquidation process, the Debtors' inventory will need to be marketed and sold by a liquidation company. The Liquidation Analysis assumes a 3% fee on recovered inventory proceeds as a fee for those services.

Note 11. Operating Costs

The Liquidation Analysis assumes that there will be a minimum number of employees required to wind down the operations, including staff related to finance, human resources, operations, information technology, and maintenance. The Debtors also assume costs for insurance, rent, and other costs as part of the wind down process.

Note 12. Legal and Other Professional Fees

This includes professional fees required to support the chapter 7 Trustee in winding down the Estates and operations (and does not include the costs of a liquidator).

C. Claims

Note 13. DIP Claims

The estimated pro forma amount of the DIP Claims as of the Conversion Date is approximately $33.3 million. This consists of $9.8mm of the New Money DIP and $23.4 million of loans under the Prepetition Credit Agreement that would be "rolled up" into the DIP Facility pursuant to the proposed Final DIP Approval Order. Consistent with the DIP Order, the Liquidation Analysis

assumes the holders of the DIP Claims have a lien on substantially all of the Debtors' assets to secure the DIP Claims. In the Low Case, holders of DIP Claims are estimated to receive an approximately 44.2% recovery. In the High Case, holders of DIP Claims are estimated to receive an approximately 65.1% recovery. The Liquidation Analysis presumes that accrued professional fees subject to the Carve-Out (as defined in the DIP Order) are funded from the Funded Reserve Account (as defined in the DIP Order) ahead of the DIP Claims.

Note 14. Diminution Claim

The Diminution Claim is calculated based on the difference of the Purchase Price and the Total Asset Proceeds calculated in the Liquidation Analysis. The Purchase Price is estimated as $32.5 million plus the estimated $11.0 million reimbursement consistent with the Purchase Agreement (not inclusive of chapter 5 cause of actions proceeds). Accordingly, the estimated amount of Diminution Claim as of the Conversion Date is between approximately $19.3 million and $25.9 million. The Liquidation Analysis concludes that the holders of the Diminution Claim will receive no recovery in a chapter 7 liquidation.

Note 15. Prof. Fee Carveout Subordination Diminution Claim

The Company estimates a further diminution claim arising from the subordination of the Prepetition Secured Parties' interests in the prepetition collateral to the carveout for professionals as provided in the DIP Order of approximately $2.8 million.

Note 16. Administrative Claims through the Conversion Date

The Company estimates that Administrative Expense Claims as of the Conversion Date would be approximately $2.0 million, reflecting expenses incurred during the post-petition period but not paid by the Conversion Date, including operating expenses, taxes, Trustee Fees, and others.

Note 17. Accrued Professional Fees through the Conversion Date

Accrued professional fees as of the Conversion Date would include certain foreign counsel and financial advisors, and the DIP Secured Parties' counsel(s). The Debtors estimate the accrued balance of professional fees would be approximately $1.5 million as of the Conversion Date assuming they are not paid prior to that date.

Note 18. WARN Claims

In an unanticipated conversion scenario, the Debtors believe they may be responsible for claims under the WARN Act for approximately 100 employees, including approximately 70 current employees that would be expected to be terminated on the Conversion Date and approximately 30 employees terminated on or around May 1, 2024. The estimate of $2 million includes costs for wages, payroll taxes, insurance, and 401(k) obligations.

Note 19. Priority Tax Claims

An estimate of $750,000 is included, reflecting the amount included in the DIP Budget under the assumption these potential obligations may not have been satisfied as of the Conversion Date.

Note 20. 503(b)(9) Claims

An estimate of $50,000 is included reflecting the amount included in the DIP Budget under the assumption these potential obligations may not have been satisfied as of the Conversion Date.

Note 21. Prepetition Secured Party Claims

For purposes of this Liquidation Analysis only, the Prepetition Secured Party Claims are presumed to equal the value of the Total Asset Proceeds. The Liquidation Analysis concludes that in both the Low Case and High Case, holders of the Prepetition Secured Party Claims will receive no recovery in a chapter 7 liquidation on account of such claims.

Note 22. General Unsecured Claims

General Unsecured Claims in a hypothetical chapter 7 liquidation include, among other things, (i) claims arising under the Subordinated Note, (ii) prepetition vendor balances, (iii) damages arising from lease and contract rejections, and (iv) numerous other types of prepetition liabilities. For purposes of the Liquidation Analysis, Intercompany Claims and claims that are unknown at this time (such as potential rejection damages claims) and that are speculative in amount (such as litigation claims that may be asserted against the Debtors) have been excluded from the estimated amount of General Unsecured Claims. Additionally, General Unsecured Claims may be higher due to additional contract termination claims, or other claims that may arise from the liquidation process. The Liquidation Analysis concludes that in both the Low Case and High Case, holders of General Unsecured Claims will receive no recovery in a chapter 7 liquidation on account of such claims.

Note 23. Deficiency Claim

The Deficiency Claim is a General Unsecured Claim held by the Prepetition Secured Parties in a hypothetical chapter 7 liquidation, and is calculated as the remaining balance of the Prepetition Secured Party Claims after giving effect to the "roll up" under the DIP Order minus the estimated amount of the Total Asset Proceeds. The Liquidation Analysis concludes that in both the Low Case and High Case, holders of the Deficiency Claim will receive no recovery in a chapter 7 liquidation on account of such claims.

KidKraft, Inc.
Hypothetical Recovery Analysis

Hypothetical Inception Date 7/5/2024

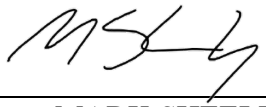
		Note #	Higher Recovery Scenario Book Value	Higher Recovery Scenario Estimated Value	Higher Recovery Scenario % of Book Value	Lower Recovery Scenario Book Value	Lower Recovery Scenario Estimated Value	Lower Recovery Scenario % of Book Value
A	**Asset Proceeds**							
	Cash / Wind Down Reserve	1	2,768,892	4,300,000	155.3%	2,768,892	4,300,000	155.3%
	Accounts Receivable	2	18,639,003	11,018,667	59.1%	18,639,003	7,546,074	40.5%
	Factoring	3	(2,590,642)	(2,590,642)	100.0%	(2,590,642)	(2,590,642)	100.0%
	Inventory	4	29,978,883	9,354,667	31.2%	29,978,883	7,171,784	23.9%
	Prepaid Accounts	5	1,465,413	195,907	13.4%	1,465,413	151,472	10.3%
	Intangibles / Goodwill	6	53,806,138	1,750,000	3.3%	53,806,138	875,000	1.6%
	Other Assets	7	6,700,684	124,536	1.9%	6,700,684	124,536	1.9%
	Total Asset Proceeds		**110,768,371**	**24,153,134**	**21.8%**	**110,768,371**	**17,578,224**	**15.9%**
A-1	Chapter 5 Causes of Action Recoveries	8		**2,211,000**			**1,551,000**	
B	**Liquidation Fees and Costs**							
	Chapter 7 Trustee Fees	9		810,924			593,877	
	Liquidation Costs	10		286,517			219,698	
	Operating Costs	11		2,607,054			2,607,054	
	Legal and Other Professional Fees	12		985,000			985,000	
	Total Liquidation Fees and Costs			**4,689,495**			**4,405,628**	
	Net Estimate Proceeds Available for Secured / Priority / Administrative Claims			**21,674,639**			**14,723,596**	

	Note #	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %
Secured / Priority / Administrative Claims							
DIP Claims	13	33,308,731	21,674,639	65.1%	33,308,731	14,723,596	44.2%
Diminution Claim	14	19,302,866	-	0.0%	25,877,776	-	0.0%
Prof. Fee Carveout Subordination Diminution Claim	15	2,760,000	-	0.0%	2,760,000	-	0.0%
Administrative Claims through 7/5	16	2,000,000	-	0.0%	2,000,000	-	0.0%
Accrued Professional Fees through 7/5	17	1,500,000	-	0.0%	1,500,000	-	0.0%
WARN Claims	18	2,000,000	-	0.0%	2,000,000	-	0.0%
Priority Tax Claims	19	750,000	-	0.0%	750,000	-	0.0%
503(b)(9) Claims	20	50,000	-	0.0%	50,000	-	0.0%
Prepetition Secured Claims	21	24,153,134	-	0.0%	24,153,134	-	0.0%
Total Secured / Priority / Administrative Claims		**85,824,731**	**21,674,639**	**25.3%**	**92,399,641**	**14,723,596**	**15.9%**

Net Estimate Proceeds Available for General Unsecured Claims **-** **-**

	Note #	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %
General Unsecured Claims							
General Unsecured Claims	22	36,833,722	-	0.0%	36,833,722	-	0.0%
Deficiency Claim	23	97,466,156	-	0.0%	104,041,066	-	0.0%
Total General Unsecured Claims		**134,299,878**	**-**	**0.0%**	**140,874,788**	**-**	**0.0%**

THIS IS **EXHIBIT "J"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.



MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 18, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
		Re: Docket No. 9

FINAL ORDER
(I) AUTHORIZING THE DEBTORS TO PAY
(A) CRITICAL VENDORS, (B) LIEN CLAIMANTS, AND
(C) 503(B)(9) CLAIMANTS; (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY OF OUTSTANDING ORDERS; AND (III) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Final Order***") (i) authorizing the Debtors

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to the Vendors; (ii) confirming the administrative expense priority status and treatment of the Debtors' Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having entered the Interim Order; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Debtors are authorized, subject to this Final Order, to pay the prepetition Vendor Claims described in the Motion, in the ordinary course of business, as the Debtors determine to be necessary or appropriate, in an aggregate amount not to exceed $950,000 on a final basis as set forth in the categories and amounts set forth in the Motion. In the event the Debtors expect to exceed the aggregate amounts in any category as detailed in the Motion, the Debtors shall file a notice with the Court describing the category and overage amount prior to payment; *provided* that if the Debtors expect to exceed the aggregate amount of all Vendor Claims under

this Final Order, the Debtors shall file a separate motion seeking authority to exceed such aggregate amount.

2. As a condition to receiving any payment under this Final Order, a Vendor must maintain or apply, as applicable, Customary Trade Terms[3] during the pendency of these chapter 11 cases, which for the avoidance of doubt, the Debtors may not waive or modify. If a Vendor, after receiving a payment under this Final Order, ceases to provide goods or services on Customary Trade Terms, the Debtors may assert and request that the Court order: (i) that the payment of such Vendor Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover from such Vendor in cash, (ii) that the Vendor immediately return such payments in respect of its Vendor Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) upon recovery of such payment by the Debtors, such Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the applicable Vendor to their original positions, as if the payment of the Vendor Claim had not been made.

3. The form of Vendor Agreement, substantially in the form attached to the Motion as **Exhibit C**, is approved in its entirety. The Debtors are authorized to enter into Vendor Agreements with Vendors, in their discretion. To the extent that the Debtors do not enter into a Vendor Agreement with a Vendor, such Vendor's acceptance of payment on account of its Vendor Claim

[3] As used herein, "***Customary Trade Terms***" means, with respect to a Vendor, (i) the normal and customary trade terms, practices, and programs that were most favorable to the Debtors and in effect between such Vendor and the Debtors in the twelve-month period prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Vendor that, in the reasonable business judgment of the Debtors, are more favorable to the Debtors than the terms in the preceding clause (i).

shall be deemed as the Vendor's agreement to continue providing goods or services on Customary Trade Terms.

4. The Debtors are authorized to negotiate, modify, or amend the form of a Vendor Agreement (provided that any such modification or amendment must require the Vendor to provide the trade terms set forth above) and to settle all or some of the Vendor Claims for less than the face amount of such claims without further notice or hearing, each in the Debtors' reasonable business judgment.

5. The Debtors are authorized to require, as a further condition of receiving payment on a Vendor Claim, that a Vendor agree to take whatever action is necessary to remove any existing liens on the Debtors' property at such Vendor's sole cost and expense and waive any right to assert a trade lien on account of a paid Vendor Claim.

6. Any party that accepts payments from the Debtors on account of a Vendor Claim shall be deemed to have agreed to the terms and provisions of this Final Order. Notwithstanding anything to the contrary herein, prior to making any payment pursuant to this Final Order, the Debtors shall provide such Vendor with a copy of this Final Order (unless previously provided to such Vendor).

7. If any party accepts payment on behalf of a Vendor Claim under this Final Order, and such claim is determined by the Court after notice and hearing (i) in the case of a Lien Claim, not to give rise to a Lien or Interest or (ii) in the case of a 503(b)(9) Claim, not to give rise to a claim entitled to priority under section 503(b)(9) of the Bankruptcy Code, the Debtors are authorized to avoid such payment as a postpetition transfer under section 549 of the Bankruptcy Code, and the party who had accepted such payment shall be required to immediately repay to the Debtors any payment made to it on account of its asserted claim to the extent the aggregate amount

of such payments exceeds the postpetition obligations then outstanding, without the right of setoff, claims, or otherwise. Upon recovery of such payments by the Debtors, the obligations shall be reinstated as a prepetition claim in the amount so recovered.

8. All undisputed obligations arising from the Outstanding Orders shall receive administrative expense priority, and the Debtors are authorized to pay all undisputed obligations arising from the Outstanding Orders in their discretion and in the ordinary course of business consistent with the parties' prepetition customary practices.

9. Nothing herein shall impair or prejudice the Debtors' or any other party in interest's ability to contest the extent, perfection, priority, validity, or amount of any Vendor Claim.

10. Nothing herein shall prejudice the Debtors' ability to seek a further order from this Court authorizing the Debtors to exceed the aggregate amounts of Vendor Claims as set forth in the Motion and herein or any party in interest's right to contest such relief.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

12. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

13. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Vendor Claims.

14. The Debtors shall deliver to the Office of the United States Trustee for the Northern District of Texas a list of the Critical Vendors to be paid pursuant to this Order. Additionally, the Debtors shall maintain a matrix detailing all Vendor Claims paid or to be paid including (i) the name of each Vendor receiving a payment on account of a Vendor Claim; (ii) the amount paid to each Vendor on account of its Vendor Claim; and (iii) the goods or services provided by the Vendor. The Debtors shall provide this matrix to counsel for the Official Committee of Unsecured Creditors upon request.

15. For the avoidance of doubt, this Final Order does not authorize payments to insiders (as such term is defined in section 101(31) of the Bankruptcy Code) of the Debtors.

16. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

17. Notwithstanding anything in this Final Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the

extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

18. The requirements of Bankruptcy Rule 6004(a) are waived.

19. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon entry of this Final Order.

20. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

THIS IS **EXHIBIT "K"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 19TH
	)	
JUSTICE CAVANAGH	)	DAY OF JUNE, 2024

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

RECOGNITION ORDER
(Bar Dates Order, Second Interim DIP Order, and Final Customer Programs Order, and Related Relief)

THIS MOTION, made by KidKraft, Inc. ("**KidKraft**"), in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") of Solowave Design Holdings Limited, Solowave Design Inc., Solowave International Inc. and Solowave Design LP (collectively with KidKraft, the "**Chapter 11 Debtors**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order, among other things, recognizing certain orders entered by the United States Bankruptcy Court for the Northern District of Texas (the "**U.S. Bankruptcy Court**") in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (the "**Foreign Proceeding**"), was heard this day by judicial videoconference via Zoom at Toronto, Ontario.

Electronically issued / Délivré par voie électronique : 19-Jun-2024
Toronto Superior Court of Justice / Cour supérieure de justice

ON READING the Notice of Motion, the Third Affidavit of Geoff Walker affirmed June 17, 2024, and the first report of KSV Restructuring Inc., in its capacity as information officer (the "**Information Officer**"), dated June 18, 2024, each filed,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and counsel for the other parties appearing on the participant information form, no one appearing for any other party although duly served as appears from the Affidavit of Service of Chloe Duggal sworn June 18, 2024, each filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Supplemental Order (Foreign Main Proceeding) of this Court dated May 17, 2024 (the "**Supplemental Order**").

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders of the U.S. Bankruptcy Court made in the Foreign Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

(a) *Final Order (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief (the "**Final Customer Programs Order**");*

(b) *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority*

Electronically issued / Délivré par voie électronique : 19-Jun-2024
Toronto Superior Court of Justice / Cour supérieure de justice

*Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "**Second Interim DIP Order**"); and*

(c) *Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice Thereof (the "**Bar Dates Order**");*

(copies of which are attached as Schedules "A" to "C" hereto, respectively);

provided, however, that in the event of any conflict between the terms of the Final Customer Programs Order, the Second Interim DIP Order, the Bar Dates Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property in Canada.

AMENDMENTS TO THE SUPPLEMENTAL ORDER

4. **THIS COURT ORDERS** that paragraph 24 of the Supplemental Order is hereby amended as follows:

24**.** **THIS COURT ORDERS** that the DIP Agent, for and on behalf of itself and the DIP Lender (each as defined in the Interim DIP Order **and the Second Interim DIP Order**, shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the Property, which DIP Charge shall be consistent with the liens and charges created by or set forth in the Interim DIP Order **and the Second Interim DIP Order** provided however that, with respect to the Property, the DIP Charge shall have the priority set out in paragraphs 25 and 27 hereof, and further provided that, the DIP Charge shall not be enforced except in accordance with the terms of the Interim DIP Order **and the Second Interim DIP Order** and with leave of this Court.

GENERAL

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5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Foreign Representative, the Chapter 11 Debtors, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Chapter 11 Debtors and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Foreign Representative, the Chapter 11 Debtors and the Information Officer and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Foreign Representative, the Chapter 11 Debtors and the Information Officer shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without the need for entry or filing of this Order.

Mr. Justice Cavanagh

Justice Cavanagh

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Schedule "A"

Final Customer Programs Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 7, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 10**

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

FINAL ORDER
(I) AUTHORIZING THE DEBTORS TO
(A) MAINTAIN AND ADMINISTER THEIR CUSTOMER PROGRAMS; (B) RENEW, REPLACE, IMPLEMENT, OR MODIFY THEIR CUSTOMER PROGRAMS; AND (C) HONOR THEIR OBLIGATIONS RELATED TO THE CUSTOMER PROGRAMS, AND (II) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Final Order***") (i) authorizing the Debtors to (a) maintain and administer their Customer Programs; (b) renew, replace, implement, or modify their Customer Programs; and (c) honor their obligations related to the Customer Programs, in the ordinary course of business consistent with past practice and in the Debtors' business judgment, all as more fully set forth in the Motion and in the First Day Declaration; and (ii) granting related relief, and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having entered the Interim Order; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion under the circumstances and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

1. The Debtors are authorized pursuant to sections 105(a), 363(b), 1107(a), and 1108 of the Bankruptcy Code, to maintain and administer the Customer Programs in the ordinary course of business consistent with past practice.

2. The Debtors are authorized, in their discretion, to renew, replace, implement, or modify their Customer Programs, in whole or in part, in accordance with the Debtors' business judgment.

3. The Debtors are authorized to honor their obligations owing to their customers in connection with, relating to, or based upon their Customer Programs.

4. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Customer Programs.

7. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights

to subsequently dispute such claim or lien, a promise or requirement to pay any claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

8. Notwithstanding anything in this Final Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

9. The requirements of Bankruptcy Rule 6004(a) are waived.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon entry of this Final Order.

11. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

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Toronto Superior Court of Justice / Cour supérieure de justice

Schedule "B"

Second Interim DIP Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 11, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket Nos. 22, 23, & 96**

SECOND INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364, AND 507 AND FED. R. BANKR. P. 2002, 4001 AND 9014 (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO OBTAIN POSTPETITION SENIOR SECURED SUPERPRIORITY FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES, (V) MODIFYING THE AUTOMATIC STAY, (VI) SCHEDULING A FINAL HEARING, AND (VII) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), and 364(d) of title 11 of the United States Code (the "***Bankruptcy Code***"), and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "***Bankruptcy Rules***"), and the General Order Regarding Procedures for Complex Cases (the "***Complex Case Procedures***") made applicable by Rules 4001-1 and 9013-1 of the Local Bankruptcy Rules (the "***N.D. Tex. L.B.R.***") for the United States Bankruptcy Court for the Northern District of Texas (the "***Court***") *inter alia* seeking, among other things:

(1) authorization for KidKraft, Inc. ("***KidKraft***" or "***Borrower***") to obtain, and for KidKraft Intermediate Holdings, LLC ("***HoldCo***", and together with the other Guarantors listed in Schedule 1 of the DIP Term Sheet, the "***Guarantors***") to guarantee, unconditionally, on a joint and several basis, a senior secured super-priority multi-draw debtor-in-possession term loan credit facility (the "***DIP Facility***") on the terms and conditions set forth in the Priming Superpriority Debtor-In-Possession Financing Term Sheet, dated as of April 25, 2024, attached hereto as **Exhibit A** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein and including the references to the Prepetition Credit Agreement (as defined below) specified therein, the "***DIP Term Sheet***"),[2] by and among the Borrower, the Guarantors, GB Funding, LLC, as DIP Agent ("***DIP Agent***"), and 1903 Partners, LLC, as DIP Lender ("***DIP Lender***," and, together with the DIP Agent, the "***DIP Secured Parties***"), and the other DIP Documents (as defined below) consisting of: (i) $5.5 million of new money loans (the "***Interim DIP Commitment***") to be provided following entry of the Second

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion or the DIP Term Sheet, as applicable.

Interim Order (as defined below) by DIP Lender, (ii) $5.0 million of new money loans (the "***Final DIP Commitment***") to be provided following entry of the Final Order by DIP Lender; and (iii) $23.3 million of Prepetition Obligations, which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis upon entry of the Final Order (the "***Roll-Up Amount***", and together with the Interim DIP Commitment and the Final DIP Commitment, the "***DIP Commitment***"), and in accordance with this order (the "***Second Interim Order***") secured by perfected senior priority security interests in and liens on the DIP Collateral (as defined below) pursuant to §§ 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code (subject to the Carve-Out and the Permitted Liens (each as defined below));

(2) authorization for Borrower and Guarantors to remit all collections, asset proceeds and payments to the DIP Secured Parties for application, or deemed application, first to the repayment of all DIP Obligations (as defined below) in accordance with the DIP Term Sheet and the other DIP Documents until such obligations are fully repaid, and then to the Prepetition Secured Parties for application until all Prepetition Obligations (as defined below) are fully repaid;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to DIP Agent, for the benefit of itself and DIP Lender, in respect of all DIP Obligations (subject to the Carve-Out);

(4) as set forth below, subject to Section 4.1 of this Second Interim Order, approval of certain stipulations by the Debtors as set forth in this Second Interim Order in connection with the Prepetition Credit Agreement;

(5) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under the DIP Documents as such become due, including, without limitation, continuing commitment fees, closing fees, audit fees, appraisal fees, liquidator fees,

structuring fees, administrative agent's fees, the reasonable and documented fees and disbursements of DIP Agent's and DIP Lender's respective attorneys, advisors, accountants and other consultants, all to the extent provided in, and in accordance with, the applicable DIP Documents;

(6) as set forth below, authorization to use Cash Collateral and all other Prepetition Collateral and to provide adequate protection to Prepetition Agent and Prepetition Lender (each in their respective capacities under the Prepetition Loan Documents (as defined below)), to the extent set forth herein;

(7) effective only upon entry of a Final Order (as defined below), the waiver of the Debtors' right to assert claims to surcharge against the DIP Collateral pursuant to § 506(c) of the Bankruptcy Code;

(8) the modification of the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Second Interim Order to the extent hereinafter set forth;

(9) the setting of a final hearing on the Motion ("***Final Hearing***") to consider entry of a final order (the "***Final Order***") authorizing, among other things, the borrowing under the DIP Documents on a final basis, as set forth in the Motion and the DIP Term Sheet filed with the Court including the granting to DIP Agent and DIP Lender the senior security interests and liens described above and super-priority administrative expense claims (subject to the Carve-Out); and

(10) related relief.

The initial hearing on the Motion having been held by the Court on May 13, 2024 (the "***Interim Hearing***"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and*

First Day Pleadings [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], the *Declaration of Carl Moore, Manager of SierraConstellation Partners, LLC in Support of the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing* [Docket No. 33], and the filings and pleadings in the above-captioned chapter 11 cases (the "***Chapter 11 Cases***"); and the Court having entered the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 96] (the "***First Interim Order***," and together with the Second Interim Order, the "***Interim Orders***"); and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest, and represents a sound exercise of the Debtors' business judgment and is essential for the continued operation of the Debtors' businesses; it appearing to the Court that granting the interim relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing; notice of the Motion, the relief requested therein, and the Interim Hearing (the "***Notice***") was sufficient under the circumstances; the Notice having been served by the Debtors in accordance with Bankruptcy Rules 4001 and 9014 and the Local Rules on (i) the administrative agent under the Prepetition Credit Agreement (the "***Prepetition Agent***"), (ii) Katten Muchin Rosenman LLP, as counsel to the Prepetition Agent, (iii) the Office of the U.S. Trustee for the Northern District of Texas (the "***U.S.***

Trustee"), (iv) King & Spalding LLP, as counsel to the buyer under the Debtors' prepetition asset purchase agreement (the "***APA***"), (v) the holders of the thirty (30) largest unsecured claims, on a consolidated basis, against the Estates (the "***30 Largest Unsecured Creditors***"), (vi) the Internal Revenue Service and applicable state taxing authorities; (vii) any party that has asserted or may assert a lien in the Debtors' assets, (viii) the office of attorneys general for the states in which the Debtors operate; (ix) the United States Attorney's Office for the Northern District of Texas, (x) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002, (xi) the United States Securities and Exchange Commission, (xii) all other applicable government agencies to the extent required by the Bankruptcy Rules or the N.D. Tex. L.B.R, and (xiii) the DIP Lender (collectively, the "***Notice Parties***"); and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[3]:

A. Petition. On May 10, 2024 (the "***Petition Date***"), each Debtor filed a voluntary petition (each, a "***Petition***") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

B. Disposition. The Motion is hereby granted in accordance with the terms of this Second Interim Order. Any objections to the Motion with respect to the entry of this Second

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

Interim Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Committee Formation. On May 23, 2024, the U.S. Trustee appointed the Committee in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code [Docket No. 120].

E. Basis for Relief. The statutory and legal predicates for the relief sought herein include sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

F. Notice. Proper, timely, adequate, and sufficient notice of the Motion has been provided under the circumstances in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Interim Hearing or the entry of this Second Interim Order shall be required.

G. Debtors' Acknowledgments, Stipulations, and Agreements. After consultation with their attorneys and financial advisors, and without prejudice to the rights of any Committee or other parties-in-interest as and, subject to Section 4.1 of this Second Interim Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that:

(a) Prepetition Stipulations

(i) Prepetition Loan Documents. Prior to the commencement of the Chapter 11 Cases, Prepetition Agent and Prepetition Lender made loans, advances and provided other financial accommodations to Borrower and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the "***Dutch Borrower***"), jointly and severally with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement), Guarantors and certain of their non-Debtor affiliates (the Dutch Borrower, together with the other non-Debtor affiliates party to the Prepetition Credit Agreement, "***Non-Debtor Loan Parties***"), pursuant to the terms and conditions set forth in (1) that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020 (as amended, supplemented, or otherwise modified prior to the Petition Date, the "***Prepetition Credit Agreement***"); (2) that certain Amended and Restated First Lien Security Agreement as of dated April 3, 2020 by and among Borrower, the Guarantors, and the Non-Debtor Loan Parties (the Non-Debtor Loan Parties, together with the Borrower and the Guarantors, the "***Grantors***") and Prepetition Agent, as Secured Party (as amended, supplemented, or otherwise modified prior to the Petition Date, including the *Security Agreement Supplement*, dated January 30, 2024, the "***Prepetition Security Agreement***"); and (3) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of Prepetition Agent or Prepetition Lender in connection with the Prepetition Credit Agreement or the Prepetition Security Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Prepetition Credit Agreement and the Prepetition Security Agreement,

as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "***Prepetition Loan Documents***").

(ii) Prepetition Obligations. As of the Petition Date, the Borrower, Guarantors and Non-Debtor Loan Parties were indebted, jointly and severally, to Prepetition Agent and Prepetition Lender under the Prepetition Loan Documents in respect of outstanding Loans (as defined in the Prepetition Credit Agreement) in an aggregate principal amount of not less than $144.9 million, plus all other Obligations (as defined in the Prepetition Credit Agreement), plus interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto (collectively, the "***Prepetition Obligations***"). The Prepetition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Borrower, Guarantors, and the Non-Debtor Loan Parties and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and the Debtors do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, cause of action, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Second Interim Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Prepetition Obligations or liens and security interest securing the same described in clause (F)(a)(iii) below, including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (equitable or otherwise) pursuant to the Bankruptcy Code or applicable non- bankruptcy law. The Debtors and their estates (a) have no claims, objections, challenges, causes of action, and/or choses

in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code or applicable state law equivalents or actions for recovery or disgorgement, against Prepetition Agent or Prepetition Lender or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Prepetition Loan Documents or Prepetition Obligations; and (b) have waived, discharged, and released any right to challenge any of the Prepetition Obligations, including the priority of the Prepetition Obligations, and the validity, extent, and priority of the liens securing the Prepetition Obligations.

(iii) Prepetition Collateral. As of the Petition Date, the Prepetition Obligations were fully secured pursuant to the Prepetition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) (the "***Prepetition Liens***") granted by Borrower, Guarantors, and the Non-Debtor Loan Parties for fair consideration and reasonably equivalent value to DIP Agent, for the benefit of itself and DIP Lender under the Prepetition Loan Documents, in and upon all of the of the Debtors' and Non-Debtor Loan Parties' assets and property other than Excluded Assets, Excluded Receivables, and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "***Prepetition Collateral***"), including all cash of the Debtors, wherever located, and all cash equivalents, including any cash in deposit accounts of the Debtors (other than Excluded Accounts), in each case, whether as Prepetition Collateral or which represents income, proceeds, products, rents or profits of non-cash Prepetition Collateral (collectively, the "***Cash***

Collateral"), subject only to the liens permitted under Section 7.01 of the Prepetition Credit Agreement to the extent that such security interests, liens or encumbrances are (A) valid, perfected and non-avoidable security interests, liens or encumbrances securing valid, binding and unavoidable debt permitted under the Prepetition Loan Documents, and (B) senior to, have not been, and are not subject to being subordinated to the Prepetition Liens or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "***Prepetition Permitted Liens***"). The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description, whether arising at law or in equity, including any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or chapter 5 (including, without limitation, sections 510, 544, 547, 548, 549 or 550) of the Bankruptcy Code or under any other similar provisions of applicable state or federal law, that would in any way affect the validity, enforceability and non-avoidability of any of Prepetition Agent's and Prepetition Lender's liens, claims or security interests in the Prepetition Collateral.

(iv) Default by the Debtors. The Debtors acknowledge and stipulate that one or more Events of Default (as defined in the Prepetition Credit Agreement) have occurred and are continuing as of the date hereof.

(v) Proof of Claim. The acknowledgment by the Debtors of the Prepetition Obligations and the liens, rights, priorities and protections granted to or in favor of Prepetition Agent and Prepetition Lender in respect of the Prepetition Collateral as set forth herein and in the Prepetition Loan Documents shall be deemed a timely filed proof of claim on behalf of Prepetition Agent and Prepetition Lender in these Chapter 11 Cases.

(vi) Indemnity. The DIP Agent, DIP Lender, and Prepetition Secured Parties have acted in good faith, without negligence or violation of public policy or law, in respect of all actions taken by them in connection with or related in any way to negotiating, implementing, or obtaining the requisite approvals of the DIP Facility and the use of Cash Collateral, including in respect of granting DIP Liens, any challenges or objections to the DIP Facility or the use of Cash Collateral, and all documents related to any and all transactions contemplated by the foregoing. Accordingly, each of the Prepetition Secured Parties and the DIP Secured Parties shall be and hereby are indemnified and held harmless by the Debtors in respect of any claim or liability incurred in respect thereof of in any way related thereto, provided that no such parties will be indemnified for any cost, expense, or liability to the extent determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from such parties' bad faith, gross negligence, fraud, or willful misconduct. No exception or defense exists in contract, law, or equity to the Debtors' obligation under this paragraph to indemnify and/or hold harmless each of the Prepetition Secured Parties and the DIP Secured Parties. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

(vii) Release. Each Debtor, on behalf of itself and its successors and assigns, and their respective agents, officers, directors, employees, attorneys, professionals, predecessors, successors, and assigns (collectively, the "***Releasors***"), hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the Prepetition Agent and Prepetition Lender and each of their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***Prepetition Releasees***") of and from any

and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any Prepetition Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the Prepetition Obligations, the Prepetition Loan Documents, or the Prepetition Liens.

(viii) Non-Debtor Loan Parties. The Dutch Borrower and the Borrower are jointly and severally liable with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement) and each of the other Non-Debtor Loan Parties and the Debtors are jointly and severally liable with respect to the Prepetition Obligations.

H. Findings Regarding the DIP Financing.

(i) DIP Financing. The Debtors have requested from the DIP Secured Parties, and the DIP Secured Parties are willing, to extend certain loans, advances and other financial accommodations on the terms and conditions set forth in this Second Interim Order, the DIP Term Sheet and the other DIP Documents, respectively.

(ii) Need for DIP Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business without the financing requested in the Motion. The Debtors' ability to pay their vendors, suppliers, and employees, and to otherwise fund their operations is essential to the preservation and maintenance of the going concern value of each Debtor and consummation of the Backyard Sale and the Plan. Accordingly, the Debtors have an immediate need to enter into the DIP Facility in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "***Estates***") in order to maximize the value of the Estates.

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code. The Debtors have been unable to procure the necessary financing on terms more favorable, taken as a whole, than the DIP Facility. In light of the foregoing, and considering all alternatives, the Debtors have reasonably and properly concluded, in the exercise of their sound

business judgment, the DIP Facility represents the best financing available to the Debtors at this time, and are in the best interests of the Debtors, their respective Estates, and all of their stakeholders.

(iv) Initial Budget. The Debtors have prepared and delivered to DIP Agent and DIP Lender an initial nine-week budget (the "***Initial Budget***" and each subsequent approved budget pursuant to section 1.8 hereof, an "***Approved Budget***") reflecting the Debtors' anticipated cash receipts and anticipated disbursements for each calendar week for the covered periods, a summary of which is attached hereto as **Exhibit B** and which was previously attached in Exhibit A of the First Interim Order. The Initial Budget was prepared by the Debtors, with the assistance of their professional advisors and management, and the Debtors represent that the Initial Budget is achievable in accordance with the terms of the DIP Documents and the Interim Orders. DIP Agent and DIP Lender are relying upon the Debtors' compliance with the Interim Budget in accordance with the Interim Orders in determining to enter into the DIP Facility.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Documents and this Second Interim Order are fair, just and reasonable under the circumstances, ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Documents and the Interim Orders have been negotiated in good faith and at arms' length by and among the Debtors and DIP Agent, with all parties being represented by competent counsel. Any credit extended under the terms of the Interim Orders shall be deemed to have been extended in "good faith" by DIP Agent and DIP Lender, as that term is used in section 364(e) of the Bankruptcy Code and the DIP Obligations, the DIP Liens, and the DIP Superpriority Claim are

entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that either of the Interim Orders or any provision hereof is vacated, reversed, or modified on appeal or otherwise.

(vi) Credit Bid Rights. To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any sales occurring under or pursuant to section 363 of the Bankruptcy Code, a plan of reorganization or plan of liquidation under section 1129 of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code (any of the foregoing sales or dispositions, a "***Sale***"), (a) DIP Agent (on behalf of their respective DIP Secured Parties) shall have the right to credit bid, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) the Prepetition Agent (on behalf of and at the written direction of the Prepetition Secured Parties) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Obligations, (c) DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective Secured Parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and Prepetition Obligations, respectively, and (d) each of the Debtors hereby acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, as applicable, up to the full amount of the DIP Obligations and Prepetition Obligations, respectively.

(vii) Sections 506(c) and 552(b) Waivers. Subject to entry of a Final Order, as material inducement to (a) the DIP Secured Parties' agreement to provide the DIP Facility and the

Prepetition Secured Parties' consent to the use of Cash Collateral in accordance with the Approved Budget, (b) the DIP Secured Parties' agreement to subordinate the DIP Liens and the DIP Superpriority Claim to the Carve-Out, and (c) the Prepetition Secured Parties' agreement to subordinate the Prepetition Liens, Prepetition Replacement Lien and the Prepetition Adequate Protection Superpriority Claim to the Carve-Out, the DIP Liens, and the DIP Superpriority Claim, subject to entry of the Final Order (retroactive to the Petition Date), each of the DIP Secured Parties and the Prepetition Secured Parties are entitled to receive (1) a waiver of any equities of the case exceptions or claims under section 552(b) of the Bankruptcy Code and a waiver of unjust enrichment and similar equitable relief as set forth below, and (2) a waiver of the provisions of section 506(c) of the Bankruptcy Code.

(viii) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and ongoing operations in anticipation of the consummation of the Backyard Sale and Plan, (2) preserve and maximize the value of the Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(ix) Adequate Protection. The Prepetition Secured Parties are entitled, pursuant to sections 361, 362, 363, and 364 of the Bankruptcy Code, to receive adequate protection to the extent of any Diminution in Value of their respective interests in the Prepetition Collateral (including Cash Collateral), to the extent set forth in the Interim Orders.

(x) Immediate Entry. Sufficient cause exists for immediate entry of this Second Interim Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11

Cases has filed or made an objection to the entry of this Second Interim Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled. Based upon the foregoing, and after due consideration and good cause appearing therefor.

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Second Interim Order. Except as otherwise expressly provided in this Second Interim Order, any objection to the entry of this Second Interim Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrower is hereby authorized and empowered to immediately borrow and obtain DIP Loans and to incur indebtedness and other Obligations (as defined in the DIP Term Sheet) (collectively referred to as the "***DIP Obligations***"), and the Guarantors are hereby authorized to guarantee such DIP Obligations, all pursuant to the terms and conditions of the Interim Orders, the DIP Term Sheet, and the other DIP Documents, during the period commencing on the date of entry of the First Interim Order through and including the entry of the Final Order, up to an aggregate amount equal to the Interim DIP Commitment, plus, subject to entry of the Final Order, the Roll-Up Amount. Subject to the terms and conditions contained in the Interim Orders and the DIP Documents, the Debtors shall use the proceeds of the DIP Loans and other credit and financial accommodations provided by DIP Agent and DIP Lender under the DIP Term Sheet and the other DIP Documents solely for payment of expenses set forth in the Approved Budget and all interest, costs, fees, amounts, and other obligations owing to the DIP Secured Parties in accordance with the terms and conditions of the DIP Documents and this Second Interim Order.

1.3 Financing Documents

(a) Authorization. The Debtors are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Term Sheet and the other DIP Documents; provided that any additional DIP Documents entered into following entry of the First Interim Order shall be filed on the docket of these Chapter 11 Cases, and parties in interest shall have seven (7) days to object to such additional DIP Documents. If no objection to such additional DIP Documents is filed within such seven (7) days, unless the Court rules otherwise, such DIP Documents shall be deemed approved by this Court. If any objection is filed within such seven (7) day period, the Court shall hold an emergency hearing to consider approval of such DIP Document. Upon execution and delivery of the DIP Term Sheet and the other DIP Documents, such agreements and documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of such agreements, documents and the Interim Orders (as applicable). No obligation, payment, transfer or grant of security arising under the DIP Term Sheet, the other DIP Documents or the Interim Orders shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under § 502(d) of the Bankruptcy Code), or be subject to any defense, reduction, setoff, recoupment or counterclaim. The Debtors are hereby authorized and directed to pay, in accordance with the Interim Orders, the principal, interest, fees, expenses and other amounts described in the DIP Documents as such become due and without need to obtain further Court approval, including, without limitation, monitoring fees, agency fees, alternate transaction fees, closing fees, unused facility fees, continuing commitment fees, backstop fees, exit fees, servicing fees, yield maintenance premiums, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented

fees and disbursements of the DIP Secured Parties' attorneys, advisors, accountants, and other consultants, whether or not such fees arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated, to implement all applicable reserves and to take any other actions that may be necessary or appropriate, all to the extent provided in the Interim Orders or the DIP Documents. Upon execution and delivery, the DIP Term Sheet and other DIP Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their Estates in accordance with their terms.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Documents (including, without limitation, the DIP Term Sheet) are approved to the extent necessary to implement the terms and provisions of the Interim Orders. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Debtors, DIP Agent and DIP Lender, and (b) each Debtor's assumption and adoption of all of the terms, conditions, and covenants of the DIP Term Sheet and the other DIP Documents for all purposes, including, without limitation, to the extent applicable, the payment of all DIP Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of DIP Agent's and DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, as more fully set forth in the DIP Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Term Sheet and the other DIP Documents, Debtors and DIP Agent may amend, modify, supplement or waive any provision of the DIP Documents (a "***DIP Amendment***") without further approval or order of the Court, so long as (a) such DIP Amendment is not materially burdensome on the Debtors or their Estates, and is undertaken in good faith by DIP Agent, DIP Lender and the

Debtors; (b) the Debtors provide prior written notice of the DIP Amendment (the "***DIP Amendment Notice***") to the U.S. Trustee and counsel to any Committee, or in the event no such Committee is appointed at the time of such DIP Amendment, the 30 Largest Unsecured Creditors, and (c) the Debtors file the DIP Amendment Notice with the Court; provided, however, that neither consent of the parties notified pursuant to section (b) hereof nor approval of the Court will be necessary to effectuate any such amendment, modification or supplement. Any material DIP Amendment to the DIP Documents must be approved by the Court to be effective.

1.4 Payment of Prepetition Debt. Subject to entry of the Final Order, the Debtors are authorized to repay all Prepetition Obligations in accordance with the DIP Term Sheet, the other DIP Documents and the Interim Orders, including, without limitation, Sections 1.5 and 1.6 of this Second Interim Order.

1.5 Payments and Application of Payments & DIP Collateral Proceeds; Roll-Up. The Debtors are authorized and directed to make all payments and transfers of Estate property to DIP Agent as provided for, permitted and/or required under the DIP Term Sheet and the other DIP Documents, which payments and transfers shall not be avoidable or recoverable from DIP Agent or DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. All proceeds of the DIP Collateral (as defined herein) received by DIP Agent or DIP Lender, and any other amounts or payments received by DIP Agent or DIP Lender in respect of the DIP Obligations, may be applied or deemed to be applied by DIP Agent, in its discretion, first, to the indefeasible repayment of the DIP Obligations, and then to the indefeasible repayment in full of the Prepetition Obligations, all in accordance with the DIP Term Sheet, the other DIP Documents and the Interim Orders. Without limiting the

generality of the foregoing, the Debtors are authorized without further order of the Court to pay or reimburse DIP Agent and DIP Lender for future costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by DIP Agent or DIP Lender in connection with the financing transactions as provided in the Interim Orders and the DIP Documents, all of which shall be and are included as part of the principal amount of the DIP Obligations and secured by the DIP Collateral.

1.6 Continuation of Prepetition Procedures. Except to the extent expressly set forth in the DIP Documents, all prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral (as defined herein), the turnover of cash, the delivery of property to Prepetition Agent and Prepetition Lender, and any blocked depository bank account arrangements, are hereby approved and shall continue without interruption after the commencement of the Chapter 11 Cases.

1.7 Indemnification. Subject to entry of the Final Order, the Debtors are authorized to indemnify and hold harmless each of the Prepetition Secured Parties and DIP Secured Parties, each of their respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders and employees, past, present, and future, and their respective heirs, predecessors, successors and assigns in accordance with, and subject to the terms of, the DIP Documents, which indemnification is hereby authorized and approved. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

1.8 Approved Budget; Permitted Variances; Debtor Professional Reports.

(a) The Debtors shall use Cash Collateral and the proceeds of the DIP Facility solely in accordance with the Approved Budget and the DIP Documents. Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other times as the Debtors may elect with the consent of DIP Lender and Backyard Products, LLP (the "***Purchaser***")), the Debtors shall deliver to DIP Agent, and the United States Trustee an updated budget with the form and level of detail set forth in the Initial Budget, and shall include, weekly basis cash revenues, receipts, expenses, professional fees and other disbursements (including, without limitation, any payments with respect to real property leases), net cash flows, inventory receipts and other items on a line item basis (including all necessary and required expenses that the Debtors expect to incur and anticipated uses of proceeds of draws under the DIP Facilities). If such budget is in form and substance satisfactory to DIP Agent in its sole discretion and consented to by the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser), it shall constitute the "Approved Budget" for purposes of the Interim Orders. Any amendments, supplements or modifications to the Approved Budget shall be subject to the prior written approval of DIP Lender in its sole discretion and the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), prior to the implementation thereof. Notwithstanding anything to the contrary herein, Purchaser shall not have any consent rights with

respect to the Approved Budget following any breach by Purchaser of the APA or termination of the APA.

(b) Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of DIP Lender) the Debtors shall deliver to DIP Lender a variance report in form and substance reasonably acceptable to DIP Lender (an "***Approved Variance Report***") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, the Debtors shall deliver to DIP Lender, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Any amendments, supplements or modifications to an Approved Variance Report shall be subject to the prior written approval of DIP Lender in its sole discretion.

(c) Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "***Permitted Variances***" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements line-items in the Approved Budget (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons), (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "***Professional Fee Variance***"), in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing of (a) and (b) to begin three (3) weeks from the Petition Date, and the Professional Fee Variance testing set forth in (c) shall be performed weekly beginning the week following the Petition Date and not on a rolling four (4) week basis.

(d) If any Professional Person exceeds the Professional Fee Variance, such Professional Person will make a representative available to meet and confer with DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "***Meet and Confer***"). If DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein.

(e) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "***Debtor Professional Report***"). The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "***Review Period***"). If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Funded Reserve Account. If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. At the conclusion of the Meet and Confer, if the DIP Agent elects to declare an Event of Default, the Debtors shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts

previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documents, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Documents after a Meet and Confer is requested.

Section 2. DIP Liens; Superpriority Administrative Claim Status.

2.1 DIP Liens.

(a) Granting of DIP Liens. To secure the prompt payment and performance of any and all DIP Obligations of the Debtors to DIP Agent and DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, DIP Agent, for the benefit of itself and DIP Lender, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first-priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Estates may have (subject only to the Carve-Out and the Permitted Liens), in and upon all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and upon entry of the Final Order, the proceeds of any avoidance actions under chapter 5 of the Bankruptcy Code (all of the foregoing collectively, the "***DIP Collateral***"). The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of

any further action of any kind or nature by DIP Agent to claim or perfect such rents, issues, products, or proceeds.

(b) Priority of DIP Liens. The liens and security interests of DIP Agent and DIP Lender granted under the DIP Documents and the Interim Orders on the DIP Collateral securing all DIP Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral shall be subject only to (a) such priming liens or interests imposed by applicable non-bankruptcy law that are in existence as of the Petition Date, and are otherwise unavoidable (collectively, "***Permitted Liens***") and (b) the Carve-Out. The right of a seller of goods to reclaim any goods whether under section 546(c) of the Bankruptcy Code or otherwise shall not be a Permitted Lien or Prepetition Lien; rather, any such alleged claim arising or asserted as a right of reclamation shall have the same rights and priority with respect to the DIP Liens, Prepetition Liens and Prepetition Payment Liens, as such claims had with respect to the Prepetition Liens.

(c) Right of Repayment. The right of DIP Agent and DIP Lender to repayment in accordance with the DIP Documents and the Interim Orders from the sale or other disposition of the DIP Collateral, or any proceeds thereof, shall be first and senior in priority to all other rights of repayment of every kind, nature, and description (other than the Carve-Out).

(d) Perfection of DIP Liens and Prepetition Replacement Lien. The Interim Orders shall be sufficient and conclusive evidence of the priority, perfection and validity of all liens and security interests granted herein, including the DIP Liens and the Prepetition

Replacement Lien, which shall be effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including without limitation control agreements with any deposit bank or with any other financial institution(s) holding a depository account or other account consisting of or containing Collateral (a "***Perfection Act***"). Notwithstanding the foregoing, if DIP Agent or Prepetition Agent, as applicable, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then such DIP Agent or Prepetition Agent is authorized to perform such act, and the Debtors and Guarantors are authorized to perform such act to the extent necessary or required by the DIP Documents, which act or acts shall be deemed to have been accomplished as of the date and time of entry of the applicable Interim Orders notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. DIP Agent or Prepetition Agent, as applicable, may choose to file, record or present a certified copy of the applicable Interim Orders in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of this Second Interim Order in accordance with applicable law. Should DIP Agent or Prepetition Agent, as applicable, so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the DIP liens and security interests granted herein by virtue of the entry of the Interim Orders.

(e) Nullifying Prepetition Restrictions to DIP Financing. Notwithstanding anything contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Documents, any provision that restricts, limits or impairs in any way any Debtor from granting DIP Agent security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Documents or the Interim Orders, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or of the DIP Documents, shall not (a) be effective and/or enforceable against any of the Debtors, DIP Agent or DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to DIP Agent and DIP Lender pursuant to the Interim Orders or the DIP Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law.

(f) To the extent that any applicable non-bankruptcy law otherwise would restrict the granting, scope, enforceability, attachment, or perfection of any liens and security interests granted and created by the Interim Orders (including the DIP Liens and the Prepetition Replacement Liens) or otherwise would impose filing or registration requirements with respect to such liens and security interests, such law is hereby pre-empted to the maximum extent permitted by the Bankruptcy Code, applicable federal or foreign law, and the judicial power and authority of the Court. By virtue of the terms of the Interim Orders, to the extent that any DIP Agent or Prepetition Agent, as applicable, has filed Uniform Commercial Code financing statements, mortgages, deeds of trust, or other security or perfection documents under the names

of any of the Debtors (including all Guarantors), such filings shall be deemed to properly perfect its liens and security interests granted and confirmed by the Interim Orders without further action by the applicable DIP Agent or Prepetition Agent, as applicable.

(g) Except with respect to the Carve-Out, certain Permitted Liens, the DIP Liens, the DIP Superpriority Claims, the Prepetition Replacement Liens, and the Prepetition Adequate Protection Superpriority Claims (i) shall not be made subject to or *pari passu* with (A) any lien, security interest, or claim heretofore or hereinafter granted in any of these Chapter 11 Cases or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases against the Debtors (such converted cases, "***Successor Cases***"), their respective Estates, any trustee, or any other estate representative appointed or elected in these Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of these Chapter 11 Cases or any Successor Cases; (B) any lien that is avoided and preserved for the benefit of the Debtors and their respective Estates under section 551 of the Bankruptcy Code or otherwise; and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to sections 510, 549, 550, or 551 of the Bankruptcy Code.

2.2 Superpriority Administrative Expense Claims. For all DIP Obligations now existing or hereafter arising pursuant to the Interim Orders or the DIP Documents, DIP Agent, for the benefit of itself and DIP Lender, is granted an allowed superpriority administrative claim pursuant to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 364(c)(1), 546(c), 726, 1113 or 1114 of the

Bankruptcy Code (other than the Carve-Out), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (the "***DIP Superpriority Claim***").

2.3 Carve-Out.

(a) Carve-Out. As used in the Interim Orders, the "***Carve-Out***" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed or permitted to be paid at any time, whether by interim order, procedural order, or otherwise, all accrued and unpaid fees, disbursements, costs, and expenses (the "***Allowed Professional Fees***") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "***Debtor Professionals***") and by the Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "***Committee Professionals***" and, together with the Debtors' Professionals, "***Professional Persons***") at any time before or on the first business day following delivery by DIP Agent to the Debtors of a Carve-Out Trigger Notice (as defined below), but shall not include any restructuring, sale, transaction or other "success" fee except for such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $150,000 incurred after the first business day following delivery by DIP Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (this section (iv) the "***Post-Carve-Out Trigger Notice Cap***"); and (v) an amount up to

the amount secured by and necessary to fund the Canadian Priority Charges (as defined in the DIP Term Sheet) for the beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings. For purposes of the foregoing, "***Carve-Out Trigger Notice***" shall mean a written notice delivered by email (or other electronic means) by DIP Agent to the Debtors and the Committee, which notice may be delivered in the sole discretion of DIP Agent following the occurrence of an Event of Default, and shall describe the Event of Default, state that the DIP Facility is terminated and that the Post-Carve-Out Trigger Notice Cap has been invoked.

(b) Pre-Carve-Out Trigger Notice Funding. Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility, Cash Collateral, or cash on hand, a segregated account (the "***Funded Reserve Account***") held by the Debtors in trust and solely for the benefit of the Debtor Professionals in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures described in Section 1.8(d) hereof and the Prepetition Secured Parties' and DIP Secured Parties' reversionary interest in any unused amounts. The Debtors shall pay only Allowed Professional Fees from the Funded Reserve Account, and all payments of Allowed Professional Fees incurred prior to the Carve-Out Termination Date shall be paid first from such Funded Reserve Account, provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Funded Reserve Account in the event the Funded Reserve Account does not have sufficient funds or has not be funded as provided above.

(c) Post-Carve-Out Trigger Notice Funding. On the day on which a Carve-Out Trigger Notice is given by the DIP Agent to counsel for the Debtors and the Committee (the "***Carve-Out Termination Date***"), the Carve-Out Trigger Notice shall be deemed a draw

request and notice of borrowing hereunder and also a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund (A) the Funded Reserve Account in an amount equal to the sum of (x) the amounts set forth in paragraphs (a)(i)-(iii) above, plus (y) the total amount of unpaid Allowed Professional Fees set forth in the "Professional Fees (Escrow Account Funding)" line item of the Approved Budget for any time before or on the first business day following the Carve-Out Termination Date, to the extent not already funded in accordance with Section 2.3(b) hereof, whether such fees have become Allowed Professional Fees prior to the Carve-Out Termination Date, plus (z) the amount set forth in paragraph (a)(v) above to an account designated by the Information Officer in the CCAA Recognition Proceedings for the beneficiaries of the Canadian Priority Charges (the "***Canadian Priority Reserve Account***"); and (B) a segregated escrow account held by the Debtors in trust for the benefit of Professional Persons in an amount equal to the Post-Carve-Out Trigger Notice Cap (the "***Post-Carve-Out Trigger Notice Reserve Account***" and, together with the Funded Reserve Account and the Canadian Priority Reserve Account, the "***Carve-Out Reserve Accounts***"). Prepetition Agent's, Prepetition Lender's, DIP Agent's, and DIP Lender's, in each case to the fullest extent applicable, claims, liens and security interests in any property of the Debtors, including, without limitation, the Prepetition Collateral, the DIP Collateral, Cash Collateral, the Prepetition Adequate Protection Superpriority Claim (as defined below), the DIP Superpriority Claim, any other adequate protection or superpriority claim, and any junior pre- or post-petition lien, interest or claim in favor of any other party, shall be subordinate to the Allowed Professional Fee Claims of the Professional Persons and other beneficiaries thereof as to all funds in the Carve-Out Reserve Accounts.

(d) No Direct Obligation To Pay Allowed Professional Fees. None of the DIP Secured Parties or Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any Successor Cases under any chapter of the Bankruptcy Code provided that the Carve-Out Reserve Accounts shall have been fully funded from cash on hand, Cash Collateral, or proceeds of the DIP Facility. Nothing in the Interim Orders shall be construed to obligate any of the DIP Secured Parties or Prepetition Secured Parties, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement, provided that the Carve-Out Reserve Accounts shall have been fully funded, and provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Carve-Out Reserve Accounts in the event the Carve-Out Reserve Accounts do not have sufficient funds or have not been funded as provided above. Notwithstanding anything herein, nothing shall require the DIP Secured Parties or Prepetition Secured Parties to provide any funding in excess of the DIP Commitment.

(e) Payment of Allowed Professional Fees Prior to the Carve-Out Termination Date. Any payment or reimbursement made prior to the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out; *provided* that, upon the full funding of the Carve-Out Reserve Accounts following the Carve-Out Termination Date, the Debtors' authorization to use Cash Collateral to fund the Carve-Out Reserve Accounts shall cease, and the liens and claims of the DIP Agent and DIP Lender shall cease being subordinated to the Carve-Out, each with respect to and to the extent of the amounts so funded.

(f) Payment of Carve-Out on or After the Carve-Out Termination Date. Any payment or reimbursement made on or after the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under the Interim Orders, the DIP Documents, the Bankruptcy Code, and applicable law.

2.4 Payment of Carve-Out. Payment from the Carve-Out Reserve Accounts, whether by or on behalf of DIP Agent or DIP Lender, shall not and shall not be deemed to reduce the DIP Obligations, and shall not be deemed to subordinate any of any of DIP Agent's or DIP Lender's liens and security interests in the Prepetition Collateral, any other DIP Collateral, the Prepetition Adequate Protection Superpriority Claim, or the DIP Superpriority Claim to any junior pre- or post-petition lien, interest or claim in favor of any other party other than the Carve-Out for Professional Persons.

2.5 Excluded Professional Fees.

(a) Notwithstanding anything to the contrary in the Interim Orders, no DIP Collateral (or proceeds thereof) nor any DIP Loans or any other credit or financial accommodations provided under or in connection with the DIP Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (I) the Prepetition Obligations or any Prepetition

Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; (B) invalidating, setting aside, avoiding, recharacterizing or subordinating, in whole or in part, (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; or (C) preventing, hindering or delaying DIP Agent's or DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any DIP Collateral in accordance with the terms and conditions of the DIP Term Sheet, the DIP Documents, and the Interim Orders other than reasonable and documented fees in connection with a good faith challenge of an asserted Event of Default and related Carve-Out Trigger Notice;

(ii) a request made to this Court to use Cash Collateral (as such term is defined in section 363 of the Bankruptcy Code) without the prior written consent of DIP Agent and Prepetition Agent;

(iii) a request made to this Court for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to section 364(c) or section 364(d) of the Bankruptcy Code or otherwise incur Indebtedness (as defined in the Prepetition Credit Agreement) without the prior written consent of DIP Agent (except to the extent permitted under the DIP Documents);

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against any DIP Secured Party or Prepetition Secured Party or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or

avoid any claim or interest or disgorge any payments under chapter 5 of the Bankruptcy Code or any applicable state law equivalents;

(v) the cost of a Committee's investigation into any claims against any Prepetition Secured Parties arising under or in connection with the Prepetition Loan Documents in excess of $25,000 (the "***Committee Investigation Budget***"); provided that no portion of the Committee Investigation Budget may be used to seek formal discovery or commence any challenge, objection, or prosecute any such Challenge, claims or causes of actions; or

(vi) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of any of the DIP Secured Parties or Prepetition Secured Parties under the Interim Orders, or which directly results in the occurrence of an Event of Default under this Second Interim Order or any DIP Documents.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of the Interim Orders, the DIP Term Sheet, the DIP Documents, and in accordance with the Approved Budget, Borrower shall be and are hereby authorized to use Cash Collateral for the period commencing on the date of the First Interim Order and terminating on the Carve-Out Termination Date, subject to the liens and security interests granted to Prepetition Agent and Prepetition Lender; provided that during the Remedies Notice Period (as defined herein) the Debtors may use Cash Collateral solely for the following amounts and expenses: (i) to fund the Carve-Out Reserve Accounts in accordance with Section 2.3 above; and (ii) to pay expenses critical to the administration of the Estates, as agreed by DIP Agent in its sole discretion. Nothing in the Interim Orders shall authorize the disposition of any assets of the Debtors or their Estates

outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in the Interim Orders, the DIP Documents and in accordance with the Approved Budget.

(b) Prepetition Replacement Lien. As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Borrower's use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the Carve-Out on a dollar-for dollar basis (collectively, the "***Diminution in Value***"), Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all DIP Collateral (the "***Prepetition Replacement Lien***"). The Prepetition Replacement Lien shall be junior and subordinate only to (A) the Carve-Out, (B) the Permitted Liens, and (C) the DIP Liens on the DIP Collateral to secure the DIP Obligations, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the DIP Collateral.

(c) Prepetition Adequate Protection Superpriority Claim. As adequate protection for the Diminution in Value, Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted, solely to the extent of the Diminution in Value, an allowed superpriority administrative expense claim pursuant to sections 503(b), 507(a), and 507(b) of the Bankruptcy Code in each of the Chapter 11 Cases and any successor bankruptcy cases (the "***Prepetition Adequate Protection Superpriority Claim***"). The Prepetition Adequate Protection Superpriority Claim shall be junior only to (A) the Carve-Out, and (B) the DIP Superpriority Claim, and shall otherwise have priority over all administrative expense claims and

unsecured claims against the Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(d) Adequate Protection Payments and Protections. Upon entry of the First Interim Order, as further adequate protection (the "***Adequate Protection Payments***") for the Diminution in Value, the Debtors are authorized and directed to provide adequate protection to the Prepetition Secured Parties in the form of payment in cash (regardless of the Approved Budget, and regardless of any Diminution in Value) for (i) the reasonable, documented fees, expenses, and disbursements (including without limitation, the reasonable and documented fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising prior to the Petition Date, and (ii) the reasonable, documented fees, expenses, and disbursements (including without limitation, the fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising subsequent to the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "***Event of Default***" under the Interim Orders: (a) any Debtor's failure to perform, in any respect, any of their obligations under the Interim Orders; or (b) the occurrence of an "Event of Default" under the DIP Term Sheet or any of the other DIP Documents, including the following:

(a) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the Permitted Variances; *provided, that*, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer;

(b) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognitions Orders or Approved Budget;

(c) modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders;

(d) failure of any of the Chapter 11 Milestones to be satisfied;

(e) failure by any Debtor to be in compliance in all material respects with the sections of the DIP Term Sheet entitled "Affirmative Consents" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) and "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of the DIP Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders;

(f) failure of any representation or warranty to be true and correct in all material respects;

(g) filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or pursuant to any other financing agreement made with the prior written consent of the DIP Agent;

(h) the filing of any applications by the Debtors for approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion;

(i) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties;

(j) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP orders or the Canadian DIP Recognition Orders;

(k) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or the DIP Term Sheet is not valid and binding, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral, cease to be valid and binding (without the prior written consent of the DIP Secured Parties);

(l) the filing with the Bankruptcy Court of any plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan;

(m) the appointment or entry in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been reversed, stayed, or vacated within thirty (30) days after the entry of such order;

(n) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate;

(o) failure to pay principal, interest or other DIP Obligations in full in cash when due, including, without limitation, on the Maturity Date;

(p) the allowance of any claim or claims under sections 506(c) and 552(b) against or with respect to any DIP Collateral;

(q) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties;

(r) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties;

(s) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan;

(t) the occurrence of any Material Adverse Change;

(u) any termination of the RSA or APA;

(v) the amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, or Other Priority Claim Backstop Amount;

(w) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; and

(x) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian Court of a bankruptcy order in respect of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.[4]

[4] Capitalized terms used but not otherwise defined in Section 3.1(a)–(x) shall have the meanings set forth in the DIP Term Sheet. For the avoidance of doubt, "***DIP Orders***" shall include the Interim Orders and the Final Order.

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of an Event of Default, (a) the Debtors shall be bound by all restrictions, prohibitions and other terms as provided in the Interim Orders, the DIP Term Sheet and the other DIP Documents, and (b) DIP Agent shall be entitled to take any act or exercise any right or remedy (subject to Section 3.4 below) as provided in the Interim Orders or the DIP Term Sheet or any of the other DIP Documents, as applicable, including, without limitation, declaring all DIP Obligations immediately due and payable, accelerating the DIP Obligations, ceasing to extend DIP Loans, setting off any DIP Obligations with DIP Collateral or proceeds in DIP Agent's or DIP Lender's possession, and enforcing any and all rights with respect to the DIP Collateral. DIP Agent and DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of the Debtors, or provide any other financial accommodations to the Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Loan Commitment. Upon the expiration, termination, or maturity of Borrower's authority to borrow or otherwise obtain other credit accommodations from DIP Agent and DIP Lender pursuant to the terms of the Interim Orders and the DIP Documents (except if such authority shall be extended with the prior written consent of DIP Agent, which consent shall not be implied or construed from any action, inaction or acquiescence by DIP Agent or DIP Lender), unless an Event of Default set forth in Section 3.1 above occurs sooner and the automatic stay has been lifted or modified pursuant to Section 3.4 of the Interim Orders, all of the DIP Obligations shall immediately become due and payable and DIP Agent and DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to the Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay; Remedies Notice Period.

(a) The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit DIP Agent and DIP Lender to perform any act authorized or permitted under or by virtue of the Interim Orders or the DIP Documents, as applicable, including, without limitation, (I)(A) to implement the DIP financing arrangements authorized by this Second Interim Order and pursuant to the terms of the DIP Documents, (B) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the DIP Collateral, (C) to assess, charge, collect, advance, deduct and receive payments with respect to the Prepetition Obligations or the DIP Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Documents (subject to Section 5.12 of the Interim Orders) and apply such payments to the Prepetition Obligations or DIP Obligations pursuant to the DIP Documents and/or the Interim Orders, as applicable, and (II) upon an Event of Default, (A) declare a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral, (B) to take any other action and exercise all other rights and remedies provided to it by the Interim Orders, the DIP Documents or applicable law other than those rights and remedies subject to the expiration of the Remedies Notice Period, and (C) charge interest at the default rate under the DIP Documents.

(b) In addition, and without limiting anything in Section 3.4(a) hereof, upon the filing of a Carve-Out Trigger Notice on the docket of these Chapter 11 Cases and the expiration of the five (5) business day period thereafter (the "***Remedies Notice Period***"), DIP Agent, acting on behalf of itself and DIP Lender, without further notice, application or order of the Court, shall be entitled to take any action and exercise all rights and remedies provided to it by

the Interim Orders, the DIP Documents or applicable law that DIP Agent may deem appropriate in its sole discretion to proceed against and realize upon the DIP Collateral or any other assets or properties of the Estates upon which DIP Agent, for the benefit of itself and DIP Lender, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all DIP Obligations. Notwithstanding anything to the contrary, any action that DIP Agent is otherwise permitted to take pursuant to the Interim Orders to (i) terminate the DIP Commitments, (ii) accelerate the DIP Loans, (iii) send blocking notices or activation notices pursuant to the terms of any deposit account control agreement, and (iv) repay any amounts owing in respect of the DIP Obligations (including, without limitation, fees, indemnities and expense reimbursements), in each case, shall not require any advance notice to the Debtors. During the Remedies Notice Period, the Debtors, the Committee, and/or any party in interest shall be entitled to seek an emergency hearing, and DIP Agent and DIP Lender shall consent to such emergency hearing so long as it occurs within the Remedies Notice Period; provided, that, (A) the sole issue the Debtors may bring before the Court at any such emergency hearing is whether an Event of Default has occurred, and (B) if such emergency hearing cannot be scheduled prior to the expiration of the Remedies Notice Period solely as a result of the Court's unavailability, the Remedies Notice Period shall be automatically extended to the date that is one (1) business day after the first date the Court is available.

Section 4. Representations; Covenants; and Waivers.

4.1 Reservation of Third-Party Challenge Rights. Notwithstanding anything in the Interim Orders, the stipulations, releases, agreements, and admissions contained in the Interim Orders, including, without limitation, paragraph G hereof (collectively, the "***Debtors' Stipulations***"), shall be binding in all circumstances on the Debtors, their respective Estates and any successor (including, without limitation, any estate representative or a chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors with respect thereto) provided that, the Debtors'

Stipulations shall be binding on each other party in interest, including, without limitation, the Committee, unless (a) any such party in interest with standing and authority (which the DIP Secured Parties and Prepetition Secured Parties hereby agree may be sought on an emergency basis), including the Committee, has timely filed a complaint or a motion seeking authority to commence litigation as a representative of the estate (a "***Challenge***") before the earliest of (i) the objection deadline for the Plan, (ii) sixty (60) calendar days from the date of appointment of the Committee by the U.S. Trustee, and (iii) seventy-five (75) calendar days from the Petition Date for all parties other than the Committee (the "***Challenge Period***") challenging the amount, validity, perfection, enforceability, priority, or extent of the Prepetition Obligations or Prepetition Liens, or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims, or causes of action, objections, contests, or defenses with respect to the Prepetition Obligations or Prepetition Liens and (b) such Challenge sets forth with specificity the basis for such challenge, and any challenges or claims not so specified prior to the expiration of the Challenge Period shall be deemed forever waived, released, and barred. For the avoidance of doubt, a party's commencement of a timely Challenge shall preserve the Challenge Period only with respect to such party. Nothing in the Interim Orders vests or confers on any Person (as defined in the Bankruptcy Code), including the Committee, standing or authority to pursue any Challenge or cause of action belonging to the Debtors or their respective Estates, including, without limitation, claims and defenses with respect to the Prepetition Credit Agreements or the Prepetition Liens on the Prepetition Collateral. If any Challenge is timely commenced, the Debtors' Stipulations shall nonetheless remain binding and conclusive (as provided in this paragraph) on the Debtors, the Committee, and any other person or entity, except as to any specific findings and admissions that were expressly and successfully

challenged in such Challenge as set forth in a final, non-appealable order of a court of competent jurisdiction. If no such Challenge is timely and properly filed, or if a Challenge is timely and properly filed but denied, (i) the Prepetition Obligations shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and the Prepetition Liens on and security interest in the Prepetition Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of first and senior priority, subject to only the Carve-Out and Permitted Liens, and (ii) Prepetition Agent and Prepetition Lender, and each of their respective participants, agents, officers, directors, employees, attorneys, professionals, successors, and assigns (each in their respective capacities as such) shall be deemed released and discharged from any and all claims and causes of action related to or arising out of the Prepetition Loan Documents, and shall not be subject to any further objection or challenge relating thereto or arising therefrom by any party at any time. Nothing contained in this Section 4.1(a) shall or shall be deemed or construed to impair, prejudice or waive any rights, claims or protections afforded to DIP Agent or DIP Lender in connection with the DIP Documents, and any other post-petition financial and credit accommodations provided by DIP Agent and DIP Lender to the Debtors in reliance on section 364(e) of the Bankruptcy Code and in accordance with the terms and provisions of the Interim Orders and the DIP Documents.

4.2 Debtors' Waivers. Prior to the indefeasible repayment in full in cash of all Prepetition Obligations and all DIP Obligations ("***Repayment in Full***"), any request by the Debtors of this Court without the prior consent of the DIP Agent with respect to the following shall also constitute an Event of Default: (a) to use Cash Collateral under section 363 of the Bankruptcy Code other than as provided in the Interim Orders, (b) to obtain post-petition loans or other

financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code, other than as provided in the Interim Orders or as may be otherwise expressly permitted pursuant to the DIP Documents, (c) to challenge the application of any payments authorized by the Interim Orders as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Prepetition Collateral is less than the Prepetition Obligations, (d) to propose, support or have a plan of reorganization or liquidation that is inconsistent with the Plan, Backyard Sale or RSA, or (e) to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of DIP Agent or DIP Lender as provided in the Interim Orders and the DIP Documents or DIP Agent's or DIP Lender's exercise of such rights or remedies; provided, however, that DIP Agent may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by any DIP Secured Party.

4.3 Section 506(c) Claims. Subject to entry of the Final Order, no costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against DIP Agent or DIP Lender, their respective claims, or the DIP Collateral pursuant to §§ 105 or 506(c) of the Bankruptcy Code or otherwise without the prior written consent of DIP Agent, and no such consent shall be implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender.

4.4 DIP Collateral Rights. Until the occurrence of Repayment in Full:

(a) no other party shall foreclose or otherwise seek to enforce any junior lien or claim in DIP Collateral and

(b) upon and after the delivery of a Carve-Out Trigger Notice and the expiration of the Remedies Notice Period, if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among

other things, (i) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (ii) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (iii) provide the DIP Agent and its representatives or agents, at all reasonable times access to the Debtors' books and records and any information or documents requested by the DIP Agent or their respective representatives, (iv) perform all other obligations set forth in the DIP Documents, and (v) take reasonable steps to safeguard and protect the DIP Collateral.

4.5 Release of DIP Secured Parties. Subject to entry of the Final Order, each of the Releasors hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the DIP Secured Parties and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***DIP Releasees***") of and from any and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any DIP Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, any so-called "lender liability" claims or defenses, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims,

set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the DIP Obligations, the DIP Documents, or the DIP Liens.

Section 5. Other Rights and DIP Obligations.

5.1 No Modification or Stay of This Second Interim Order. The DIP Agent and DIP Lender have acted in good faith in connection with the DIP Facility and with this Second Interim Order, and their reliance on this Second Interim Order is in good faith, and the DIP Agent and DIP Lender are hereby entitled to the full protections of section 364(e) of the Bankruptcy Code. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of the Interim Orders, the DIP Documents or any term hereunder or thereunder, (b) the failure to obtain a Final Order pursuant to Bankruptcy Rule 4001(c)(2), or (c) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "***Subject Event***"), (x) the acts taken by each of DIP Agent and DIP Lender in accordance with the applicable Interim Orders, and (y) the DIP Obligations incurred or arising prior to DIP Agent's actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of the applicable Interim Orders, and the acts taken by DIP Agent and DIP Lender in accordance with the Interim Orders, and the liens granted to DIP Agent and DIP Lender in the DIP Collateral, and all other rights, remedies, privileges, and benefits in favor of DIP Agent and DIP Lender pursuant to the Interim Orders and the DIP Documents shall remain valid and in full force and effect pursuant to section 364(e) of the

Bankruptcy Code. For purposes of this Second Interim Order, the term "appeal", as used in section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Second Interim Order by the Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. DIP Agent and Prepetition Agent, as applicable, shall have the right to waive any of the terms, rights and remedies provided or acknowledged in the applicable Interim Orders that are in favor of the DIP Secured Parties and Prepetition Secured Parties, respectively (the "***Lender Rights***"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any Lender Right(s). Any waiver by DIP Agent or Prepetition Agent of any Lender Rights shall not be or constitute a continuing waiver unless expressly provided therein. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject any of the DIP Secured Parties or Prepetition Secured Parties to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to any of the DIP Secured Parties or Prepetition Secured Parties.

5.3 Disposition of DIP Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral outside the ordinary course of business, other than pursuant to the terms of the DIP Term Sheet, this Second Interim Order, and the Approved Budget, without the prior written consent of DIP Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by DIP Agent or DIP Lender) and, in each case, an order of the Court.

5.4 Inventory. The Debtors shall not, without the consent of DIP Agent, (a) enter into any agreement to return any inventory to any of their creditors for application against any prepetition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights.

(a) The terms, conditions and provisions of this Second Interim Order are in addition to and without prejudice to the rights of each DIP Secured Party and Prepetition Secured Party to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Documents, the Prepetition Loan Documents, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the DIP Collateral or Prepetition Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons or other parties seeking compensation or reimbursement from the Estates and to pursue any and all rights and remedies against any Non-Debtor Loan Party.

(b) Likewise, the terms, conditions and provisions of this Second Interim Order are without prejudice to the rights of the Committee to object to entry of a final order and to pursue any and all rights, including those under the Bankruptcy Code.

5.6 Binding Effect.

(a) The provisions of the Interim Orders and the DIP Documents, the DIP Obligations, the Prepetition Adequate Protection Superpriority Claim, the DIP Superpriority

Claim and any and all rights, remedies, privileges and benefits in favor of each of DIP Agent and DIP Lender provided or acknowledged in the Interim Orders and any actions taken pursuant thereto, shall be effective immediately upon entry of this Second Interim Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other order converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Superpriority Claim and DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of the Interim Orders shall continue in full force and effect notwithstanding such dismissal until Repayment in Full, and (b) the Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event the Court modifies any of the provisions of this Second Interim Order or the DIP Documents following a Final Hearing, such modifications shall not affect the rights or priorities of DIP Agent and DIP Lender pursuant to this Second Interim Order with respect to the DIP Collateral or any portion of the DIP Obligations which arises or is incurred or is advanced prior to such modifications, and this Second Interim Order shall otherwise remain in full force and effect to such extent.

(d) This Second Interim Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted

bankruptcy case(s) of any Debtor. This Second Interim Order shall also inure to the benefit of the Debtors, DIP Agent, DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use; Additional Financing; Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Term Sheet and the other DIP Documents are made in reliance on the Interim Orders and there shall not at any time be entered in the Chapter 11 Cases, or in any Successor Case, any order (other than the Final Order) which authorizes the use of Cash Collateral, or the sale, lease, or other disposition of property of any Estate in which DIP Agent or DIP Lender have a lien or security interest, except as expressly permitted hereunder or in the DIP Documents, or authorizes under section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which DIP Agent or DIP Lender hold a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to DIP Agent and DIP Lender herein; unless, in each instance (x) DIP Agent shall have given its express prior written consent with respect thereto, no such consent being implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender, or (y) such other order requires Repayment in Full. The security interests and liens granted to or for the benefit of DIP Agent and DIP Lender hereunder and the rights of DIP Agent and DIP Lender pursuant to the Interim Orders and the DIP Documents with respect to the DIP Obligations and the DIP Collateral are cumulative.

(b) All DIP Obligations and Prepetition Obligations shall receive treatment under the Plan as set forth in the RSA, Plan Term Sheet, and DIP Term Sheet.

5.8 No Owner/Operator Liability. In determining to make any loan under the DIP Documents (including the negotiation thereof) and authorizing the use of Cash Collateral,

none of the DIP Secured Parties or the Prepetition Secured Parties shall be deemed to (i) be in control of the operations of the Debtors or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute) or (ii) owe any fiduciary duty to any of the Debtors. Furthermore, nothing in the Interim Orders shall in any way be construed or interpreted to impose or allow the imposition upon any of the DIP Secured Parties or the Prepetition Secured Parties of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors and their respective affiliates (as defined in section 101(2) of the Bankruptcy Code).

5.9 Marshalling; 552(b) Waiver. Subject to entry of the Final Order, (a) none of the DIP Secured Parties or the Prepetition Secured Parties shall be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds of DIP Collateral shall be received and applied in accordance with the DIP Documents and the Prepetition Credit Agreements as applicable, (b) the DIP Secured Parties and the Prepetition Secured Parties are and shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and (c) the "equities of the case" exception under section 552(b) shall not apply to any of the Prepetition Secured Parties, DIP Secured Parties, DIP Obligations, or Prepetition Obligations.

5.10 Right of Setoff. To the extent any funds were on deposit with Prepetition Agent as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Prepetition Agent or Prepetition Lender immediately prior to the

filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "***Deposited Funds***") are subject to rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Prepetition Agent and/or Prepetition Lender, as applicable, pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any Sale: (a) DIP Agent (on behalf of DIP Lender) shall have the right to credit bid on a dollar-for-dollar basis, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) subject to the challenge rights set forth in Section 4.1 hereof, Prepetition Agent (on behalf of the Prepetition Lender) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Secured Obligations, (c) each of the DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective secured parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and (d) each of the Debtors, the Prepetition Secured Parties, and DIP Secured Parties acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, up to the full amount of their respective DIP Obligations and/or Prepetition Obligations,

5.12 Payment and Review of Lender Professional Fees and Expenses. Each Debtor shall pay all reasonable and documented professional fees and other expenses of the

Prepetition Secured Parties and the DIP Secured Parties, whether incurred before or after the Petition Date; provided, that the Debtors shall pay all such reasonable and documented fees and expenses within ten (10) business days of delivery of a statement or invoice for such fees and expenses (it being understood that such statements or invoices may be in summary form and shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee and the Committee, unless, within such seven (7) business day period, the Debtors or the Committee serve a written objection upon the requesting party, in which case, the Debtors shall immediately pay such amounts that are not the subject of any objection and pay the withheld amount as subsequently agreed by the parties or ordered by the Court to be paid.

5.13 Access to DIP Collateral. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of DIP Agent and DIP Lender contained in the Interim Orders, the DIP Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Term Sheet, upon reasonable prior written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing, DIP Agent may, subject to the applicable notice provisions, if any, in this Second Interim Order and any separate applicable agreement by and between such landlord and DIP Agent, enter upon any leased premises of the Debtors or any other party for the purpose of exercising any remedy with respect to DIP Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder, provided that DIP Agent shall be obligated only to pay rent of the Debtors that first accrues after the written notice referenced above and that is payable during the period of such occupancy by DIP Agent, calculated on a daily per

diem basis. Nothing herein shall require DIP Agent to assume any lease as a condition to the rights afforded in this paragraph. For the avoidance of doubt, subject to (and without waiver of) the rights of DIP Agent under applicable nonbankruptcy law, DIP Agent can only enter upon a leased premises after an Event of Default in accordance with (i) a separate agreement with the landlord at the applicable leased premises, or (ii) upon entry of an order of the Court obtained by motion of DIP Agent on such notice to the landlord as shall be required by the Court.

5.14 Indefeasible Payment. All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason except as may occur pursuant to application of Section 4.1 of the applicable Interim Orders, Reservation of Third-Party Challenge Rights.

5.15 Term; Termination. Notwithstanding any provision of the Interim Orders to the contrary, the term of the financing arrangements among the Debtors, DIP Agent and DIP Lender authorized by this Second Interim Order may be terminated pursuant to the terms of the DIP Term Sheet.

5.16 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Documents, the Motion, and this Second Interim Order, the terms and provisions of this Second Interim Order shall govern.

5.17 Objections Overruled. All objections to the entry of this Second Interim Order are (to the extent not withdrawn, waived, or settled) hereby overruled.

5.18 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Second Interim Order, the DIP Term Sheet, and the other DIP Documents.

Section 6. Final Hearing and Objection Deadline.

The Final Hearing on the Motion pursuant to Bankruptcy Rule 4001(c)(2) is scheduled for June 13, 2024 at 9:30 a.m. (Central Time) before the Court. The Debtors shall promptly mail copies of this Second Interim Order to the Notice Parties, and to any other party that has filed a request for notices with the Court and to the Committee's counsel. Such notice is deemed good and sufficient and that no further notice need be given. The Committee shall have until June 11, 2024, at 5:00 p.m. (Central Time) to serve and file written objections (the "***Committee Objection Deadline***").

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and –

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

EXHIBIT A

DIP Term Sheet

KIDKRAFT, INC.

Priming Superpriority Debtor-In-Possession Financing
Term Sheet

Dated as of April 25, 2024

This Priming Superpriority Debtor-in-Possession Financing Term Sheet (including all schedules, annexes and exhibits hereto, this "**Term Sheet**") describes the principal terms and conditions of a proposed DIP Facility to be provided by the DIP Lender to the Borrower in connection with cases (collectively, the "**Chapter 11 Cases**") to be filed by the Debtors in the United States Bankruptcy Court for the Northern District of Texas (the "**Bankruptcy Court**") pursuant to chapter 11 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**") on or around May 6, 2024 (the date of filing, the "**Petition Date**") and proceedings to be commenced pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**" and the related recognition proceedings, the "**CCAA Recognition Proceedings**") in the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**").

The parties contemplate the sale of the Debtors' assets to Backyard Products, LLC or its designee (the "**Backyard Sale**") pursuant to that certain Asset Purchase Agreement (the "**APA**") dated as of the date hereof between KidKraft, Inc., and certain of its affiliates and Backyard Products, LLC (the "**Purchaser**") and an orderly wind down pursuant to a chapter 11 plan (the "**Plan**") to be consummated in the Chapter 11 Cases pursuant to that certain Restructuring Support Agreement to which this Term Sheet is attached (the "**RSA**") and the Plan Term Sheet attached thereto (the "**Plan Term Sheet**").

This Term Sheet is being provided on a confidential basis and it, along with its contents and existence, may not be distributed, disclosed or discussed with any other party. This Term Sheet is not an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or to subscribe for any securities. The terms and conditions set forth in this Term Sheet do not constitute or create an agreement, obligation or commitment of any kind by or on behalf of any party, unless and until executed by each of the undersigned parties hereto.

BORROWER:	KidKraft, Inc. ("**KidKraft**" or "**Borrower**")
GUARANTORS:	The affiliates of KidKraft listed on Schedule 1 hereto (such affiliates and KidKraft, Inc., each a "**Debtor**" and collectively, the "**Debtors**"), as may be modified with the consent of the DIP Agent and any additional guarantor.
DIP LENDER:	1903 Partners, LLC (the "**DIP Lender**")
DIP AGENT:	GB Funding, LLC (the "**DIP Agent**", and together with the DIP Lender, the "**DIP Secured Parties**")
DIP COMMITMENT:	The DIP Lender agrees to make senior secured superpriority priming debtor-in-possession loans (each, a "**DIP Loan**" and

	in the aggregate, the "**DIP Loans**") to Borrower from time to time pursuant to a multi-draw debtor-in-possession term loan facility (the "**DIP Facility**") in an aggregate amount (i) not to exceed at any time outstanding aggregate commitments of $10.5 million (the "**DIP Commitment**") consisting of a $4.0 million DIP Commitment as of the Interim Closing Date (the "**Interim Commitment**") and an incremental $6.5 million DIP Commitment as of the Final Closing Date (the "**Final Commitment**") *plus* (ii) the Roll-Up Amount.
PURCHASE PRICE CALCULATION:	Every Wednesday beginning the first full calendar week following the Petition Date, the Debtors shall deliver an updated calculation of the "Purchase Price at close" in accordance with Exhibit B of the APA as though the Backyard Sale was closing on such date (each such calculation, a "**Purchase Price Calculation**") to the DIP Agent and the Purchaser. If the aggregate "Purchase Price at close" in any such Purchase Price Calculation is 20% or more below the Example Purchase Price Calculation set forth in the Exhibit B of the APA, it shall be deemed a "**Negative Purchase Variance**."
ROLL UP:	Upon entry of the Interim Order, $23.3 million of the Prepetition Obligations shall be "rolled up" and converted into DIP Loans on a dollar-for-dollar cashless basis (the "**Roll-Up Amount**").
CASH COLLATERAL:	"**Cash Collateral**" consists of: (i) cash collateral (as such term is defined in section 363(a) of the Bankruptcy Code, including, without limitation, any accounts receivable and general intangible and any other cash or right that would be included in such definition of "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code) including, without limitation, all cash or cash equivalents and other amounts, including the cash in any deposit or securities accounts, wherever located; (ii) any cash or cash equivalents received as proceeds of Prepetition Collateral or DIP Collateral; and (iii) all other cash or cash equivalents of the Debtors. Subject to the terms of the DIP Documents, the Prepetition Secured Parties (as defined below) shall consent to the Debtors' use of Cash Collateral during the Chapter 11 Cases and CCAA Recognition Proceedings to fund (i) working capital, (ii) general corporate purposes, (iii) restructuring costs and expenses, and (iv) any other fees required under the DIP Documents and the other definitive documentation during the pendency of the Chapter 11 Cases and CCAA Recognition

	Proceedings, in each case, subject to the Approved Budget (as defined below), including the Permitted Variances. To the extent any amounts required to be funded under this Term Sheet, the DIP Documents, the RSA, the Plan, or the APA or any other document or order (including the Administrative Expense Claim,Priority Tax Claim, and Other Priority Claim Backstop Amount, Post-Sale Reserve, and Foreign Sale Reserve) are not actually expended, such amounts shall be deemed Cash Collateral and distributed to the DIP Agent or Prepetition Agent, as applicable.
CLOSING DATES:	"**Interim Closing Date**" means the date on which the "Conditions Precedent to Each Interim DIP Loan" (including, without limitation, entry of the Interim Order) are satisfied or waived in accordance with this Term Sheet. "**Final Closing Date**" means the date on which the "Conditions Precedent to Each Final DIP Loan" as set forth below (including, without limitation, entry of the Final Order) shall have been satisfied or waived in accordance with this Term Sheet.
DIP LOAN DOCUMENTATION:	At the option of the DIP Lender in its sole discretion, Debtors shall execute definitive financing documentation with respect to the DIP Loans, including, without limitation, all guaranties thereof, satisfactory in form and substance to each of the DIP Lender and Debtors (and together with this Term Sheet and other documents governing the DIP Facility, the "**DIP Documents**"). The provisions of the DIP Documents shall, upon execution, supersede the provisions of this Term Sheet. The provisions of the DIP Documents shall be substantially the same as the Prepetition Loan Documents with such changes as are necessary to reflect the terms of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders (once entered). "**Canadian DIP Recognition Orders**" shall mean, as applicable, an order (after hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral situated in Canada), recognizing and giving effect in Canada to: (i) the Interim Order (the "**Interim DIP Recognition Order**," and together with the Interim Order, the "**Interim Orders**"), and (ii) the Final Order (the "**Final DIP Recognition Order**" and together with the Final Order, the "**Final Orders**").

	In addition to the provisions set forth herein, the DIP Orders and the Canadian DIP Recognition Orders shall contain additional customary protections for the DIP Lenders. Each of the parties' rights and obligations hereunder shall be subject to entry of the DIP Orders and the Canadian DIP Recognition Orders.
ACKNOWLEDGMENT; RATIFICATION:	Each Debtor hereby acknowledges, confirms, and agrees that: (i) as of the Petition Date, the Debtors are jointly and severally indebted under and in connection with that certain *Amended and Restated First Lien Credit Agreement* dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V. as borrowers, KidKraft Intermediate Holdings, LLC ("**Holdings**"), the subsidiaries of Holdings that are guarantors thereto (collectively, with Holdings, the "**Guarantors**") GB Funding, LLC in its capacity as administrative agent and collateral agent (the "**Prepetition Agent**"), and 1903 Partners, LLC in its capacity as Lender (the "**Prepetition Secured Lender**", and together with the Prepetition Agent, the "**Prepetition Secured Parties**") (as may be amended, supplemented or otherwise modified from time to time, the "**Prepetition Credit Agreement**", and together with all related security agreements, collateral agreements, pledge agreements, control agreements, guarantees, the "**Prepetition Loan Documents**") in the aggregate principal amount of not less than $144.9 million (together with any other amounts outstanding under the Prepetition Credit Agreement, including interest costs, expenses, indemnification obligations, and fees (including attorneys' fees and legal expenses) (collectively, the "**Prepetition Obligations**")); (ii) the Prepetition Obligations constitute the legal, valid and binding obligations of each Debtor enforceable against it in accordance with the terms thereof, and each Debtor has no valid defense, offset or counterclaim to the enforcement of such obligations; (iii) the Prepetition Obligations are secured by valid, enforceable and perfected (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) first priority and senior security interests in and liens (subject in priority only to those "Liens" permitted under Section 7.01 of the

	Prepetition Credit Agreement (the "**Prepetition Permitted Liens**") and the DIP Liens) upon all of the Debtors' assets and property other than Excluded Assets, Excluded Receivables and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "**Prepetition Collateral**"), including Cash Collateral; (iv) each of the Prepetition Loan Documents to which it is a party was duly executed and delivered by such Debtor, and each is in full force and effect as of the date hereof; (v) the Prepetition Secured Parties are and shall be entitled to all of the rights, remedies and benefits provided for in the Prepetition Loan Documents and the DIP Orders; and (vi) all of the terms and conditions of the Prepetition Loan Documents, as amended and supplemented pursuant hereto and pursuant to the DIP Orders and the Canadian DIP Recognition Orders, are ratified, restated, assumed, adopted and affirmed, and each Debtor agrees (a) to be fully bound, as debtor and debtor-in-possession, by the terms of the Prepetition Loan Documents to which such Debtor is a party, (b) to pay all of the Prepetition Obligations in accordance with the terms of such Prepetition Loan Documents and in accordance with the DIP Orders, and (c) each of the Prepetition Loan Documents are hereby incorporated herein by reference and hereby are and shall be deemed adopted and assumed in full by each Debtor, each as Debtor and debtor-in-possession, and considered as agreements between such Debtor, on the one hand, and the Prepetition Secured Parties on the other hand. The Interim Order and Final Order shall include typical acknowledgments regarding the validity and priority of the Prepetition Secured Parties and Prepetition Obligations.
CHALLENGE PERIOD:	The "ACKNOWLEDGMENT; RATIFICATION" section of this Term Sheet and portion of the "RELEASES" sections of this Term Sheet pertaining to the Prepetition Obligations, Prepetition Loan Documents, and Prepetition Secured Parties shall be subject to a typical "challenge period" (the "**Challenge Period**") to be set forth in the Interim Order and Final Order, which Challenge Period shall expire prior to the date that the Plan is confirmed by the Bankruptcy Court.

CARVE-OUT:	"**Carve-Out**" shall mean the sum of: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code *plus* interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise all unpaid fees, costs, disbursements and expenses (the "**Allowed Professional Fees**") incurred or earned by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Committee (if any) pursuant to sections 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**," and, together with the Debtor Professionals, the "**Professional Persons**") at any time on or before the first business day following delivery by the DIP Lender to the Debtors of a Carve-Out Trigger Notice (as defined in the Interim Order and Final Order), but shall not include any restructuring, sale, transaction or other "success" fee except for such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; (a) Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility or cash on hand, a segregated account (the "**Funded Reserve Account**") held by the Debtors in trust for the benefit of the Debtor Professionals in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures herein in the "Debtor Professional Budget and Reporting" section. (iv) Allowed Professional Fees of the Professional Persons in an aggregate amount not to exceed $150,000 accrued after the first business day following delivery by the DIP Agent of a Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, final order, or otherwise; and (v) an amount up to the amount secured by and necessary to fund the Administration Charge (as defined below) for the

	beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings.
USE OF PROCEEDS:	Proceeds of the DIP Loans (and Cash Collateral) will be used solely in accordance with the Approved Budget (as defined below) for (a) working capital and general corporate purposes of the Debtors, (b) restructuring costs and expenses, (c) costs and expenses related to the DIP Facility, (d) payment of interest on the DIP Loans, and (e) other costs to ensure consummation of the Plan. Neither proceeds of the DIP Loans nor any Cash Collateral shall be used (i) to permit the Borrower, the Guarantors or any other party-in-interest or any of their representatives to challenge or otherwise contest or institute any proceeding to determine (x) the validity, perfection or priority of security interests in favor of any of the DIP Secured Parties or the Prepetition Secured Parties, or (y) the enforceability of the obligations of the Debtors under the DIP Documents or the Prepetition Loan Documents, (ii) to investigate, commence, prosecute or defend any claim, motion, proceeding or cause of action against any of the DIP Secured Parties or the Prepetition Secured Parties, each in such capacity, and their respective agents, attorneys, advisors or representatives.
APPROVED BUDGET; APPROVED CASH FLOW PROJECTION; AND VARIANCE REPORTS:	By no later than two (2) Business Days before the Petition Date, Debtors shall deliver to the DIP Lender a weekly budget for the 9-week period commencing on the Petition Date, and such weekly budget shall be approved by the DIP Lender and the Purchaser (such consent, which shall not be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser) and shall set forth, among other things, all projected cash receipts, sales, and cash disbursements, a copy of which is attached as **Exhibit A** hereto (the "**Approved Budget**"). Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other time as the Debtors may elect with the consent of the DIP Lender), the weekly budget shall be updated, and if such updated budget is in form and substance satisfactory to the DIP Lender and the Purchaser (such consent, which shall not be unreasonably withheld, conditioned, or delayed, other

	than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), it shall become the "Approved Budget" for purposes of this Term Sheet and the DIP Orders. Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of the DIP Lender) the Debtors shall deliver to the DIP Lender a variance report in form and substance reasonably acceptable to the DIP Lender (an "**Approved Variance Report**") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, Debtors shall deliver to the DIP Lender, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "**Permitted Variances**" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons) line-items in the Approved Budget, (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "**Professional Fee Variance**") in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing to begin three (3) weeks from the Petition Date, except that the Professional Fee Variance shall be calculated weekly and not on a rolling four (4) week basis. Any amendments, supplements or modifications to the Approved Budget or an Approved Variance Report shall be subject to the prior written approval of the DIP Lender in its sole discretion prior to the implementation thereof. Other than as set forth below in the "Debtor Professional Budgeting and Reporting" section of this term sheet, if any Professional Person exceeds the Professional Fee Variance, such Professional Person will, if requested by the DIP Lender within two (2) Business Days of receipt of such adverse variance report, make a representative available to meet and

	confer with the DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "**Meet and Confer**"). If the DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, the DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein. To the extent the amount of actual fees and expenses of any Professional Person is less than the amount set forth in the Approved Budget on a weekly basis, such amount for such Professional Person may be rolled forward to increase the amount available to the applicable Professional Person in any subsequent week.
DEBTOR PROFESSIONAL BUDGETING AND REPORTING	Notwithstanding anything to the contrary herein, the following requirements shall apply to each Debtor Professional. (i) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "**Debtor Professional Report**"). (ii) The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "**Review Period**"). (a) If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Funded Reserve Account. (b) If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. (c) At the conclusion of the Meet and Confer, if the DIP Agent elects to declare an Event of Default, the Debtors

	shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documentation, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Term Sheet after a Meet and Confer is requested.
ADMINISTRATIVE EXPENSE CLAIM, PRIORITY TAX CLAIM, AND OTHER PRIORITY CLAIM BACKSTOP AMOUNT:	The amount, to be agreed upon by the Debtors and both the DIP Lender and Backyard Products, LLC, each in its sole discretion, and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims excluding Allowed Professional Fee Claims; *provided*, *that* in no event will the DIP Lender's obligation to provide such funding exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount (as defined and set forth in the Plan).
FIRST PRIORITY SECURITY INTEREST:	All DIP Loans and other liabilities and obligations of Debtors to the DIP Secured Parties under or in connection with this Term Sheet, the DIP Documents, and the DIP Orders (collectively, the "**DIP Obligations**") shall be: (i) pursuant to section 364(c)(1) of the Bankruptcy Code, constitute an allowed superpriority administrative expense claim (the "**DIP Superpriority Claim**") in the Chapter 11 Cases of the Debtors with priority over any and all administrative expenses, whether heretofore or hereafter incurred, of the kind specified in sections 503(b) or 507(a) of the Bankruptcy Code but shall be subject to the Carve-Out and, shall be payable from the proceeds of DIP Collateral; (ii) pursuant to sections 364(c)(2), secured by a perfected first priority lien on the DIP Collateral, to the extent that such DIP

	Collateral is not subject to valid, perfected, and non-avoidable liens as of the Petition Date (but in all cases subject to the Carve-Out); (iii) pursuant to section 364(c)(3), secured by a perfected junior lien on DIP Collateral (as defined below), to the extent such DIP Collateral is subject to a Permitted Lien; (iv) pursuant to section 364(d) of the Bankruptcy Code, secured by the DIP Liens, which shall constitute a perfected, senior secured superpriority priming security interest and lien on the DIP Collateral (but in all cases subject to the Carve-Out); and (v) pursuant to the Canadian DIP Recognition Orders, secured by a super-priority CCAA Court-ordered charge upon DIP Collateral which is property of a Debtor formed under the laws of Canada (the "**Canadian Debtors**") or DIP Collateral situated in Canada (all such collateral, the "**Canadian Collateral**"). For clarity, all existing liens, including the liens granted in connection with the Prepetition Loan Documents shall be primed and made subject to and subordinate to the DIP Liens. The DIP Liens shall not be *pari passu* with or subordinated to any other liens or security interests (whether currently existing or hereafter created), except (i) the Carve-Out, (ii) such liens or interests expressly agreed upon in writing by the DIP Agent in its sole discretion, (iii) with respect to the Canadian Collateral, (A) the super-priority administration charge to be established by the CCAA Court on the Canadian Collateral in the Supplemental Order (Foreign Main Proceeding) as security for the professional fees and disbursements of Canadian counsel to the Debtors, the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings (the "**Information Officer**") and legal counsel to the Information Officer incurred in respect of the CCAA Recognition Proceedings in an amount not to exceed C$750,000 (the "**Administration Charge**"), and (B) the super-priority charge to be established by the CCAA Court on the Canadian Collateral in the Supplemental Order (Foreign Main Proceeding), securing an indemnity by KidKraft and the Canadian Debtors in favor of their directors and officers against certain Canadian obligations or liabilities that they may incur as directors and officers of KidKraft and the Canadian Debtors on or after the commencement of the

	CCAA Recognition Proceedings in an amount not to exceed C$100,000 (the "**Directors' Charge,** and together with the Administration Charge, the "**Canadian Priority Charges**") or (iv) such priming liens or interests imposed by applicable non-bankruptcy law and disclosed to the DIP Agent prior to the entry of the Interim Order, are in existence as of the Petition Date, and otherwise unavoidable (collectively, the "**Permitted Liens**"). For the avoidance of doubt, the Permitted Liens shall not include any liens which are junior in priority to the liens held by the Prepetition Secured Parties.
GRANT OF SECURITY INTEREST:	As collateral security for the prompt performance, observance, and payment in full of the DIP Obligations, each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to the DIP Agent, for the benefit of the DIP Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**DIP Liens**"). As collateral security for the prompt performance, observance, and payment in full of the Adequate Protection Superpriority Claim (as defined below), each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to Prepetition Agent, for the benefit of the Prepetition Secured Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**Replacement Lien**").
ADEQUATE PROTECTION:	As adequate protection for any diminution of the Prepetition Secured Parties' interest in the Prepetition Collateral resulting from the use of Cash Collateral, the subordination of their existing liens to the DIP Liens, and the imposition of the Carve-Out, the Prepetition Secured Parties shall receive: (i) pursuant to sections 361, 363(e), and 364(d)(l) of the Bankruptcy Code, the Replacement Lien, which shall be subject and subordinated only to the Carve-Out, the DIP Liens, and the Permitted Liens; (ii) an administrative expense claim, junior and subordinate only to the Carve-Out and the DIP Superpriority Claim with priority over any and all other administrative expenses (the "**Adequate Protection Superpriority Claim**"); and (iii) payment of all reasonable, documented out-of-pocket costs and expenses of the Prepetition Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without

	limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors). Such adequate protection shall in all cases be subject to the Carve-Out and shall be entitled to the full protections of Section 507(b) of the Bankruptcy Code and shall be payable from Avoidance Actions upon entry of the Interim Order. The Prepetition Secured Parties reserve all rights with respect to additional adequate protection, including adequate protection payments substantially equal to interest on the Prepetition Obligations.
DIP COLLATERAL:	"**DIP Collateral**" means, collectively, all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and upon entry of the Final Order, avoidance actions under chapter 5 of the Bankruptcy Code and proceeds thereof (collectively, the "**Avoidance Actions**"). For the avoidance of doubt, any amounts paid by Purchaser to the Debtors in the event of a breach or termination of the APA shall be Cash Collateral. The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by the DIP Agent in order to claim or perfect such rents, issues, products, or proceeds. The Debtors shall take all action that may be reasonably necessary or desirable or that the DIP Agent may reasonably request, to at all times maintain the validity, perfection, enforceability and priority of the security interest and liens of the DIP Agent in the DIP Collateral, or to enable the DIP Agent to protect, exercise or enforce its rights hereunder, under the DIP Orders, the Canadian DIP Recognition Orders and in the DIP Collateral.
DIP FEES:	The Debtors shall pay the (A) DIP Lender (i) an origination fee of 2.00% of the DIP Commitment, which shall be fully

	earned and non-refundable on the Interim Closing Date, and shall be paid from the proceeds of the initial funding of DIP Loans, and (ii) an exit fee of 2.00% of the DIP Commitment, which shall be fully earned and non-refundable upon consummation of the Plan and (B) the DIP Agent, a weekly administrative fee of $7,500.
INTEREST RATE:	The interest rate on the DIP Loans shall be a rate per annum equal to Adjusted Term SOFR for an Interest Period (as such terms are defined in the Prepetition Credit Agreement) of one month plus 8.50%. Interest shall be paid at the end of each Interest Period in cash, using Cash Collateral or proceeds of the DIP Loans. On the last day of each Interest Period the interest rate on the outstanding DIP Loans will be automatically deemed continued at Adjusted Term SOFR for an Interest Period of one month determined as of such date. Interest shall be paid monthly on the DIP Loans in cash, using Cash Collateral or proceeds of the DIP Loans.
DEFAULT RATE:	At all times following the occurrence and during the continuance of an Event of Default, principal, interest and other amounts due on the DIP Loans shall bear interest at a rate equal to the "Interest Rate" section above *plus* 3.00%.
MATURITY DATE:	The DIP Loans (together with all other DIP Obligations) shall mature and be due and payable on the earliest to occur of the following (such date, the "**Maturity Date**"): (i) the date that is sixty (60) days after the Petition Date (the "**Outside Date**"), which may be extended in the sole discretion of the DIP Lender; (ii) the date which is thirty (30) days following the entry of the Interim Order if the Bankruptcy Court has not entered the Final Order on or prior to such date; (iii) the date of the Debtors' receipt of notice of the acceleration of any of the DIP Loans and the termination of the commitments to make the DIP Loans resulting from the occurrence of an Event of Default (including, without limitation, the failure to meet any Chapter 11 Milestone set forth in the RSA (collectively, the "**Chapter 11 Milestones**")); (iv) the effective date of the Plan;

	(v)a sale of all or substantially all of the Debtors' assets is consummated under Section 363 of the Bankruptcy Code (which for the avoidance of doubt shall include the Backyard Sale after the occurrence of the Sale Toggle (as defined in the Plan Term Sheet)); and (vi) the filing of a motion by the Debtors seeking dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the filing of a motion by the Debtors seeking to convert any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, the conversion of any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or entry of an order appointing a trustee under chapter 11 of the Bankruptcy Code, a responsible officer or examiner with enlarged powers relating to the operation of the Debtors' business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1106 of the Bankruptcy Code, the making of an assignment in bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case without the prior written consent of the DIP Agent.
OPTIONAL PREPAYMENTS:	The Debtors may prepay the DIP Loans in whole or in part at any time without premium or penalty. All optional prepayments shall be applied to the DIP Loans in accordance with the Prepayment Waterfall set forth below. Any amounts so prepaid may not be reborrowed.
MANDATORY PREPAYMENTS; APPLICATION OF PREPAYMENTS:	The Debtors shall pay or prepay the DIP Loans and all other DIP Obligations (together with a cash reserve established for the benefit of the DIP Agent to cover asserted contingent and indemnity obligations) in accordance with the Prepayment Waterfall, in each case after funding the Carve-Out, reserving proceeds sufficient to pay accrued and unpaid expenses to the extent set forth in the Approved Budget, and reserving for amount secured by and necessary to fund the Canadian Priority Charges (without duplication), upon receipt of any of the following (each, a "**Mandatory Prepayment Event**"): (i) net proceeds of any sale or disposition of all or substantially all of Debtors' assets pursuant to section 363 of

	the Bankruptcy Code simultaneous with the consummation thereof, other than the Backyard Sale. (ii) net proceeds of any other sale or other disposition by any Debtor of any assets, in a single transaction or series of related transactions, having a value in excess of $10,000 (except for the sale of goods or services in the ordinary course of business, sales contemplated by the Approved Budget, and certain other sales to be agreed on); and (iii) 100% of the net proceeds of extraordinary receipts (including tax refunds, indemnity payments, pension reversions, acquisition purchase price adjustments and insurance proceeds not included as proceeds of asset dispositions) by any Debtor, excluding any tax refunds contemplated to be received by any of the Debtors as set forth in the Approved Budget. Any amounts so paid or prepaid may not be reborrowed. No reinvestment of the proceeds of any extraordinary receipts, asset sales or other proceeds described above shall be permitted without the prior written consent of the DIP Lender. All payments or prepayments and proceeds of DIP Collateral received by the Debtors outside the ordinary course of business (other than the Backyard Sale) will be applied in the following order of priority (the "**Prepayment Waterfall**" (unless otherwise determined by the DIP Lender in its sole discretion)), in each case after funding the Carve-Out, reserving proceeds sufficient to pay accrued and unpaid expenses to the extent set forth in the Approved Budget, and reserving for amount secured by and necessary to fund the Canadian Priority Charges (without duplication): (i) *first*, to pay all reasonable documented out-of-pocket expenses of the DIP Secured Parties (including, without limitation, reasonable and documented out-of-pocket fees and expenses of counsel and external advisors); (ii) *second*, to pay an amount equal to all accrued and unpaid interest (including, without limitation, any interest that accrued and was "paid in kind") owing to the DIP Secured Parties;

	(iii) *third*, to repay any principal amounts outstanding in respect of the DIP Loans (including any amounts, other interest, that have been added to the principal balance); and (iv) *fourth*, all other amounts owing to the DIP Secured Parties. Proceeds from the Backyard Sale shall be distributed in accordance with the Plan.
INDEFEASIBLE PAYMENT:	All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason.
CONDITIONS PRECEDENT TO EACH INTERIM DIP LOAN:	The obligations of the DIP Lender to make any Interim DIP Loans will be subject to satisfaction, or written waiver, by the DIP Lender in its sole and absolute discretion, of each of the following conditions precedent in connection with each draw request: (i) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Interim DIP Loan; (ii) Debtors shall have timely delivered to the DIP Lender the Approved Budget or any update thereto required to be delivered in accordance with this Term Sheet; (iii) Debtors shall have delivered to the DIP Agent a Closing Certificate, duly executed by the chief executive officer, president, or chief financial officer of the Borrower and appropriately completed, by which such officer shall certify to the DIP Agent all of the conditions precedent to the Interim DIP Loans have been satisfied (at any time delivered, a "**Closing Certificate**"); (iv) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances;

	(v) Debtors shall be in compliance with and satisfied the applicable Chapter 11 Milestones; (vi) the interim order has been entered by the Bankruptcy Court (after a hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral) and shall not have been reversed, modified, amended, stayed or vacated, or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Interim Order**"), and the Debtors shall be in compliance in all respects with the Interim Order; (vii) the DIP Lender shall be satisfied that the DIP Liens have been properly perfected and shall constitute first-priority liens (subject only to Permitted Liens); (viii) all reasonable, documented fees and out-of-pocket expenses of the DIP Secured Parties relating to the DIP Facility (including, without limitation, the reasonable, documented fees and out-of-pocket expenses of their counsel and external advisors) shall have been paid in full to the extent invoiced at least two (2) business days prior; (ix) Debtors shall have insurance (including, without limitation, commercial general liability and property insurance) with respect to the DIP Collateral in such amounts and scope as is customary for companies similarly-situated to the Debtors and otherwise reasonably acceptable to the DIP Agent, and the DIP Agent shall have received additional insured and loss payee endorsements, as applicable, with respect thereto, in form and substance reasonably acceptable to the DIP Agent; (x) the DIP Agent shall have received the results of a recent lien, tax, and judgment search in each relevant jurisdiction with respect to Debtors, and such search shall reveal no liens on any of the assets of Debtors other than Permitted Liens and Permitted Prepetition Liens; (xi) no Event of Default shall have occurred and be continuing on the Interim Closing Date, or after giving effect to the Interim DIP Loan; (xii) all representations and warranties of the Debtors hereunder shall be true and correct in all material respects;

	(xiii) subject to Bankruptcy Court approval, (i) each Debtor shall have the corporate power and authority to make, deliver and perform its obligations under this Term Sheet and the Interim Order, and (ii) no consent or authorization of, or filing with, any person (including, without limitation, any governmental authority) shall be required in connection with the execution, delivery or performance by each Debtor, or for the validity or enforceability in accordance with its terms against such Debtor, of this Term Sheet and the Interim Order, except for consents, authorizations and filings which shall have been obtained or made and are in full force and effect, relating to the CCAA Recognition Proceedings, or, the failure to obtain or perform, could not reasonably be expected to cause a Material Adverse Change; (xiv) no Material Adverse Change shall have occurred; (xv) each of the non-Debtor borrower and the non-Debtor guarantors under the Prepetition Loan Documents shall have executed a reaffirmation and ratification agreement ratifying and confirming its obligations under each of the Prepetition Loan Documents to which it is a party and each grant of a security interest contained therein, which agreement shall be in form and substance acceptable to the Prepetition Secured Parties; (xvi) DIP Agent shall have received, such certificates of good standing (to the extent such concept exists) from the applicable secretary of state (or equivalent) of the state (or other jurisdiction) of organization of each Debtor, certificates of resolutions or other corporate or limited liability company action, incumbency certificates and/or other certificates of responsible officers of each Debtor as the DIP Agent may reasonably require evidencing the identity, authority and capacity of each responsible officer thereof authorized to act as a responsible officer in connection with this DIP Term Sheet and the other DIP Documents to which such Debtor is a party or is to be a party on the Interim Closing Date and certifying the organization documents of each Debtor; and (xvii) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably require or request consistent with the Prepetition Loan Documents. "**Material Adverse Change**" means a material adverse effect on and/or material adverse developments arising after the

	Petition Date with respect to (i) the business operations, properties, assets, or financial conditions of the Debtors and their subsidiaries taken as a whole; (ii) the validity, perfection or priority of the DIP Liens granted by the Borrower and the Guarantors in favor of the DIP Secured Parties, (iii) the rights, remedies and benefits available to, or conferred upon, the DIP Secured Parties, taken as a whole; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change, or (iv) the Backyard Sale; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change.
CONDITIONS PRECEDENT TO EACH FINAL DIP LOAN:	The obligations of the DIP Lender to make any Final DIP Loans shall be subject to satisfaction or waiver of each of the following conditions: (i) all representations and warranties of the Debtors hereunder being true and correct in all material respects; (ii) no Event of Default shall exist or would immediately result from such proposed Final DIP Loan or from the application of the proceeds therefrom; (iii) all reasonable, documented fees and out-of-pocket expenses, including reasonable, documented and out-of-pocket attorney's fees of the DIP Secured Parties, shall have been paid in full; (iv) the applicable Chapter 11 Milestones shall have been satisfied; (v) a final order approving the DIP Facility shall have been entered, which final order shall not have been reversed, modified, amended, stayed or vacated or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Final Order**," and together with the Interim Order, the "**DIP Orders**") and the Debtors shall be in compliance in all respects with the Final Order; (vi) no Material Adverse Change shall have occurred; (vii) the Debtors shall have delivered to the DIP Agent a Closing Certificate certifying all of the conditions precedent to such Final DIP Loan have been satisfied;

	(viii) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Final DIP Loan; (ix) DIP Agent shall have received with respect to the week in which such Final DIP Loan is to be made, an Approved Budget for such week, including an Approved Variance Report; (x) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances; and (xi) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably require or request consistent with the Prepetition Loan Documents. Any modifications of the Final Orders shall require the prior written consent of the DIP Secured Parties.
REPRESENTATIONS AND WARRANTIES:	The representations and warranties set forth in Sections 5.01 through 5.04, 5.06 through 5.10, 5.12, 5.13, 5.15, 5.17, and 5.18 of the Prepetition Credit Agreement are incorporated herein by reference and shall be deemed made by the Debtors for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, *mutatis mutandis*, as if fully set forth herein, on the Interim Closing Date, on the Final Closing Date and on the date of each credit extension hereunder. Each Debtor further represents that the proceeds of each advance hereunder shall be used solely in accordance with the "Use of Proceeds" section of this Term Sheet.
AFFIRMATIVE COVENANTS:	From and after the Closing Date, each Debtor shall: (i) comply with the affirmative covenants set forth in Sections 6.04 through 6.08, 6.11 and 6.12 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (ii) timely deliver, or cause to be timely delivered, to the DIP Lender the Approved Budget and Approved Variance

	Reports, and all other financial reports, budgets, forecasts, and legal and financial documentation requested by the DIP Lender (or their respective legal advisors), all in accordance with the provisions set forth herein; (iii) deliver, or continue to deliver, to the DIP Lender all financial and other information required to be delivered by any Debtor under Sections 6.01, 6.02, and 6.03 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (iv) (a) keep proper books, records and accounts in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to their business and activities and consistent with Section 6.09 of the Prepetition Credit Agreement, (b) cooperate, consult with, and provide to the DIP Secured Parties all such information as required or as reasonably requested by the DIP Secured Parties, (c) permit, upon three (3) business days' notice, representatives of the DIP Secured Parties to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective inventory and accounts, to tour the Debtors' business premises and other properties, and to discuss, and provide advice with respect to, their respective affairs, finances, properties, business operations and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired, and (d) permit representatives of the DIP Secured Parties to consult with and advise the Debtors' management on matters concerning the general status of the Debtors' business, financial condition and operations; (v) comply with the Approved Budget (subject to the Permitted Variances) and with provisions of this Term Sheet, DIP Orders and the Canadian DIP Recognition Orders (as applicable); (vi) except to the extent (a) contemplated by the Approved Budget, (b) the failure to do so could not reasonably be expected to cause a Material Adverse Change, or (c) otherwise consented to by the DIP Lender in writing, continue, and cause to be continued, the business of the Debtors, maintain, and cause to be maintained, the Debtors'

	existence and material relationships, rights and privileges, and comply with all material contractual obligations; (vii) take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable, to pursue and consummate the Plan in accordance with the Chapter 11 Milestones, and provide the DIP Lender with copies of any bids (including, without limitation, any information, financial or otherwise, submitted in connection with any bids) upon receipt by the Debtors; (viii) do or cause to be done all things reasonably necessary, proper or advisable under applicable law, and to execute and deliver such documents and other papers, as may be reasonably requested by the DIP Secured Parties to carry out the provisions of this Term Sheet, the Interim Order, the Final Order or the Canadian DIP Recognition Orders; (ix) take, or cause to be taken, all appropriate action to remain the sole owner of the DIP Collateral, free of liens other than Permitted Liens and Permitted Prepetition Liens; (x) take, or cause to be taken, all appropriate action to comply with all material applicable laws with respect to the DIP Collateral; (xi) pay when due all U.S. Trustee fees; (xii) provide all notices received from the Purchaser under the APA, and exercise or refrain from exercising, as applicable, such rights, in each case, in accordance with the written instructions (emails suffice) of the DIP Agent, and otherwise allow the DIP Agent to participate and audit any of the Debtors' rights under the APA; (xiii) the Debtors shall not release or otherwise terminate, or cause to be released or otherwise terminated, any security interest granted by the Debtors' non-debtor affiliates under the Prepetition Loan Documents before a substitute, valid right of pledge or similar charge has been created, consented to and perfected by such affiliate in favor of the Prepetition Secured Parties (which substitute shall include a right, pledge or charge against any proceeds of the asset on which the security interest has been released or terminated); and (xiv) promptly provide such additional information concerning the Debtors, the Plan, or the DIP Collateral as the

	DIP Secured Parties may reasonably request and access to Debtors' officers, directors, and advisors to discuss such information at reasonable times during normal business hours (and such officers, directors, and advisors shall be directed to discuss such information with the DIP Secured Parties).
NEGATIVE COVENANTS:	Unless otherwise provided in the Approved Budget, this Term Sheet or as part of the Plan, no Debtor shall, without the express, prior written consent of the DIP Agent, do, or cause to be done, any of the following: (i) create, incur, assume or suffer to exist any lien (other than a Prepetition Permitted Lien) upon any of its property, assets, income or profits, whether now owned or hereafter acquired, except valid, perfected and unavoidable liens existing as of the Petition Date which, other than Permitted Liens, are junior to the liens securing the DIP Facility, and shall not cause, or permit to be caused, any direct or indirect subsidiary of Borrower that is not a Debtor to, create, incur, assume or suffer to exist any such liens; (ii) convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger or consolidation) any of its property, business or assets, whether now owned or hereafter acquired, out of the ordinary course of business; (iii) incur or make any expenditure, investment or other payment, or any Restricted Payment (as defined in the Prepetition Credit Agreement), other than in accordance with the Approved Budget, subject to the Permitted Variances; (iv) create, or acquire any ownership interest in, any subsidiaries (whether direct or indirect) other than those existing on the Petition Date; (v) create, incur assume or suffer to exist any indebtedness other than (A) indebtedness of the Debtors under this Term Sheet, (B) indebtedness contemplated by the Approved Budget and (D) indebtedness permitted under Section 7.03(l), (o), (v) or (z) of the Prepetition Credit Agreement; (vi) enter into any transaction of any kind with any Affiliate of Borrower without the DIP Agent's prior written consent or as otherwise permitted by the order of the Bankruptcy Court governing the Debtors' authorization to continue using its cash management system; or

	(vi) consummate any amendment, restatement, supplement or other modification to or waiver of any of its organization documents.
EVENTS OF DEFAULT:	Each of the following shall constitute an "**Event of Default**": (i) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the Permitted Variances; *provided*, *that*, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer; (ii) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognition Orders or Approved Budget; (iii) any modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders; (iv) failure of any of the Chapter 11 Milestones to be satisfied; (v) failure by any Debtor to be in compliance in all material respects with the sections of the Term Sheet entitled "Affirmative Covenants" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) and "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders; (vi) failure of any representation or warranty to be true and correct in all material respects when made; (vii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under Section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or

	pursuant to any other financing agreement made with the prior written consent of the DIP Agent; (viii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion; (ix) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties; (x) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP Orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP Orders or the Canadian DIP Recognition Orders; (xi) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet is not valid and binding for any reason, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral (as defined in the DIP Orders), cease to be valid and binding (without the prior written consent of the DIP Secured Parties); (xii) the filing with the Bankruptcy Court of a plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan; (xiii) the appointment or entry of an order in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of the business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been

	reversed, stayed, or vacated within thirty (30) days after the entry of such order; (xiv) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate; (xv) failure to pay principal, interest or other DIP Obligations in full in cash when due, including without limitation, on the Maturity Date; (xvi) the allowance of any claim or claims under section 506(c)or 552(b) of the Bankruptcy Code against or with respect to any DIP Collateral; (xvii) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties; (xviii) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties; (xix) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan; (xx) the occurrence of any Material Adverse Change; (xxi) any termination of the RSA or the APA; (xxii) the actual amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount; (xxiii) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; (xxiv) such other events of default to be included in the DIP Orders as reasonably specified by the DIP Secured Parties with the reasonable consent of the Debtors; and

	(xxv) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.
REMEDIES UPON EVENT OF DEFAULT:	Upon the occurrence and during the continuance of any Event of Default and delivery of a Carve-Out Trigger Notice (as defined in the Interim DIP Order or the Final DIP Order, as applicable) and delivery by the DIP Agent of five (5) business days' notice to the Debtors (the "**Notice Period**"), during which time the Debtors may seek an emergency hearing before the Bankruptcy Court, the DIP Secured Parties may not exercise rights or remedies; *provided*, *that*, if a hearing cannot be scheduled prior to the expiration of the Notice Period solely as a result of the Bankruptcy Court's unavailability, the Notice Period shall be automatically extended to the date that is one (1) business day after the first date that the Bankruptcy Court is available. After the expiration of the Notice Period, the DIP Secured Parties may (except as otherwise ordered by the Bankruptcy Court or the CCAA Court): (i) declare all DIP Obligations (including principal of and accrued interest on any outstanding DIP Loans) to be immediately due and payable; (ii) terminate the DIP Facility and/or any further commitment to lend to Borrower; and (iii) exercise rights and remedies pursuant to the terms of the DIP Documents, the DIP Orders, the Canadian DIP Recognition Orders or applicable law, and if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (A) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (B) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (B) provide the DIP Agent and their representatives or agents, at all reasonable times access to the Debtors' books and records

	and any information or documents requested by the DIP Agent or their respective representatives, (C) perform all other obligations set forth in the DIP Documents, and (D) take reasonable steps to safeguard and protect the DIP Collateral, and (iv) the Debtors shall not otherwise interfere with or actively encourage others to interfere with the DIP Agent's enforcement of rights including, without limitation, the right to (W) take any actions reasonably calculated to preserve or safeguard the DIP Collateral or to prepare the DIP Collateral for sale; (X) foreclose or otherwise enforce the DIP Liens on any or all of the DIP Collateral; (Y) immediately set off any and all amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the DIP Agent and DIP Lenders); and/or (Z) exercise any other default-related rights and remedies under the under the DIP Facility Documents, this Interim Order the DIP Orders, the Canadian DIP Recognition Orders or applicable law.
DIP SECURED PARTIES' EXPENSES:	All reasonable, documented out-of-pocket costs and expenses of the DIP Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors) shall be payable by Borrower promptly upon written demand (together with summary backup documentation supporting such reimbursement request) and without the requirement for Bankruptcy Court or CCAA Court approval. A copy of summary invoices for the U.S. advisors to the DIP Secured Parties and Prepetition Secured Parties shall be provided by the Debtors to the Office of the U.S. Trustee, and counsel for any statutory committee, subject to customary review periods.
RELEASES:	The Interim Order and Final Order shall provide customary releases for each of the DIP Secured Parties and the Prepetition Secured Parties and each of their respective each of their respective former, current or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates and successors and predecessors in interest (in their respective capacities as such) (collectively, the "**Released Parties**") with respect to all claims and liabilities arising from

	the DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Documents and the Prepetition Secured Parties with respect to the Prepetition Obligations and the Prepetition Loan Documents; *provided that*, with respect to the Prepetition Secured Parties, such releases shall be subject to the Challenge Period.
INDEMNITY:	Each Debtor shall indemnify, pay and hold harmless the DIP Secured Parties (and each of their directors, officers, members, employees and agents) against any loss, liability, cost, or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence, or willful misconduct, bad faith, or a material breach of DIP Documents of the indemnified party, as determined by a final, nonappealable judgment of a court of competent jurisdiction).
CREDIT BID:	The DIP Agent shall have the right to credit bid the outstanding DIP Obligations on a dollar-for-dollar basis in any sale of DIP Collateral, subject to the requirement that the DIP Agent fund all Allowed Administrative Expenses, up to the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount and the Carve-Out, and the amount secured by and necessary to fund the Canadian Priority Charges (without duplication).
DIP ORDERS GOVERN:	To the extent of any conflict or inconsistency between this Term Sheet and the DIP Orders, the DIP Orders shall govern.
AMENDMENT AND WAIVER:	No provision of this Term Sheet or the DIP Orders may be amended other than by an instrument in writing signed by the DIP Secured Parties and Debtors, provided, however on the Petition Date, the Parties agree to update the amounts set forth in (i) of the "Acknowledgment; Ratification" section herein and the "Roll-Up" section herein.
GOVERNING LAW AND JURISDICTION:	The laws of the State of New York (except as governed by mandatory provisions of the Bankruptcy Code or the CCAA) shall govern this Term Sheet. The parties to this Term Sheet shall submit to the exclusive jurisdiction of the Bankruptcy Court and shall waive any right to trial by jury. Notwithstanding the foregoing, the CCAA Court shall have exclusive jurisdiction of the CCAA Recognition Proceedings.

NOTICES:	All notices required to be provided hereunder shall be delivered to: (i) if to Debtors to: KidKraft, Inc. Attention: Geoffrey Walker Email: Geoff.W@kidkraft.com with a copy (which shall not constitute notice) to: Vinson & Elkins LLP Attention: David Meyer; William Wallander; Lauren Kanzer Email: dmeyer@velaw.com; bwallander@velaw.com; lkanzer@velaw.com (ii) if to Prepetition Secured Parties or DIP Secured Parties to: GB Funding, LLC Attention: David Braun and Kyle Shonak Email: dbraun@gordonbrothers.com; kshonak@gordonbrothers.com with a copy (which shall not constitute notice) to: Katten Muchin Rosenman LLP Attention: Steven Reisman; Cindi Giglio Email: sreisman@katten.com; cgiglio@katten.com
COUNTERPARTS AND ELECTRONIC TRANSMISSION:	This Term Sheet may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Term Sheet by facsimile, "PDF" or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Term Sheet.

Schedule 1

1. KidKraft, Inc.
2. KidKraft Intermediate Holdings, LLC
3. KidKraft International Holdings, Inc.
4. KidKraft Europe, LLC
5. KidKraft International IP Holdings, LLC
6. KidKraft Partners, LLC
7. Solowave Design Corp.
8. Solowave Design Inc.
9. Solowave Design LP
10. Solowave Design Holdings Limited
11. Solowave International Inc.

Exhibit A

Approved Budget

KidKraft, Inc. DIP Budget (9 Weeks)

DIP Week>>	1	2	3	4	5	6	7	8	9		
Week End>>	5/10/2024	5/17/2024	5/24/2024	5/31/2024	6/7/2024	6/14/2024	6/21/2024	6/28/2024	7/5/2024	Exit	Total
Total Inflows	2,000,000	2,097,889	1,796,228	1,079,983	1,810,476	2,048,180	2,120,225	2,160,181	2,565,020	-	17,678,181
Operating Cash Flow:											
Factory Payments	1,089,533	1,041,389	733,769	594,427	1,796,758	1,806,739	1,737,717	762,125	694,866	-	10,257,323
Cost of Sales (Shipping, Testing, etc.)	301,795	314,211	444,969	195,409	203,911	161,007	387,578	188,353	214,588	-	2,411,821
Employee Costs	295,450	39,254	291,039	39,254	291,039	39,254	291,039	39,254	291,039	99,254	1,715,874
Operating Expenses	518,985	377,348	266,077	410,319	797,084	535,720	217,965	378,859	545,151	50,000	4,097,506
Intercompany (from)/to China	342,000	660,000	-	-	-	225,000	570,000	-	-	128,226	1,925,226
Total Operational Outflows	2,547,763	2,432,202	1,735,853	1,239,408	3,088,792	2,767,720	3,204,299	1,368,591	1,745,643	277,479	20,407,750
Restructuring Fees:											
Professional Fees - BK Restructuring	30,000	626,545	574,878	408,212	424,878	408,212	633,212	429,878	526,545	1,225,000	5,287,361
Professional Fees - Trustee Fees (est.)	-	-	-	-	-	-	-	-	-	250,000	250,000
Other	27,250	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	-	87,250
Total Restructuring Outflows	57,250	634,045	582,378	415,712	432,378	415,712	640,712	437,378	534,045	1,475,000	5,624,611
Other Obligations											
Other Employee Obligations	-	-	-	-	-	-	-	-	58,905	-	58,905
Priority Tax Claims	-	-	-	300,700	-	-	-	-	175,000	275,000	750,700
Severance	93,257	-	-	-	-	-	-	-	57,848	-	151,105
Post Sale Reserve	-	-	-	-	-	-	-	-	-	643,000	643,000
Pre-Petition Vendor Payments - CV/503b9/Shippers	-	525,000	-	425,000	-	-	-	-	-	-	950,000
Utility Deposit	-	20,000	-	-	-	-	-	-	-	-	20,000
Total Incremental Outflows	93,257	545,000	-	725,700	-	-	-	-	291,753	918,000	2,573,710
Net Cash Flow	(698,270)	(1,513,359)	(522,004)	(1,300,837)	(1,710,695)	(1,135,251)	(1,724,786)	354,211	(6,421)	(2,670,479)	(10,927,891)
Cash Requirement											
Beginning Book Balance	2,129,070	1,430,800	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070
Net Cash Flow	(698,270)	(1,513,359)	(522,004)	(1,300,837)	(1,710,695)	(1,135,251)	(1,724,786)	354,211	(6,421)	(2,670,479)	(10,927,891)
DIP Financing	-	2,211,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	6,421	541,409	8,798,821
Ending Cash	1,430,800	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	2,129,070	-	-
DIP Financing											
Interest/Origination Fee/Exit Fee	-	210,000	-	-	-	-	-	-	841,994	-	1,051,994
DIP Financing	-	2,211,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	6,421	541,409	8,798,821
Ending Balance	-	2,421,629	522,004	1,300,837	1,710,695	1,135,251	1,724,786	(354,211)	848,416	541,409	9,850,815

Schedule "C"

Bar Dates Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 7, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 34**

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

ORDER (I) ESTABLISHING BAR DATES AND PROCEDURES AND (II) APPROVING THE FORM AND MANNER OF NOTICE

Upon the motion (the "***Motion***")[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (this "***Order***") establishing bar dates and procedures and approving the form and manner of notice thereof, all as more fully set forth in the Motion; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having reviewed the Motion; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The General Bar Date shall be fixed as **June 28, 2024 at 5:00 p.m. (Prevailing Central Time)**.

2. The Governmental Bar Date shall be fixed as **November 6, 2024 at 5:00 p.m. (Prevailing Central Time)**.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

3. The Amended Schedules Bar Date shall be fixed as the **later of (i) the General Bar Date or the Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (Prevailing Central Time), on the date that is 21 days from the date on which the Debtors provide notice of the previously unfiled Schedule or amendment or supplement to the Schedules**.

4. The Rejection Damages Bar Date shall be fixed as the **later of (i) the General Bar Date or the Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (Prevailing Central Time) on the date that is 21 days following service of an order approving the rejection of any executory contract or unexpired lease of the Debtors**.[3]

5. The forms of the Bar Dates Notice, the Proof of Claim Form, the Publication Notice, and the manner of providing notice of the Bar Dates proposed in the Motion are approved in all respects. The form and manner of notice of the Bar Dates approved herein satisfy the notice requirements of the Bankruptcy Code and the Bankruptcy Rules.

6. Subject to terms described in this Order for holders of claims subject to the Governmental Bar Date, the following entities must file proofs of claim on or before the General Bar Date:

(i) any person or entity whose claim against a Debtor is not listed in the applicable Debtor's Schedules, or is listed in such Schedules as "contingent," "unliquidated," or "disputed," if such person or entity desires to participate in any of these chapter 11 cases or share in any distribution in any of these chapter 11 cases;

(ii) any person or entity who believes that its claim is improperly classified in the Schedules or is listed in an incorrect amount and who desires to have its claim allowed in a different classification or amount other than that identified in the Schedules;

(iii) any person or entity who believes that its prepetition claim as listed in the Schedules is not an obligation of the specific Debtor against which the claim

[3] To the extent any executory contract or unexpired lease is rejected pursuant to the terms of the Plan, the order confirming the Plan shall provide a separate bar date as the deadline on or before which claimants holding claims for damages arising from such rejection must file proofs of claim with respect to such rejection, which date will be 21 days after service of a notice of the Plan effective date.

is listed and who desires to have its claim allowed against a Debtor other than that identified in the Schedules; and

(iv) any person or entity who believes that its claim against a Debtor is or may be an administrative expense pursuant to section 503(b)(9) of the Bankruptcy Code.

7. The following entities, whose claims otherwise would be subject to the General Bar Date or the Governmental Bar Date, need not file proofs of claim in these chapter 11 cases:

(i) any person or entity who has already filed a signed proof of claim against the respective Debtor(s) with the Clerk of the Court or with Stretto, the Debtors' claims and noticing agent, in a form substantially similar to Official Form 410;

(ii) any person or entity whose claim is listed on the Schedules if: (a) the claim is ***not*** scheduled as any of "disputed," "contingent," or "unliquidated;" (b) such person or entity agrees with the amount, nature, and priority of the claim as set forth in the Schedules; and (c) such person or entity does not dispute that its claim is an obligation only of the specific Debtor against which the claim is listed in the Schedules;

(iii) any person or entity whose claim has previously been allowed by order of the Court on or before the applicable Bar Date;

(iv) any person or entity whose claim has been paid in full by the Debtors pursuant to the Bankruptcy Code or in accordance with an order of the Court;

(v) any Debtor having a claim against another Debtor;

(vi) any person or entity whose claim is based on an equity interest in any of the Debtors;

(vii) any current officer or director of any of the Debtors for claims based on indemnification, contribution, or reimbursement;

(viii) any person or entity holding a claim for which a separate deadline is fixed by this Court;

(ix) any person or entity holding a claim allowable under sections 503(b) or 507(a)(2) of the Bankruptcy Code as an expense of administration incurred in the ordinary course; *provided*, *however*, that any person or entity asserting a claim entitled to priority under section 503(b)(9) of the Bankruptcy Code must assert such claim by filing a request for payment or a proof of claim on or prior to the General Bar Date;

(x) Gordon Brothers, for claims arising from or relating to the DIP Facility, the Prepetition First Lien Term Facility, or the Prepetition First Lien Revolving Facility, respectively; and

(xi) the Office of the United States Trustee for the Northern District of Texas.

8. Parties asserting claims against the Debtors that accrued before the Petition Date must use a proof of claim form (the "***Proof of Claim Form***") substantially in the form attached as **Exhibit C** to the Motion.

9. The following procedures for the filing of a proof of claim shall apply:

(i) Each proof of claim must be filed so that it is received on or before the applicable Bar Dates either (a) electronically through Stretto's website, using the interface available on such website located at https://www.cases.stretto.com/kidkraft (the "***Electronic Filing System***") or (b) by delivering the original proof of claim to:

If by First-Class Mail, Hand Delivery or Overnight Mail:
KidKraft, Inc.
Claim Processing Center
c/o Stretto, Inc.
410 Exchange, Suite 100
Irvine, CA 92602

(ii) A proof of claim will be deemed filed when **actually received** by Stretto or by the Clerk of the Court.

(iii) Proofs of claim may not be delivered via facsimile or electronic mail transmission (the Electronic Filing System not being considered electronic mail transmission). Any facsimile or electronic mail submissions **will not be accepted** and will not be considered properly or timely filed for any purpose in these chapter 11 cases.

(iv) Proofs of claim will be collected, docketed, and maintained by Stretto.

(v) All proofs of claim must be signed by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant. The Proof of Claim Form must be completed in English and be denominated in United States currency. Claimants should set forth with specificity the legal and factual basis for the alleged claim and attach to the completed Proof of Claim Form any documents on which the claim is based (or, if such documents are voluminous, attach a summary) or an explanation as to why the documents are not available.

(vi) Any person or entity asserting claims against multiple Debtors must file a separate proof of claim with respect to each Debtor. In addition, any person or entity filing a proof of claim must identify on its Proof of Claim Form the particular Debtor against which the entity asserts its claim. Any proof of claim filed under the Debtors' joint administration case number, or that otherwise fails to identify a Debtor shall be deemed as filed only against Debtor KidKraft, Inc. If an entity lists more than one Debtor on any one

proof of claim, the relevant claims will be treated as filed only against the first listed Debtor.

10. Any entity holding an interest in the Debtors (an "***Interest Holder***"), which interest is based exclusively upon the ownership of: (i) a membership interest in a limited liability company; (ii) common or preferred stock in a corporation; or (iii) warrants or rights to purchase, sell or subscribe to such a security or interest (any such security or interest being referred to herein as an "***Interest***"), need not file a proof of interest on or before the General Bar Date; *provided*, *however*, Interest Holders who want to assert claims against the Debtors that arise out of or relate to the ownership or purchase of an Interest, including claims arising out of or relating to the sale, issuance or distribution of the Interest, must file a proof of claim by the applicable Bar Date, unless another exception identified in this Order applies.

11. Pursuant to Bankruptcy Rule 3003(c)(2), any person or entity that is required to file a proof of claim in these chapter 11 cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or this Order with respect to a particular claim against the Debtors, but that fails to do so properly by the applicable Bar Date, shall not be treated as a creditor with respect to (i) such claim for purposes of voting upon any plan in these chapter 11 cases and (ii) distribution from property of the Debtors' estates.

12. The Debtors shall retain the right to: (i) dispute, or assert offsets or defenses against, any filed proofs of claim, or any claim listed or reflected in the Schedules, as to nature, amount, liability, classification or otherwise; (ii) subsequently designate any scheduled claim as disputed, contingent, or unliquidated; and (iii) otherwise amend or supplement the Schedules.

13. Within 2 business days after entry of this Order, the Debtors, through Stretto or otherwise, shall serve the Bar Dates Notice Package, including a copy of the Bar Date Notice and the Proof of Claim Form, substantially in the forms attached to the Motion as **Exhibit B** and

Exhibit C, respectively, by first-class mail, postage prepaid, on: (i) all holders of claims or potential claims; (ii) the Office of the United States Trustee for the Northern District of Texas; (iii) counsel to the official committee of unsecured creditors, if any; (iv) all parties that have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002 as of the date of the entry of the Order; (v) all known creditors and other known holders of potential claims against any of the Debtors; (vi) all counterparties to executory contracts and unexpired leases of the Debtors listed in the Schedules or their designated representatives; (vii) all parties to pending litigation with the Debtors; (viii) all current and former employees of the Debtors (to the extent that contact information for former employees is available in the Debtors' records); (ix) the Internal Revenue Service and all other taxing authorities for the jurisdictions in which the Debtors conduct business; (x) all relevant state attorneys general; (xi) all identified registered holders of any Interests in any of the Debtors as of the Petition Date (although copies of the Proof of Claim Form will not be provided to them); (xii) all other entities listed on the Debtors' respective creditor matrices; and (xiii) counsel to any of the foregoing, if known. The Debtors may also mail the Bar Dates Notice package by first-class United States mail, postage prepaid (or equivalent service) to any additional holders of claims or potential claims listed in the Debtors' Schedules, as soon as practicable but no later than three 2 business days after the Debtors file the Schedules.

14. The Debtors shall post the Bar Date Notice and Proof of Claim Form on Stretto's website at https://www.cases.stretto.com/kidkraft.

15. Pursuant to Bankruptcy Rule 2002(l) and 9008, the Debtors shall publish the Publication Notice in *The New York Times* (national edition), the national edition of *The Globe and Mail* in Canada, or such other publications as the Debtors may deem appropriate in their discretion as a means to provide notice of the Bar Dates to such unknown potential claimants. The

Debtors will cause such publication to occur 2 business days after serving the Bar Dates Notice Package or as soon as reasonably practicable thereafter.

16. The Debtors and Stretto are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

17. Entry of this Order is without prejudice to the right of the Debtors to seek a further order of this Court fixing the date by which holders of claims not subject to the Bar Dates established herein must file such claims against the Debtor or be forever barred from so doing.

18. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

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

Court File No: CV-24-00720035-00CL

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36 AS AMENDED

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

RECOGNITION ORDER
(Bar Dates Order, Second Interim DIP Order, and Final Customer Programs Order, and Related Relief)

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Fax: 416.862.6666

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

THIS IS **EXHIBIT "L"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00720035-00CL **DATE: June 19, 2024**

NO. ON LIST: 2

TITLE OF PROCEEDING: KIDKRAFT, INC.

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Mark Sheeley	Counsel to the KidKraft, Inc., Applicant	msheeley@osler.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Mitch Stephenson	Counsel for Gordon Brothers	mstephenson@fasken.com
Virginie Gauthier	Counsel for the Information Officer, KSV Restructuring Inc.	virginie.gauthier@gowlingwlg.com
Heather Meredith	Counsel for Backyard Products LLC	hmeredith@mccarthy.ca

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] KidKraft, in its capacity as the foreign representative of itself and four other debtors in possession moves for an order recognizing and enforcing certain orders entered by the United States Bankruptcy Court for the Northern District of Texas, Dallas Division pursuant to section 49 of the *Companies' Creditors Arrangement Act*.

[2] I have reviewed the motion materials and the applicants' factum. I am satisfied that the requested order should be made. There is no opposition.

[3] Order to issue in form of Order signed by me today.

Mr. Justice
Cavanagh

THIS IS **EXHIBIT "M"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

NOTICE OF SECOND AMENDED SUPPLEMENT TO THE DEBTORS' JOINT PREPACKAGED CHAPTER 11 PLAN

PLEASE TAKE NOTICE that, on June 12, 2024, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 175] (the "***First Plan Supplement***").

PLEASE TAKE FURTHER NOTICE that, on June 14, 2024, the Debtors filed the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 187] (the "***Second Plan Supplement***").

PLEASE TAKE FURTHER NOTICE that, the Debtors hereby file this second amended supplement to the Plan (the "***Third Plan Supplement***" and together with the First Plan Supplement and the Second Plan Supplement the "***Plan Supplement***"), which amends and supplements the First Plan Supplement and Second Plan Supplement as set forth herein. For the avoidance of

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

doubt, exhibits contained in the First Plan Supplement and/or Second Plan Supplement that are omitted in this Third Plan Supplement remain unchanged.

PLEASE TAKE FURTHER NOTICE that the Third Plan Supplement includes the following documents, as may be modified, amended, or supplemented from time to time in accordance with the Plan and the Restructuring Support Agreement:

- **Exhibit E** — Global Settlement Term Sheet
- **Exhibit E-1** — Redline
- **Exhibit F** — GUC Trust Agreement
- **Exhibit G** — GUC Settlement Opt-In Form
- **Exhibit H** — Identity of Wind Down Administrator
- **Exhibit I** — Identity of GUC Trustee

PLEASE TAKE FURTHER NOTICE that the Plan Supplement and any exhibits, appendices, supplements, or annexes to the Plan Supplement documents are incorporated into the Plan by reference and are a part of the Plan as if set forth therein. If the Plan is confirmed by the Court, the Plan Supplement will thereby be approved as well. The Debtors reserve the right, subject to any applicable consent rights contained in the Plan and the Restructuring Support Agreement, to alter, amend, modify, or supplement any document or exhibit in the Plan Supplement until the Effective Date or as otherwise provided in the Plan, in each case in accordance with the Plan and the Restructuring Support Agreement, as applicable; *provided*, that if any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect, the Debtors will file a revised version of such document with the Court.

PLEASE TAKE FURTHER NOTICE that copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, may be obtained upon request made to the Debtors' counsel at the address specified below and are also on file with the Clerk of the Court, 1100 Commerce St., Rm. 1254, Dallas, TX 75242 and available for review during the normal operating hours. Copies of all pleadings in the Chapter 11 Cases, including the Solicitation Materials and the Plan Supplement, are also available for inspection on the Court's website at www.txnb.uscourts.gov/, and such pleadings are available for inspection free of charge on the Debtors' restructuring website at https://cases.stretto.com/kidkraft/.

Dated: June 20, 2024
Dallas, Texas

/s/ *Matthew D. Struble*

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com;
mstruble@velaw.com; kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

I certify that on June 20, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Matthew D. Struble
One of Counsel

Exhibit E

Global Settlement Term Sheet

IN RE KIDKRAFT, INC., *ET AL.*
GLOBAL SETTLEMENT TERM SHEET

June 17, 2024

This non-binding settlement term sheet (this "***Term Sheet***") describes the material terms of a proposed global settlement in the Bankruptcy Cases of KidKraft, Inc. and its affiliated debtors-in-possession (the "***Debtors***"). Reference is made in this Term Sheet to the Debtors' Joint Prepackaged Chapter 11 Plan [Docket No. 28] (as may be amended, supplemented, or otherwise modified from time to time, the "***Plan***").[1]

This Term Sheet is provided in confidence in the nature of a settlement proposal in furtherance of settlement discussions and is not a commitment or agreement on the terms of any settlement. Accordingly, this Term Sheet is entitled to the protections of Rule 408 of the Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

Settlement Terms	
Settlement Parties	The Debtors, the official committee of unsecured creditors (the "***Committee***"), the DIP Secured Parties and the Prepetition Secured Parties (collectively, the "***Secured Parties***"), Backyard Products, LLC (the "***Purchaser***"), and MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. (collectively, "***MidOcean***," and together with the Debtors, the Committee, the Secured Parties, and the Purchaser, collectively, the "***Parties***").
Modifications to the Plan	The Debtors will modify and amend the Plan to implement the terms contained herein (the "***Amended Plan***"), which the Debtors will seek to have confirmed pursuant to sections 1123 and 1129 of the Bankruptcy Code and Bankruptcy Rule 9019 with the Committee's support (the "***Settlement***"). The Debtors will not be required to resolicit or re-notice the Amended Plan.
GUC Trust	On the Effective Date, a trust will be established for the benefit of the Holders of Allowed General Unsecured Claims who make a GUC Settlement Opt-In Election (as defined below) (the "***GUC Trust***") with the primary purpose of liquidating the GUC Trust Assets and making distributions to Holders of Allowed General Unsecured Claims that hold GUC Trust Interests on account of their GUC Trust Interests. The GUC Trust shall be responsible for paying any U.S. Trustee fees accruing in relation to disbursements by the GUC Trust and any taxes related to the GUC Trust Assets. The Committee may select the trustee of the GUC Trust (the "***GUC Trustee***"), subject to the consent, not to be unreasonably withheld, of the Debtors and the Prepetition Secured Parties. Any professionals hired by the GUC Trustee will be compensated for services in such capacity solely from the GUC Trust Assets or proceeds thereof.

[1] Capitalized terms used but not defined in this Term Sheet have the meanings ascribed to such terms in the Plan.

GUC Trust Agreement	An agreement establishing and governing the GUC Trust will be included in the Plan Supplement and executed as of the Effective Date, which agreement shall be consistent with this Term Sheet and acceptable in form and substance to the Debtors, the Committee, and the Prepetition Secured Parties (the "***GUC Trust Agreement***").
GUC Trust Interests	The Amended Plan will provide that each holder of an Allowed General Unsecured Claim may elect to "opt in" to receiving its Pro Rata share of 100% of the beneficial interests in the GUC Trust (the "***GUC Trust Interests***," and such affirmative election, a "***GUC Settlement Opt-In Election***") within 30 days after the Effective Date, subject to the Waterfall set forth below.[2]
GUC Trust Expense Reserve	$75,000 of Cash will be funded from Cash on hand of the U.S. Debtors to the GUC Trust on the Effective Date to allow the GUC Trustee to maintain and administer the GUC Trust Assets (the "***GUC Trust Expense Reserve***").

[2] By their participation in the Settlement, the Prepetition Secured Parties will be deemed to have made a GUC Settlement Opt-In Election without the need to submit any opt-in election or otherwise comply with any procedures related thereto, and, accordingly, the Prepetition Secured Parties will receive their pro rata share of GUC Trust Interests on the Effective Date.

GUC Trust Assets	The "***GUC Trust Assets***" will be comprised of: • The GUC Trust Expense Reserve; • $125,000 in Cash; • The Sponsor Cash Contribution (as defined below); • 40% of any cash collateral recovered from the former prepetition agent pursuant to the Assignment and Assumption dated as of January 31, 2024 by and between (i) Antares AssetCo LP, Antares Capital LP, Antares Holdings LP, Antares CLO 2017-2, LTD., Antares CLO 2018-1, LTD., Fifth Third Bank, N.A., and PNC Bank, N.A., as assignors, and (ii) 1903 Partners, LLC, as assignee (the "***GUC L/C Cash***");[3] • (i) $350,000 if, on the Effective Date, the calculation of the "Purchase Price at close" in accordance with Exhibit B of the APA (such calculation, the "***Purchase Price Calculation***") is within a 0-5% variance of $39,322,916; (ii) $250,000 if, on the Effective Date, the Purchase Price Calculation is within a 6-10% variance of $39,322,916; (iii) $200,000 if, on the Effective Date, the Purchase Price Calculation is within a 11-20% variance of $39,322,916; or (iv) $150,000 if, on the Effective Date, the Purchase Price Calculation is a more than 20% variance of $39,322,916; • Any unused amounts in the Approved Budget (as modified by the terms of this Term Sheet) that are designated for fees and expenses of the Committee's professionals; • Any unused amounts permitted to be paid under the critical vendor and lienholders order through the Effective Date (with the Debtors having sole discretion to pay amounts authorized under such order, except that any allowed 503(b)(9) claims shall be paid in full to the holders thereof); • All commercial tort claims (as that term is defined in Article 9 of the Uniform Commercial Code) of the Debtors other than any such claims against any Released Party under the Plan; and • All Avoidance Actions other than those against (i) any parties identified on **Schedule 1**[4] hereto, unless any such party makes a GUC Settlement Opt-In Election, (ii) any other "Designated Parties" (as that term is defined in the Purchase Agreement) under Section 2.1(k)(ii) through (iv) of the Purchase Agreement, and (iii) any Released Parties (collectively, the "***Assigned Avoidance Actions***").

[3] The total cash collateral posted was $630,000 (105% of $600,000 letter of credit). The Prepetition Secured Parties and the GUC Trustee will work together in good faith to determine and implement the necessary mechanics for collecting and transferring the GUC L/C Cash to the GUC Trust upon the earlier of the expiration or replacement of the letter of credit.

[4] Schedule 1 may be amended to add or remove parties at any time prior to the Effective Date, subject to the prior written consent of all Parties hereto.

Distribution of GUC Trust Assets	The GUC Trust Assets, including any proceeds received by the GUC Trust on account of the prosecution or settlement of any commercial tort claims or Avoidance Actions that are GUC Trust Assets, net of any GUC Trust expenses (including professional fees) not covered by the GUC Trust Expense Reserve, shall be distributed as follows (the "***Waterfall***"): • Holders of Allowed General Unsecured Claims that hold GUC Trust Interests other than the Prepetition Secured Parties shall receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and • Thereafter, all Holders of Allowed General Unsecured Claims that hold GUC Trust Interests (including the Prepetition Secured Parties' Deficiency Claims) shall receive their Pro Rata share of 100% of the GUC Trust Assets.
Prepetition Secured Parties' Deficiency Claims	The Amended Plan will provide that the Prepetition Secured Parties deficiency claims will be capped at $55 million on the Effective Date (the "***Prepetition Secured Parties' Deficiency Claims***").
Purchased Avoidance Actions	The Amended Plan and the Confirmation Order will make clear that any Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser.
MidOcean Waiver of Claims and Cash Contribution	On the Effective Date, MidOcean will (i) contribute $100,000 in cash to the GUC Trust (the "***Sponsor Cash Contribution***") and (ii) waive any General Unsecured Claims it may have against the Debtors, including any claims under the subordinated note and services agreement (the "***Sponsor Claims Waiver***"); *provided*, *however*, that nothing in the foregoing shall result in any of the Debtors' directors that are MidOcean designees waiving or releasing any rights to assert indemnification claims against the Debtors or any of its insurance carriers or any rights as beneficiaries of any insurance policies. MidOcean is a Released Party under the Plan and has provided valuable consideration to the estates in the form of the Sponsor Cash Contribution and the Sponsor Claims Waiver. Accordingly, notwithstanding anything set forth in the Plan, neither the GUC Trust nor the Debtors (nor any entity on behalf of the Debtors' estates) shall bring or be entitled to bring any claims or causes of action against the Debtors' current and former directors and officers appointed and/or designated by MidOcean or MidOcean or any of its current and former Affiliates or it or its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such, and all such claims shall be deemed and hereby are waived and released (each of the foregoing persons, a "Released Party" for purposes of the Plan).
Claims Administration	The GUC Trustee will reconcile and administer General Unsecured Claims and make distributions on account thereof.

Release and Exculpation	The Committee and its professionals, its members and their professionals, if any, shall be included as Released Parties, and the Committee and its members shall be included as Exculpated Parties under the Amended Plan; *provided* that the Committee members will be released and exculpated solely in their capacities as members of the Committee. The special committee of the Debtors' board (the "***Special Committee***") has completed its investigation of potential causes of action (the "***Investigation***"). The Special Committee has provided the Committee's counsel with an opportunity to discuss any non-privileged findings from its preliminary report on the Investigation with the Special Committee, which discussion occurred on June 15, 2024. The Investigation concluded that no colorable causes of action worth pursuing exist. The Committee will not object to, and will affirmatively support, the releases and exculpations as set forth in the Plan (and as modified per this Term Sheet).
Committee Support	The Committee shall (a) not object to, delay, or impede, (b) if applicable, withdraw any objections to, (c) not seek any additional discovery with respect to, and (d) affirmatively support the DIP Facility, entry of the Final DIP Order, approval of other pending "second day" motions, approval of the Sale Transaction, approval of the Disclosure Statement, and confirmation of the Amended Plan on the milestones set forth in the RSA. Furthermore, the Committee will not take any other action inconsistent with this Term Sheet.
Final DIP Order Settlement Terms	
DIP Facility; Roll-Up	The Committee agrees not to object to the DIP Facility, the roll-up, or entry of the Final DIP Order on terms acceptable to the Debtors and the Secured Parties.
DIP and Adequate Protection Liens and Superpriority Claims	The DIP Secured Parties and the Prepetition Secured Parties will be granted DIP Liens, Replacement Liens, DIP Superpriority Claims, or Adequate Superpriority Claims on Avoidance Actions and proceeds thereof; *provided* that each of the foregoing will be subject to the terms of the Settlement.
506(c) / 552 Waivers and Marshaling	The Committee consents to a 506(c) waiver through termination of the DIP Facility or consensual use of Cash Collateral. The Committee consents to 552 equities of the case and marshaling waivers.

Challenge Period	The deadline for the Committee to commence a Challenge (as defined in the DIP Order) will be extended until 7 calendar days following the occurrence of a Denial/Withdrawal; *provided that* upon the Effective Date, the Challenge Period shall automatically expire; *provided further that* prior to the occurrence of a Denial/Withdrawal, the Committee shall not pursue or undertake any Challenge, or otherwise challenge, object to, seek discovery with respect to, or not support the Final DIP Order, the Amended Plan, the Sale Transaction, or any other pending "second day" motions. For purposes of this section, "***Denial/Withdrawal***" means the occurrence of the Court's denial or the Debtors' withdrawal of the Settlement or the filing of an Amended Plan that is materially inconsistent with this Term Sheet. If the Committee asserts a Challenge or files a standing motion, the Settlement shall immediately terminate. For the avoidance of doubt, the Debtors expressly preserve their rights to object to any standing motion filed by the Committee.
Committee Professional Carveout	Amounts for the Committee professionals' fees will be funded into the Funded Reserve Account, subject to terms of the DIP Order regarding funding the Funded Reserve Account. The investigation budget for the Committee will be increased to $75,000 in the Final DIP Order.
Approved Budget	The amount in the Approved Budget allocated to the fees and expenses for the Committee professionals shall be increased to and shall not exceed $500,000 in the aggregate.
Reporting	The Committee will receive the same reporting provided to the Secured Parties under the DIP Order.

Schedule 1

Go-Forward Trade Vendors

1.	ACA Associates, Inc.
2.	ADA SITE COMPLIANCE
3.	AMAZON BUSINESS
4.	APORIA
5.	ARCHIVE SUPPLIES, INC.
6.	AVALARA
7.	BAKER TILLY US, LLP
8.	BDO USA LLP
9.	BILT INCORPORATED
10.	BUREAU VERITAS HONG KONG
11.	Channelengine Inc
12.	ChaoZhou City ChaoAn District CaiTang Town QiFeng Hardware Factory
13.	CHEP CANADA INC
14.	CINTAS CORPORATION
15.	CINTAS FIRST AID & SAFETY
16.	CITY OF IRVING
17.	CMA CGM (AMERICA) LLC
18.	CNA INSURANCE
19.	COMMERCE HUB
20.	COMMONWEALTH OF PENNSYLVANIA
21.	CONCUR TECHNOLOGIES INC
22.	COSTCO WHOLESALE JAPAN LTD
23.	CUSTOM NETWORK SOLUTIONS
24.	DARR Equipment, LP.
25.	DELL MARKETING LP
26.	DEMICA LIMITED
27.	DEPARMENT OF REVENUE
28.	DISCOVERY BENEFITS/WEX HEALTH
29.	DLL (De Lage Landen) Financial Services, Inc.
30.	DONG GUAN SHING FAI FURNITURE CO. LTD.
31.	DONG GUAN YU JUN ELECTRONICS CO., LTD
32.	DongJiangFu International (HONGKONG) Co., ltd
33.	DORPO INDUSTRIES LTD
34.	DPF TRADE CENTER II, L.L.C.
35.	EMTEK Shenzhen Co., Ltd
36.	EUROFINS PRODUCT TESTING
37.	FEDEX TRADE NETWORKS
38.	FORD CREDIT
39.	Foshan Jiuli Precision Gas & Liquid Hardware Factory
40.	FREIGHT-FLEX, LLC
41.	FUJIAN NEW JIAFENG WOOD INDUSTRY CO., LTD
42.	Fujian ShunChang Sheng Sheng Wood Industry Ltd., Co.
43.	FUJIAN THREE DIMENSIONAL WOOD INDUSTRY CO., LTD

44.	FUJING PLASTIC PRODUCTS (SHENZHEN) CO LTD
45.	Fuzhou Meierqi Trading Co.,Ltd
46.	GATEWAY FREIGHT SYSTEMS INC
47.	GENERAL STANDARD TECH SERVICES LTD
48.	GEORGIA DEPARTMENT OF REVENUE
49.	Go Sports Enterprise Co.
50.	Gordon Brothers Commercial and Industrial, LLC
51.	GRAPEVINE-COLLEYVILLE TAX OFFICE
52.	GREENBRIAR HOLDINGS LTD.
53.	HANDAN MEIJIANLI HARDWARE MANUFACTURING
54.	HEZE JINRAN WOODWARE CO., LTD.
55.	Heze Zhongran Woodware Co., Ltd.
56.	HUANGYAN IMPORT AND EXPORT CORPORATION ZHEJIANG
57.	HUIZHOU CITY XIANGSHENG WOODWORK CO. LTD
58.	ILLINOIS DEPARTMENT OF REVENUE
59.	INFORMATION RESOURCES, INC.
60.	INTERTEK TESTING SERV SHENZHEN
61.	JACKSON WALKER LLP
62.	Jiangle Jiafeng Wood Industrial Co., Ltd
63.	JIASHAN YUNJIA HANDCRAFT CO., LTD.
64.	Jiaxing Wanlian Auto Parts Co., Ltd
65.	KIM DAWSON AGENCY
66.	Kin Yip Toys Co., Limited
67.	LIBERTY MUTUAL INSURANCE
68.	LITTLER MENDELSON PC
69.	Maersk Customs Services USA Inc
70.	MAGENTO INC
71.	MARKMONITOR INC
72.	NAUTADUTILH
73.	NALE GROUP INC
74.	NETSUITE INC
75.	NINGBO WIDEWAY IMP. & EXP.CO., LTD
76.	OPEN TEXT INC
77.	ORACLE AMERICA INC
78.	PARKER POWER SYSTEMS, INC.
79.	PHONE ALLOWANCES
80.	PURE WATER PARTNERS LLC
81.	QUENCH USA INC
82.	Receiver General of Canada
83.	RED POINTS SOLUTIONS S L
84.	RELIANCE STAFFING INC
85.	ROOM 4 CREATIVES
86.	SALESFORCE.COM INC
87.	SALSIFY INC
88.	SANDRA DE LA PARRA
89.	SCHULZ TRADE LAW PLLC
90.	SGS NORTH AMERICA
91.	SHELL ENERGY SOLUTIONS (MP2)

92.	Shenzhen Dongjiangfu packing material Co., ltd.
93.	SHENZHEN EVERWIN GOODS FACTORY
94.	SPS COMMERCE, INC.
95.	STATE COMPTROLLER
96.	STATE OF CALIFORNIA
97.	STATE OF CONNECTICUT
98.	STATE OF MICHIGAN
99.	TAIZHOU HUANGYAN SAIYU PLASTIC & HARDWARE FACTORY
100.	TAIZHOU SISHUIQINGLAN DAILY NECESSITIES CO., LTD.
101.	TAIZHOU SUNRISE INTERNATIONAL CO LTD
102.	TAIZHOU TAIYAN SWING CO., LTD
103.	TAIZHOU TOYLAND CO., LTD
104.	TECH LINK GLOBAL SOLUTIONS, LT
105.	THE CAMPBELL AGENCY, INC
106.	TIME WARNER CABLE
107.	TOPOCEAN CONSOLIDATION SERVICE (LOS ANGELES) INC
108.	TRANSPERFECT TRANSLATIONS INTERNATIONAL INC
109.	UNISHIPPERS
110.	UNISHIPPERS MANAGEMENT SERVICES LLC
111.	UNITED STATES CUSTOMS SERVICE
112.	UNUM LIFE (MERLIN)
113.	USI INSURANCE SERVICES LLC
114.	VISION SERVICE PLAN
115.	WALMART INC
116.	WALMART MEXICO
117.	WENDY BURGESS, TAX ASSESSOR-COLLECTOR
118.	WPROMOTE LLC
119.	ZHEJIANG HUANGYAN HONGXING CRAFTS FACTORY
120.	ZHEJIANG JIAHENG TOYS CO LTD
121.	ZHEJIANG NENGFU TOURIST PROD. CO., LTD.
122.	Zhejiang Pujiang BOHU CHAIN Co. Ltd.
123.	ZURICH AMERICAN INSURANCE COMPANY

Exhibit E-1

Redline

IN RE KIDKRAFT, INC., *ET AL.*
GLOBAL SETTLEMENT TERM SHEET

June 17, 2024

This non-binding settlement term sheet (this "***Term Sheet***") describes the material terms of a proposed global settlement in the Bankruptcy Cases of KidKraft, Inc. and its affiliated debtors-in-possession (the "***Debtors***"). Reference is made in this Term Sheet to the Debtors' Joint Prepackaged Chapter 11 Plan [Docket No. 28] (as may be amended, supplemented, or otherwise modified from time to time, the "***Plan***").[1]

This Term Sheet is provided in confidence in the nature of a settlement proposal in furtherance of settlement discussions and is not a commitment or agreement on the terms of any settlement. Accordingly, this Term Sheet is entitled to the protections of Rule 408 of the Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

Settlement Terms	
Settlement Parties	The Debtors, the official committee of unsecured creditors (the "***Committee***"), the DIP Secured Parties and the Prepetition Secured Parties (collectively, the "***Secured Parties***"), Backyard Products, LLC (the "***Purchaser***"), and MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. (collectively, "***MidOcean***," and together with the Debtors, the Committee, the Secured Parties, and the Purchaser, collectively, the "***Parties***").
Modifications to the Plan	The Debtors will modify and amend the Plan to implement the terms contained herein (the "***Amended Plan***"), which the Debtors will seek to have confirmed pursuant to sections 1123 and 1129 of the Bankruptcy Code and Bankruptcy Rule 9019 with the Committee's support (the "***Settlement***"). The Debtors will not be required to resolicit or re-notice the Amended Plan.
GUC Trust	On the Effective Date, a trust will be established for the benefit of the Holders of Allowed General Unsecured Claims who make a GUC Settlement Opt-In Election (as defined below) (the "***GUC Trust***") with the primary purpose of liquidating the GUC Trust Assets and making distributions to Holders of Allowed General Unsecured Claims that hold GUC Trust Interests on account of their GUC Trust Interests. The GUC Trust shall be responsible for paying any U.S. Trustee fees accruing in relation to disbursements by the GUC Trust and any taxes related to the GUC Trust Assets. The Committee may select the trustee of the GUC Trust (the "***GUC Trustee***"), subject to the consent, not to be unreasonably withheld, of the Debtors and the Prepetition Secured Parties. Any professionals hired by the GUC Trustee will be compensated for services in such capacity solely from the GUC Trust Assets or proceeds thereof.

[1] Capitalized terms used but not defined in this Term Sheet have the meanings ascribed to such terms in the Plan.

GUC Trust Agreement	An agreement establishing and governing the GUC Trust will be included in the Plan Supplement and executed as of the Effective Date, which agreement shall be consistent with this Term Sheet and acceptable in form and substance to the Debtors, the Committee, and the Prepetition Secured Parties (the "***GUC Trust Agreement***").
GUC Trust Interests	The Amended Plan will provide that each holder of an Allowed General Unsecured Claim may elect to "opt in" to receiving its Pro Rata share of 100% of the beneficial interests in the GUC Trust (the "***GUC Trust Interests***," and such affirmative election, a "***GUC Settlement Opt-In Election***") within 30 days after the Effective Date, subject to the Waterfall set forth below.[2]
GUC Trust Expense Reserve	$75,000 of Cash will be funded from Cash on hand of the U.S. Debtors to the GUC Trust on the Effective Date to allow the GUC Trustee to maintain and administer the GUC Trust Assets (the "***GUC Trust Expense Reserve***").

[2] By their participation in the Settlement, the Prepetition Secured Parties will be deemed to have made a GUC Settlement Opt-In Election without the need to submit any opt-in election or otherwise comply with any procedures related thereto, and, accordingly, the Prepetition Secured Parties will receive their pro rata share of GUC Trust Interests on the Effective Date.

GUC Trust Assets	The "***GUC Trust Assets***" will be comprised of: • The GUC Trust Expense Reserve; • $125,000 in Cash; • The Sponsor Cash Contribution (as defined below); • 40% of any cash collateral recovered from the former prepetition agent pursuant to the Assignment and Assumption dated as of January 31, 2024 by and between (i) Antares AssetCo LP, Antares Capital LP, Antares Holdings LP, Antares CLO 2017-2, LTD., Antares CLO 2018-1, LTD., Fifth Third Bank, N.A., and PNC Bank, N.A., as assignors, and (ii) 1903 Partners, LLC, as assignee (the "***GUC L/C Cash***");[3] • (i) $350,000 if, on the Effective Date, the calculation of the "Purchase Price at close" in accordance with Exhibit B of the APA (such calculation, the "***Purchase Price Calculation***") is within a 0-5% variance of $39,322,916; (ii) $250,000 if, on the Effective Date, the Purchase Price Calculation is within a 6-10% variance of $39,322,916; (iii) $200,000 if, on the Effective Date, the Purchase Price Calculation is within a 11-20% variance of $39,322,916; or (iv) $150,000 if, on the Effective Date, the Purchase Price Calculation is a more than 20% variance of $39,322,916; • Any unused amounts in the Approved Budget (as modified by the terms of this Term Sheet) that are designated for fees and expenses of the Committee's professionals; • Any unused amounts permitted to be paid under the critical vendor and lienholders order through the Effective Date (with the Debtors having sole discretion to pay amounts authorized under such order, except that any allowed 503(b)(9) claims shall be paid in full to the holders thereof); • All commercial tort claims (as that term is defined in Article 9 of the Uniform Commercial Code) of the Debtors other than any such claims against any Released Party under the Plan; and • All Avoidance Actions other than those against (i) any parties identified on **Schedule 1**[4] hereto, unless any such party makes a GUC Settlement Opt-In Election, (ii) any other "Designated Parties" (as that term is defined in the Purchase Agreement) under Section 2.1(k)(ii) through (iv) of the Purchase Agreement, and (iii) any Released Parties (collectively, the "***Assigned Avoidance Actions***").

[3] The total cash collateral posted was $630,000 (105% of $600,000 letter of credit). The Prepetition Secured Parties and the GUC Trustee will work together in good faith to determine and implement the necessary mechanics for collecting and transferring the GUC L/C Cash to the GUC Trust upon the earlier of the expiration or replacement of the letter of credit.

[4] Schedule 1 may be amended to add or remove parties at any time prior to the Effective Date, subject to the prior written consent of all Parties hereto.

Distribution of GUC Trust Assets	The GUC Trust Assets, including any proceeds received by the GUC Trust on account of the prosecution or settlement of any commercial tort claims or Avoidance Actions that are GUC Trust Assets, net of any GUC Trust expenses (including professional fees) not covered by the GUC Trust Expense Reserve, shall be distributed as follows (the "***Waterfall***"): • Holders of Allowed General Unsecured Claims that hold GUC Trust Interests other than the Prepetition Secured Parties shall receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and • Thereafter, all Holders of Allowed General Unsecured Claims that hold GUC Trust Interests (including the Prepetition Secured Parties' Deficiency Claims) shall receive their Pro Rata share of 100% of the GUC Trust Assets.
Prepetition Secured Parties' Deficiency Claims	The Amended Plan will provide that the Prepetition Secured Parties deficiency claims will be capped at $55 million on the Effective Date (the "***Prepetition Secured Parties' Deficiency Claims***").
Purchased Avoidance Actions	The Amended Plan and the Confirmation Order will make clear that any Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser.
MidOcean Waiver of Claims and Cash Contribution	On the Effective Date, MidOcean will (i) contribute $100,000 in cash to the GUC Trust (the "***Sponsor Cash Contribution***") and (ii) waive any General Unsecured Claims it may have against the Debtors, including any claims under the subordinated note and services agreement (the "***Sponsor Claims Waiver***"); *provided*, *however*, that nothing in the foregoing shall result in any of the Debtors' directors that are MidOcean designees waiving or releasing any rights to assert indemnification claims against the Debtors or any of its insurance carriers or any rights as beneficiaries of any insurance policies. MidOcean is a Released Party under the Plan and has provided valuable consideration to the estates in the form of the Sponsor Cash Contribution and the Sponsor Claims Waiver. Accordingly, notwithstanding anything set forth in the Plan, neither the GUC Trust nor the Debtors (nor any entity on behalf of the Debtors' estates) shall bring or be entitled to bring any claims or causes of action against the Debtors' current and former directors and officers appointed and/or designated by MidOcean or MidOcean or any of its current and former Affiliates or it or its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such, and all such claims shall be deemed and hereby are waived and released (each of the foregoing persons, a "Released Party" for purposes of the Plan).
Claims Administration	The GUC Trustee will reconcile and administer General Unsecured Claims and make distributions on account thereof.

Release and Exculpation	The Committee and its professionals, its members and their professionals, if any, shall be included as Released Parties, and the Committee and its members shall be included as Exculpated Parties under the Amended Plan; *provided* that the Committee members will be released and exculpated solely in their capacities as members of the Committee. The special committee of the Debtors' board (the "***Special Committee***") has completed its investigation of potential causes of action (the "***Investigation***"). The Special Committee has provided the Committee's counsel with an opportunity to discuss any non-privileged findings from its preliminary report on the Investigation with the Special Committee, which discussion occurred on June 15, 2024. The Investigation concluded that no colorable causes of action worth pursuing exist. The Committee will not object to, and will affirmatively support, the releases and exculpations as set forth in the Plan (and as modified per this Term Sheet).
Committee Support	The Committee shall (a) not object to, delay, or impede, (b) if applicable, withdraw any objections to, (c) not seek any additional discovery with respect to, and (d) affirmatively support the DIP Facility, entry of the Final DIP Order, approval of other pending "second day" motions, approval of the Sale Transaction, approval of the Disclosure Statement, and confirmation of the Amended Plan on the milestones set forth in the RSA. Furthermore, the Committee will not take any other action inconsistent with this Term Sheet.
Final DIP Order Settlement Terms	
DIP Facility; Roll-Up	The Committee agrees not to object to the DIP Facility, the roll-up, or entry of the Final DIP Order on terms acceptable to the Debtors and the Secured Parties.
DIP and Adequate Protection Liens and Superpriority Claims	The DIP Secured Parties and the Prepetition Secured Parties will be granted DIP Liens, Replacement Liens, DIP Superpriority Claims, or Adequate Superpriority Claims on Avoidance Actions and proceeds thereof; *provided* that each of the foregoing will be subject to the terms of the Settlement.
506(c) / 552 Waivers and Marshaling	The Committee consents to a 506(c) waiver through termination of the DIP Facility or consensual use of Cash Collateral. The Committee consents to 552 equities of the case and marshaling waivers.

Challenge Period	The deadline for the Committee to commence a Challenge (as defined in the DIP Order) will be extended until 7 calendar days following the occurrence of a Denial/Withdrawal; *provided that* upon the Effective Date, the Challenge Period shall automatically expire; *provided further that* prior to the occurrence of a Denial/Withdrawal, the Committee shall not pursue or undertake any Challenge, or otherwise challenge, object to, seek discovery with respect to, or not support the Final DIP Order, the Amended Plan, the Sale Transaction, or any other pending "second day" motions. For purposes of this section, "***Denial/Withdrawal***" means the occurrence of the Court's denial or the Debtors' withdrawal of the Settlement or the filing of an Amended Plan that is materially inconsistent with this Term Sheet. If the Committee asserts a Challenge or files a standing motion, the Settlement shall immediately terminate. For the avoidance of doubt, the Debtors expressly preserve their rights to object to any standing motion filed by the Committee.
Committee Professional Carveout	Amounts for the Committee professionals' fees will be funded into the Funded Reserve Account, subject to terms of the DIP Order regarding funding the Funded Reserve Account. The investigation budget for the Committee will be increased to $75,000 in the Final DIP Order.
Approved Budget	The amount in the Approved Budget allocated to the fees and expenses for the Committee professionals shall be increased to and shall not exceed $500,000 in the aggregate.
Reporting	The Committee will receive the same reporting provided to the Secured Parties under the DIP Order.

Schedule 1

Go-Forward Trade Vendors

1.	ACA ASSOCIATES, INC.
2.	ADA SITE COMPLIANCE
3.	AMAZON BUSINESS
4. ~~1.~~	APORIA
5.	ARCHIVE SUPPLIES, INC.
6.	AVALARA
7. ~~2.~~	BAKER TILLY US, LLP
8.	BDO USA LLP
9.	BILT INCORPORATED
10. ~~3.~~	BUREAU VERITAS HONG KONG
11. ~~4.~~	~~Channelengine Inc~~CHANNELENGINE INC
12. ~~5.~~	~~ChaoZhou City ChaoAn District CaiTang Town QiFeng Hardware Factory~~CHAOZHOU CITY CHAOAN DISTRICT CAITANG TOWN QIFENG HARDWARE FACTORY
13.	CHEP CANADA INC
14.	CINTAS CORPORATION
15.	CINTAS FIRST AID & SAFETY
16.	CITY OF IRVING
17. ~~6.~~	CMA CGM (AMERICA) LLC
18. ~~7.~~	CNA INSURANCE
19.	COMMERCE HUB
20.	COMMONWEALTH OF PENNSYLVANIA
21.	CONCUR TECHNOLOGIES INC
22.	COSTCO WHOLESALE JAPAN LTD
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25.	DELL MARKETING LP
26. ~~9.~~	DEMICA LIMITED
27.	DEPARMENT OF REVENUE
28.	DISCOVERY BENEFITS/WEX HEALTH
29. ~~10.~~	DLL (~~De Lage Landen) Financial Services, Inc~~DE LAGE LANDEN) FINANCIAL SERVICES, INC.
30. ~~11.~~	DONG GUAN SHING FAI FURNITURE CO. LTD.
31. ~~12.~~	DONG GUAN YU JUN ELECTRONICS CO., LTD
32. ~~13.~~	~~DongJiangFu International~~DONGJIANGFU INTERNATIONAL (HONGKONG) ~~Co~~CO.,~~ltd~~ LTD
33. ~~14.~~	DORPO INDUSTRIES LTD
34. ~~15.~~	DPF TRADE CENTER II, L.L.C.
35.	EMTEK SHENZHEN CO., LTD
36.	EUROFINS PRODUCT TESTING
37.	FEDEX TRADE NETWORKS
38.	FORD CREDIT
39.	FOSHAN JIULI PRECISION GAS & LIQUID HARDWARE FACTORY
40. ~~16.~~	FREIGHT-FLEX, LLC
41. ~~17.~~	FUJIAN NEW JIAFENG WOOD INDUSTRY CO., LTD

~~**Schedule 1**~~

42. ~~18.~~	~~Fujian ShunChang Sheng Sheng Wood Industry Ltd~~FUJIAN SHUNCHANG SHENG SHENG WOOD INDUSTRY LTD., ~~Co~~CO.
43. ~~19.~~	FUJIAN THREE DIMENSIONAL WOOD INDUSTRY CO., LTD
44. ~~20.~~	FUJING PLASTIC PRODUCTS (SHENZHEN) CO LTD
45. ~~21.~~	~~Fuzhou Meierqi Trading Co~~FUZHOU MEIERQI TRADING CO.,~~Ltd~~ LTD
46.	GATEWAY FREIGHT SYSTEMS INC
47.	GENERAL STANDARD TECH SERVICES LTD
48. ~~22.~~	GEORGIA DEPARTMENT OF REVENUE
49. ~~23.~~	~~Go Sports Enterprise Co~~GO SPORTS ENTERPRISE CO.
50. ~~24.~~	~~Gordon Brothers Commercial and Industrial~~GORDON BROTHERS COMMERCIAL AND INDUSTRIAL, LLC
51. ~~25.~~	GRAPEVINE-COLLEYVILLE TAX OFFICE
52. ~~26.~~	GREENBRIAR HOLDINGS LTD.
53. ~~27.~~	HANDAN MEIJIANLI ~~HARDWAREMANUFACTURING~~HARDWARE MANUFACTURING
54. ~~28.~~	HEZE JINRAN WOODWARE CO., LTD.
55. ~~29.~~	~~Heze Zhongran Woodware Co., Ltd~~HEZE ZHONGRAN WOODWARE CO., LTD.
56. ~~30.~~	HUANGYAN IMPORT AND EXPORT CORPORATION ZHEJIANG
57. ~~31.~~	HUIZHOU CITY XIANGSHENG WOODWORK CO. LTD
58. ~~32.~~	ILLINOIS DEPARTMENT OF REVENUE
59.	INFORMATION RESOURCES, INC.
60.	INTERTEK TESTING SERV SHENZHEN
61. ~~33.~~	JACKSON WALKER LLP
62. ~~34.~~	~~Jiangle Jiafeng Wood Industrial Co~~JIANGLE JIAFENG WOOD INDUSTRIAL CO., ~~Ltd~~LTD
63. ~~35.~~	JIASHAN YUNJIA HANDCRAFT CO., LTD.
64. ~~36.~~	~~Jiaxing Wanlian Auto Parts Co~~JIAXING WANLIAN AUTO PARTS CO., ~~Ltd~~LTD
65. ~~37.~~	~~Kin Yip Toys Co., Limited~~KIM DAWSON AGENCY
66.	KIN YIP TOYS CO., LIMITED
67. ~~38.~~	LIBERTY MUTUAL INSURANCE
68. ~~39.~~	LITTLER MENDELSON PC
69.	MAERSK CUSTOMS SERVICES USA INC
70.	MAGENTO INC
71.	MARKMONITOR INC
72.	NAUTADUTILH
73. ~~40.~~	NALE GROUP INC
74. ~~41.~~	NETSUITE INC
75. ~~42.~~	NINGBO WIDEWAY IMP. & EXP.CO., LTD
76. ~~43.~~	OPEN TEXT INC
77. ~~44.~~	~~Receiver General of Canada~~ORACLE AMERICA INC
78.	PARKER POWER SYSTEMS, INC.
79.	PHONE ALLOWANCES
80.	PURE WATER PARTNERS LLC
81.	QUENCH USA INC
82.	RECEIVER GENERAL OF CANADA
83. ~~45.~~	RED POINTS SOLUTIONS S L
84. ~~46.~~	~~ROOM 4 CREATIVES~~RELIANCE STAFFING INC
85. ~~47.~~	~~ROPES & GRAY LLP~~ROOM 4 CREATIVES
86. ~~48.~~	SALESFORCE.COM INC

87. ~~49.~~	SALSIFY INC
88.	SANDRA DE LA PARRA
89.	SCHULZ TRADE LAW PLLC
90. ~~50.~~	SGS NORTH AMERICA
91. ~~51.~~	SHELL ENERGY SOLUTIONS (MP2)
92. ~~52.~~	~~Shenzhen Dongjiangfu packing material Co~~SHENZHEN DONGJIANGFU PACKING MATERIAL CO.,~~ltd~~ LTD
93.	SHENZHEN EVERWIN GOODS FACTORY
94. ~~53.~~	SPS COMMERCE, INC.
95. ~~54.~~	STATE COMPTROLLER
96. ~~55.~~	STATE OF CALIFORNIA
97.	STATE OF CONNECTICUT
98. ~~56.~~	STATE OF MICHIGAN
99. ~~57.~~	TAIZHOU HUANGYAN SAIYU PLASTIC & HARDWARE FACTORY
100. ~~58.~~	TAIZHOU SISHUIQINGLAN DAILY NECESSITIES CO., LTD
101. ~~59.~~	TAIZHOU SUNRISE INTERNATIONAL CO LTD
102. ~~60.~~	TAIZHOU TAIYAN SWING CO., LTD
103. ~~61.~~	TAIZHOU TOYLAND CO., LTD
104.	TECH LINK GLOBAL SOLUTIONS, LT
105.	THE CAMPBELL AGENCY, INC
106.	TIME WARNER CABLE
107. ~~62.~~	TOPOCEAN CONSOLIDATION SERVICE (LOS ANGELES) INC
108. ~~63.~~	TRANSPERFECT TRANSLATIONS INTERNATIONAL INC
109. ~~64.~~	UNISHIPPERS
110. ~~65.~~	UNISHIPPERS MANAGEMENT SERVICES LLC
111. ~~66.~~	UNITED STATES CUSTOMS SERVICE
112.	UNUM LIFE (MERLIN)
113.	USI INSURANCE SERVICES LLC
114.	VISION SERVICE PLAN
115.	WALMART INC
116.	WALMART MEXICO
117. ~~67.~~	WENDY BURGESS, TAX ASSESSOR-COLLECTOR
118. ~~68.~~	WPROMOTE LLC
119. ~~69.~~	ZHEJIANG HUANGYAN HONGXING CRAFTS FACTORY
120. ~~70.~~	ZHEJIANG JIAHENG TOYS CO LTD
121. ~~71.~~	ZHEJIANG NENGFU TOURIST PROD. CO., L
122. ~~72.~~	~~Zhejiang Pujiang~~ZHEJIANG PUJIANG BOHU CHAIN ~~Co~~CO. ~~Ltd~~LTD.
123.	ZURICH AMERICAN INSURANCE COMPANY

Exhibit F

GUC Trust Agreement[1]

[1] The GUC Trust Agreement remains subject to further review by the Debtors, the Committee, and the Prepetition Secured Parties.

GUC TRUST AGREEMENT

This GUC Trust Agreement (the "Agreement"), dated as of June __, 2024, by and between KidKraft, Inc., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, KidKraft International IP Holdings, LLC, Solowave Design Corp., Solowave Design Holdings Limited, Solowave Design Inc., Solowave Design LP, and Solowave International Inc. (collectively, the "Debtors"), and Jiangang Ou of Archer & Greiner P.C., not individually but solely in his capacity as trustee hereunder (the "GUC Trustee"),[1] is hereby executed to facilitate the implementation of the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "Plan"), which provides for the establishment of the GUC Trust (as defined below) created by this Agreement and the administration and disposition of the GUC Trust Assets (as defined below), all for the benefit of the Holders of General Unsecured Claims as set forth in the Plan. The GUC Trustee's powers and duties are set forth herein.

WHEREAS, on May 10, 2024 (the "Petition Date"), the Debtors commenced the chapter 11 cases by filing petitions for relief under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code");

WHEREAS, on May 23, 2023, the Office of the United States Trustee for the Northern District of Texas (the "U.S. Trustee"), pursuant to section 1102 of the Bankruptcy Code, appointed an Official Committee of Unsecured Creditors (the "Committee");

WHEREAS on June 17, 2024, the Debtors filed a *Notice of Filing Global Settlement Term Sheet* [Docket No. 195] that attaches a copy of a Global Term Sheet (the "***Global Settlement Term Sheet***") by and between the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean;

WHEREAS, pursuant to section 1121 of the Bankruptcy Code, the Debtors filed the Plan;

WHEREAS, on June 21, 2024, the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court") approved the Plan and an Order is expected to be entered on June 21, 2024, confirming the Plan (the "Confirmation Order");

WHEREAS, the Plan will become effective on _____, 2024 (the "Effective Date");

WHEREAS, the Plan provides for the establishment of the GUC Trust (the "GUC Trust"), effective on the Effective Date of the Plan;

WHEREAS, the Confirmation Order provides for the appointment of the GUC Trustee of the GUC Trust;

[1] Unless otherwise defined herein, all capitalized terms contained in this Agreement have the meanings ascribed to them in the Plan. Except as may be otherwise provided in the Plan, to the extent that a definition of a term in the text of this Agreement and the definition of such term in the Plan are inconsistent, the definition in the Plan shall control.

WHEREAS, the GUC Trust is established for the benefit of the Holders of Allowed General Unsecured Claims who timely make the GUC Settlement Opt-In Election (collectively, the "GUC Trust Beneficiaries");

WHEREAS, the Plan provides, *inter alia*, for:

(a) The transfer of the GUC Trust Assets to the GUC Trust, of the Debtors', their estates', and the Wind Down Estates (collectively, the "Estates") rights, Privilege Rights, privileges (including but not limited to the attorney-client privilege), and powers applicable to the GUC Trust Assets (as defined in the Plan) free and clear of all Claims, Liens, and Encumbrances, including, without limitation, all rights of setoff and recoupment for the benefit of the GUC Trust Beneficiaries;

(b) the distribution of proceeds of the GUC Trust Assets, in accordance with the terms of the Plan, for the benefit of the GUC Trust Beneficiaries; *provided*, *however*, that to the extent any Claim is not an Allowed General Unsecured Claim, the Holder of such General Unsecured Claim shall not be deemed a GUC Trust Beneficiary hereunder unless a GUC Settlement Opt-In Election is made and until such a time that such Claim is Allowed;

(c) the federal income tax treatment of the (i) GUC Trust Beneficiaries as the grantors of the GUC Trust and the owners of the GUC Trust Assets, and (ii) transfer of the GUC Trust Assets to the GUC Trust as a deemed transfer from the Debtors to the GUC Trust Beneficiaries followed by a deemed transfer by the GUC Trust Beneficiaries to the GUC Trust; and

(d) the administration of the GUC Trust and the GUC Trust Assets by the GUC Trustee for the purposes and in the manner set forth in this Agreement subject to the Plan.

WHEREAS, the GUC Trust is intended to be treated as a liquidating trust pursuant to Treasury Regulations, Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684, and as a grantor trust subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part 1, Subpart E of the Tax Code (hereinafter defined) owned by the GUC Trust Beneficiaries as grantors.

NOW, THEREFORE, pursuant to the Plan and in consideration of the premises, the mutual agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE 1

DECLARATION OF TRUST

1.1 Purpose of the GUC Trust. The Debtors and the GUC Trustee, pursuant to the Plan and the Confirmation Order and in accordance with the Bankruptcy Code, applicable tax

statutes, rules and regulations, to the extent incorporated in this Agreement, hereby constitute and create the GUC Trust for the sole purpose of liquidating the GUC Trust Assets for the benefit of the GUC Trust Beneficiaries with no objective to continue or engage in the conduct of a trade or business. In particular, the GUC Trust, through the GUC Trustee, shall (a) manage, collect, if necessary, the GUC Trust Assets (b) make distributions pursuant to this Agreement, the Plan, and the Confirmation Order, and (c) take such steps as are reasonably necessary to accomplish such purposes, all as more fully provided in, and subject to the terms and provisions of, the Plan, the Confirmation Order, and this Agreement. The GUC Trust shall not have authority to engage in a trade or business, and no portions of the GUC Trust Assets shall be used in the conduct of a trade or business, except as is reasonably necessary for the prompt and orderly collection of the GUC Trust Assets with the goal of maximizing such assets for the benefit of the GUC Trust Beneficiaries.

1.2 Name of the GUC Trust. The liquidating trustee established hereby shall be known as the "KidKraft GUC Trust." In connection with the exercise of its powers, the GUC Trustee may use such name or such variation thereof as he sees fit, and may transact the business and affairs of the GUC Trust in such name.

1.3 Transfer of GUC Trust Assets to Create GUC Trust. Pursuant to the Plan and the Confirmation Order, the Debtors and the Wind Down Estate hereby irrevocably grant, release, assign, transfer, convey, and deliver to the GUC Trustee as of the next Business Day following GUC Settlement Opt-In Election Deadline, the GUC Trust Assets. Upon the transfer of the GUC Trust Assets to the GUC Trust, the Debtors and Wind Down Estate shall retain no interest in the GUC Trust Assets. On or before the first Business Day following the GUC Settlement Opt-In Election Deadline, the Debtors shall execute and deliver, or cause to be executed and delivered to, any and all such documents, in recordable form where necessary or appropriate, and the Debtors shall take or cause to be taken such further or other action, as the GUC Trustee may reasonably deem appropriate, to vest, perfect in, or confirm to the GUC Trustee title to and possession of all of the GUC Trust Assets. In connection herewith, the GUC Trustee shall be responsible for establishing and maintaining such accounts as the GUC Trustee shall deem necessary or appropriate to carry out the provisions of this Agreement, and to perform all obligations specified for the GUC Trustee under the Plan, the Confirmation Order, and this Agreement.

1.4 Acceptance by the GUC Trustee. The GUC Trustee hereby accepts: (a) the appointment to serve as GUC Trustee; (b) the transfer of the GUC Trust Assets to the GUC Trust; and (c) the trust imposed on him by this Agreement. The GUC Trustee agrees to receive, hold, administer, and distribute the GUC Trust Assets and the income or other proceeds derived therefrom, if any, pursuant to the terms of the Plan, the Confirmation Order, and this Agreement. The GUC Trustee agrees to perform all activities reasonably necessary to ensure the transfer of the GUC Trust Assets to the GUC Trust.

1.5 Nature of GUC Trust. The GUC Trust is not intended to be, and shall not be deemed to be or treated as, a general partnership, limited partnership, limited liability partnership, joint venture, corporation, limited liability company, joint stock company, or association, nor shall the Debtors, the GUC Trustee, or the GUC Trust Beneficiaries be deemed to be or treated in any way whatsoever to be liable or responsible hereunder as partners or joint venturers. The relationship of the GUC Trust Beneficiaries, on the one hand, to the GUC Trust and the GUC

Trustee, on the other hand, shall not be deemed a principal or agency relationship, and their rights shall be limited to those conferred upon them by this Agreement, the Plan, and the Confirmation Order.

1.6 Incorporation of Plan. The Plan is hereby incorporated into this Agreement and made a part by reference hereof.

ARTICLE 2

GUC TRUSTEE – GENERALLY

2.1 Appointment. The initial GUC Trustee shall be Jiangang Ou of Archer & Greiner P.C.

2.2 Term of Service. The GUC Trustee shall serve until (a) the termination of the GUC Trust in accordance with Article 9 of this Agreement, or (b) the GUC Trustee's resignation, death, or removal, all in accordance with the provisions hereof.

2.3 Services. The GUC Trustee shall be entitled to engage in such other activities as he deems appropriate that are not in conflict with the Plan, the Confirmation Order, this Agreement, the GUC Trust, or the interests of the GUC Trust Beneficiaries resulting from this Agreement. The GUC Trustee shall devote such time as is necessary to fulfill all of his duties as GUC Trustee.

2.4 Resignation, Incapacity, Death, or Removal of GUC Trustee. The GUC Trustee may resign at any time, and such resignation shall become effective upon the appointment of a permanent or interim successor GUC Trustee by the GUC Trustee. The GUC Trustee shall cease to serve upon his incapacity. For the purposes of this Agreement, "incapacity" shall mean (a) adjudication by a court of competent jurisdiction that the GUC Trustee is incapacitated; or (b) upon delivery of a written document signed by the GUC Trustee's personal physician indicating that the GUC Trustee is unable to serve in such capacity. In the event the GUC Trustee position becomes vacant, the vacancy shall be filled by Matt Dundon of Dundon Advisors or his designee of a member of his company. Upon appointment pursuant to this Section 2.4, and upon the execution of an instrument accepting the appointment and delivering said acceptance instrument to the Bankruptcy Court, the successor GUC Trustee, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of his predecessor.

2.5 Trust Continuance. The death, resignation, or removal of the GUC Trustee shall not terminate the GUC Trust or revoke any existing agency (other than any agency of such GUC Trustee as a GUC Trustee) created pursuant to this Agreement or invalidate any action theretofore taken by the GUC Trustee, and the successor GUC Trustee agrees that the provisions of this Agreement shall be binding upon and inure to the benefit of the successor GUC Trustee and all his heirs and legal and personal representatives, successors, or assigns.

2.6 Compensation and Expenses of GUC Trustee. The GUC Trustee shall be compensated at a rate of $460.00 per hour and also shall be entitled to receive reimbursement of reasonable, actual, and necessary costs, fees (including attorneys' fees), and expenses incurred by the GUC Trustee in connection with the performance of his duties hereunder. All compensation and other amounts payable to the GUC Trust shall be paid out of the GUC Trust Assets, without

notice or further order of the Bankruptcy Court. All reimbursement for expenses payable to the GUC Trustee shall be paid from the GUC Trust Assets in priority over any distributions to any GUC Trust Beneficiaries to be made under the Plan.

2.7 Retention of Professionals. The GUC Trustee may, but shall not be required to, retain and engage such attorneys, accountants, and other professionals and persons as may be necessary to carry out the proper administration of the GUC Trust, without need for Bankruptcy Court approval. For the avoidance of doubt, such attorneys, accountants, and other professionals and persons may include (a) any law or accounting firm of which the GUC Trustee is a partner or otherwise affiliated from time to time, and (b) any law or accounting firm that may have been previously engaged by the Debtors or the Committee. The GUC Trustee may pay, without need for Bankruptcy Court approval, the reasonable salaries, fees, and expenses of such professionals, including contingency fees, out of the GUC Trust Assets. The GUC Trustee may establish one or more reserves for this purpose.

ARTICLE 3

POWERS AND LIMITATIONS OF GUC TRUSTEE

3.1 General Powers of GUC Trustee. In connection with the administration of the GUC Trust, except as otherwise set forth herein, the Plan, or the Confirmation Order, as of the date that the GUC Trust Assets are transferred to the GUC Trust, the GUC Trustee is authorized to perform the acts necessary or desirable to accomplish the purposes of the GUC Trust. The GUC Trust shall succeed to all of the rights of the Debtors necessary to protect, conserve, and liquidate the GUC Trust Assets as quickly as reasonably practicable consistent with the purposes of the GUC Trust. Subject to the limitations set forth in this Agreement, the Plan and the Confirmation Order, and in addition to any powers and authority conferred by law, by the Plan, and the Confirmation Order, or by any other section or provision of this Agreement, the GUC Trustee may exercise all powers granted him hereunder related to, or in connection with, the administration and liquidation of the GUC Trust Assets, and distribution of Cash and other net proceeds derived therefrom in accordance with this Agreement, the Plan, and the Confirmation Order. Without limiting, but subject to the foregoing, the GUC Trustee shall be expressly authorized to:

(a) collect, sell, abandon, or otherwise dispose of all GUC Trust Assets subject to the terms of the Plan;

(b) effect distributions under the Plan to the Holders of Allowed General Unsecured Claims;

(c) pay all costs and expenses of administering the GUC Trust and the GUC Trust Assets after the Effective Date and other powers necessary or incident thereto, including, without limitation, the power to employ and compensate professionals to assist the GUC Trustee in carrying out the duties hereunder;

(d) implement the Plan including any other powers necessary or incidental thereto;

(e) participate in actions to enforce or interpret the Plan;

(f) bind the GUC Trust;

(k) open and maintain bank accounts on behalf of or in the name of the GUC Trust, calculate and make distributions and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment, and maintenance of appropriate reserves, in the name of the GUC Trust;

(l) receive, conserve, and manage the GUC Trust Assets;

(m) omitted;

(n) file, if necessary, any and all tax and information returns of the GUC Trust;

(o) hold legal title to any and all GUC Trust Assets;

(p) establish, fund, and administer the GUC Trust Disputed Claim Reserve, and any reserves necessary to pay the fees and expenses of the GUC Trust in accordance with and pursuant to the Plan, the Confirmation Order, and this Agreement;

(q) represent the GUC Trust before governmental and other regulatory bodies;

(s) make decisions regarding the retention or engagement of professionals, employees, and consultants by the GUC Trust and to pay, from the GUC Truste Assets or any reserve(s) established for that purpose, the fees and charges incurred by the GUC Trust on or after the Effective Date for fees of professionals, disbursements, expenses, or related support services relating to the implementation of the Plan and this Agreement, without application to the Bankruptcy Court, except as set forth herein;

(t) pay all lawful expenses, debts, charges and liabilities of the GUC Trust;

(u) withhold from the amount distributable to any Person such amount as may be sufficient to pay any tax or other charge that the GUC Trustee has determined, in his sole discretion, may be required to be withheld therefrom under the income tax laws of the United States or of any state or political subdivision thereof; and in the exercise of his discretion and judgment, the GUC Trustee may enter into agreements with taxing or other governmental authorities for the payment of such amounts as may be withheld in accordance with the provisions of this section;

(v) enter into any agreement or execute any document required by or consistent with the Plan and the purposes of the GUC Trust and perform all obligations thereunder;

(w) abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of his choice, any assets if he concludes that they are of no benefit to the GUC Trust;

(x) if any performance under this Agreement by the GUC Trustee is subject to the laws of any state or other jurisdiction in which the GUC Trustee is not qualified to act as trustee, nominate, and appoint a Person duly qualified to act as trustee in such state or jurisdiction and

require from each such trustee such security as may be designated by the GUC Trustee; confer upon such trustee any and all of the rights, powers, privileges, and duties of GUC Trustee, subject to the conditions and limitations of this Agreement and applicable law; require such trustee to be answerable to the GUC Trustee for all monies, assets and other property that may be received in connection with the administration of all property; and remove such trustee, with or without cause, and appoint a successor trustee at any time by the execution by the GUC Trustee of a written instrument declaring such trustee removed from office, and specifying the effective date and time of removal;

(y) invest Cash as deemed appropriate by the GUC Trustee in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary liquid investments, such as treasury bills; *provided, however*, that the scope of any such permissible investments shall be limited to include only those investments, or shall be expanded to include any additional investments, as the case may be, that a "liquidating trust," within the meaning of Treasury Regulation Section 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements, or otherwise;

(z) hold title to any investment in his name as GUC Trustee or in a nominee's name;

(aa) omitted;

(bb) sue and participate in any proceeding with respect to any matter regarding or relating to this Agreement, the Confirmation Order, General Unsecured Claims, or the GUC Trust;

(cc) delegate any or all of the discretionary power and authority herein conferred at any time with respect to any portion of the GUC Trust Assets or other powers enumerated herein to any one or more reputable individuals or recognized institutional advisors or investment managers or consultants without any liability for any action taken or omission made because of such delegation, except for liability specifically provided for in this Agreement or the Plan;

(dd) take all other actions consistent with the provisions of this Agreement, the Plan, and the Confirmation Order that the GUC Trustee deems reasonably necessary or desirable to administer the GUC Trust;

(ee) In furtherance of the purpose of the GUC Trust, and except as otherwise provided in the Plan, Confirmation Order, or this Agreement, the GUC Trustee shall have the right and power on behalf of the GUC Trust, and also may cause the GUC Trust, to enter into any agreements, instruments, or other documents necessary to implement the Plan, and to execute, acknowledge, and deliver any and all agreements, instruments, or other documents that are necessary or deemed by the GUC Trustee to be consistent with and advisable in further implementation of the Plan; and

(ff) exercise all powers set forth in the Plan.

3.2 Limitations on the GUC Trustee. Anything in this Agreement to the contrary notwithstanding, the GUC Trustee shall not do or undertake any of the following:

(a) take any action in contravention of the Plan, the Confirmation Order, or this Agreement;

(b) take any action that would significantly jeopardize treatment of the GUC Trust as a "liquidating trust" for federal income tax purposes;

(c) lend any GUC Trust Assets to the GUC Trustee;

(d) purchase GUC Trust Assets from the GUC Trust;

(e) transfer GUC Trust Assets to another trust with respect to which the GUC Trustee serves as trustee;

(f) grant liens on any of the GUC Trust Assets;

(g) guarantee any debt incurred by any third party; or

(h) object to, reconcile, compromise, or settle General Unsecured Claims.

3.3 GUC Trustee Conflicts of Interest. If the GUC Trustee determines, in the exercise of the GUC Trustee's discretion, that he has a conflict of interest with respect to any matter, the GUC Trustee, after notice to the U.S. Trustee, may request the Bankruptcy Court to approve the GUC Trustee's choice of a designee to act on behalf of the GUC Trust solely with respect to such matter, with such designee's authority to so act on behalf of the GUC Trust to terminate upon the matter's conclusion.

ARTICLE 4

LIABILITY OF GUC TRUSTEE

4.1 Trustee Standard of Care; Exculpation; Limitation on Liability. Neither the GUC Trustee, nor any partner, director, officer, affiliate, employee, employer, professional, agent or representative of the GUC Trustee shall be personally liable for any act or omission in connection with affairs of the GUC Trust to any GUC Trust Beneficiary of the GUC Trust, the GUC Trust, or any other Person, except for such of the GUC Trustee's acts or omissions as shall constitute fraud, bad faith, willful misconduct, gross negligence, reckless disregard of his duties, self-dealing, or breach of fiduciary duty as determined by a Final Order of the Bankruptcy Court. Persons dealing with the GUC Trustee, or seeking to assert claims against the GUC Trustee, shall have recourse only to the GUC Trust Assets (excluding any fund to pay administrative costs) to satisfy any liability incurred by the GUC Trustee to such Persons in carrying out the terms of this Agreement.

4.2 Bond. The GUC Trustee shall not be obligated to give any bond or surety for the performance of any of his duties.

4.3 No Liability for Acts of Predecessor GUC Trustees. No successor GUC Trustee shall be in any way liable for the acts or omissions of any predecessor GUC Trustee unless a successor GUC Trustee expressly in writing assumes such responsibility.

4.4 Reliance by GUC Trustee on Documents, Mistake of Fact, or Advice of Counsel. Except as may be otherwise provided in this Agreement, the GUC Trustee may rely, and shall be protected from liability for acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the GUC Trustee to be genuine and to have been presented by an authorized party. Also, the GUC Trustee shall not be liable if he acts in good faith based on a mistake of fact before having actual knowledge of such mistake. The GUC Trustee shall not be liable for any action taken or suffered by the GUC Trustee in reasonably relying upon the advice of counsel or other professionals engaged by the GUC Trustee in accordance with this Agreement.

ARTICLE 5

DUTIES OF GUC TRUSTEE

5.1 General. The GUC Trustee shall have all of the duties specified in the Plan, the Confirmation Order, and this Agreement.

5.2 Monetization of GUC Trust Assets. The GUC Trustee shall, to the fullest extent practicable and necessary, monetize all GUC Trust Assets for distribution pursuant to the terms of this Agreement, the Confirmation Order, and the Plan.

5.3 Books and Records. The GUC Trustee shall maintain, in respect of the GUC Trust, books and records relating to the GUC Trust Assets and income and proceeds realized therefrom and the payment of expenses of and claims against or assumed by the GUC Trust in such detail and for such period of time as may be necessary to enable him to make full and proper reports in respect thereof. Except as expressly provided in this Agreement, the Plan, or the Confirmation Order, nothing in this Agreement is intended to require the GUC Trustee to file any accounting or seek approval of any court with respect to the administration of the GUC Trust, or as a condition for making any payment or distribution out of the GUC Trust Assets or proceeds therefrom.

5.4 Final Accounting of GUC Trustee. The GUC Trustee shall within sixty (60) days after the earlier of: (a) the date of the final distribution made from the GUC Trust; or (b) the GUC Trustee's resignation, removal, liquidation, or death (in which case, the obligation contained in this section shall pass to the GUC Trustee's estate), render a final accounting containing the following information:

(a) a description of the GUC Trust Assets;

(b) a summarized accounting in sufficient detail of all gains, losses, receipts, disbursements and other transactions in connection with the GUC Trust and the GUC Trust Assets during the GUC Trustee's term of service, including their source and nature;

(c) separate entries for all receipts of principal, income or other proceeds;

(d) the ending balance of all GUC Trust Assets (including any proceeds thereof) as of the date of the GUC Trustee's accounting, including the Cash balance on hand and the name and location of the depository where it is kept; and

(e) all known liabilities owed by the GUC Trust.

Upon request, the final accounting may be filed with the Bankruptcy Court.

5.5 Establishment of Accounts and Reserves.

(a) On the GUC Trust Assets Transfer or as soon as practicable thereafter, the GUC Trustee shall establish an account which shall consist of all Cash belonging to the GUC Trust, including all Cash transferred to the GUC Trust pursuant to the Plan (the "General Account").

(b) The GUC Trustee may create from and within the General Account such other reserves as necessary in amounts sufficient to pay for the Post-Effective Date expenses of the GUC Trust (including compensation to the GUC Trustee and his professionals). In addition, the GUC Trustee may establish the GUC Trust Disputed Claims Reserve with sufficient funds to pay Disputed Claims and General Unsecured Claims that have made the GUC Settlement Opt-In Election that have otherwise not been Allowed in the event that all or a portion of such General Unsecured Claims become Allowed General Unsecured Claims. Unless otherwise provided in the Plan or this Agreement, when a General Unsecured Claim is Allowed or Disallowed (and thus becomes an Allowed General Unsecured Claim or a Disallowed Claim, in whole or in part), the funds set aside on account of such General Unsecured Claim, provided the creditor associated with such General Unsecured Claim made the GUC Settlement Opt-In Election, shall be released from the applicable reserve and shall be treated as funds available for distribution in accordance with the terms of the Plan and this Agreement. The GUC Trustee, in his sole discretion, on and after the Effective Date, shall have authority to increase or decrease reserves as appropriate. Notwithstanding anything in the Plan to the contrary, the first distribution and any subsequent distributions shall be determined by the GUC Trustee in his sole discretion. Subject to Article 9 of the Plan, no interest shall accrue or be paid on the unpaid amount of any distribution paid pursuant to the Plan.

(c) Except as otherwise provided in the Plan, Confirmation Order, and this Agreement, the GUC Trustee shall make distributions to GUC Trust Beneficiaries in the exercise of his sound discretion, based on the amount of Cash on hand, the amount needed to fund reserves established pursuant to the Plan, Confirmation Order, and this Agreement, the amount of Disputed Claims and General Unsecured Claims not yet Allowed, and the status of any pending litigation, if any, affecting such distributions; *provided, however*, the GUC Trustee shall not make any distributions in a manner that would be contrary to the provisions of the GUC Settlement Term Sheet, including the provisions related to the "Waterfall" described therein.

(d) Upon the allowance or disallowance of any Disputed Claim, the GUC Trustee shall remove the portion of the GUC Trust Assets attributable to such Claim from the GUC Trust Reserve, and shall be deemed to correspondingly transfer the portion of any other Trust Assets removed from the GUC Trust Reserve, and to have received transfers of such GUC Trust Assets back to the GUC Trust from the Holders of such Allowed General Unsecured Claims Claim, and for the benefit of, the GUC Trust Beneficiaries in accordance with the terms of this Agreement.

ARTICLE 6

GUC TRUST BENEFICIARIES

6.1 Effect of Death, Incapacity, or Bankruptcy of GUC Trust Beneficiary. The death, incapacity, or bankruptcy of a GUC Trust Beneficiary during the term of the GUC Trust shall not operate to terminate the GUC Trust during the term of the GUC Trust nor shall it entitle the representatives or creditors of the deceased, incapacitated, or bankrupt GUC Trust Beneficiary to an accounting or to take any action in any court or elsewhere for the distribution of the GUC Trust Assets or for a petition thereof, nor shall it otherwise affect the rights and obligations of the GUC Trust Beneficiary's representatives and creditors (in such capacity) under this Agreement or in the GUC Trust.

6.2 Standing of GUC Trust Beneficiary. Except as may be expressly provided in this Agreement, the Plan, or the Confirmation Order, a GUC Trust Beneficiary does not have standing to direct the GUC Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party (other than the GUC Trustee) upon or with respect to the GUC Trust Assets.

6.3 Release of Liability by GUC Trust Beneficiary. A GUC Trust Beneficiary shall not relieve the GUC Trustee from any duty, responsibility, restriction or liability as to such GUC Trust Beneficiary that would otherwise be imposed under this Agreement unless such relief is approved by Final Order of the Bankruptcy Court.

6.4 Transfer by GUC Trust Beneficiaries. The interests of the GUC Trust Beneficiaries in the GUC Trust are not negotiable and shall not be transferable except after written notice and written consent provided by the GUC Trustee and only: (a) pursuant to applicable laws of descent and distribution (in the case of a deceased individual GUC Trust Beneficiary), or (b) by operation of law. Any such transfer by operation of law shall not be effective until appropriate notification and proof thereof is submitted to the GUC Trustee, and the GUC Trustee may continue to cause the GUC Trust to pay all amounts to or for the benefit of the assigning GUC Trust Beneficiary until receipt of proper notification and proof of such transfer. The GUC Trustee may rely upon such proof of transfer without the requirement of any further investigation.

6.5 Interests Beneficial Only. The ownership of a beneficial interest hereunder shall not entitle any GUC Trust Beneficiary to any title in or to the GUC Trust Assets as such (which title shall be vested in the GUC Trustee) or to any right to call for a partition or division of GUC Trust Assets.

6.6 No Right to Accounting. Except as may be expressly provided in this Agreement, the Plan, or the Confirmation Order, a GUC Trust Beneficiary shall not have any right to an accounting by the GUC Trustee or the GUC Trust, and the GUC Trustee shall not be obligated to provide any accounting to any person. Nothing in this Agreement is intended to require the Trustee at any time or for any purpose to file any accounting or seek approval of any court with respect to the administration of the GUC Trust or as a condition for making any advance payment, or distribution out of proceeds of GUC Trust Assets.

ARTICLE 7

DISTRIBUTIONS

7.1 Distributions from GUC Trust Assets. All payments to be made by the GUC Trustee to any Person shall be made only in accordance with the Plan, the Confirmation Order, the Global Settlement Term Sheet and this Agreement and from the Cash or Cash proceeds of GUC Trust Assets and only to the extent that the GUC Trust has sufficient Cash to make such payments in accordance with and to the extent provided for in the Plan, the Confirmation Order, and this Agreement. The GUC Trust Assets and the proceeds thereof shall be distributed as follows:

(a) Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries other than the Prepetition Secured Parties and/or DIP Secured Parties shall receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and

(b) Thereafter, all Holders of Allowed General Unsecured Claims that GUC Trust Beneficiaries (including the Prepetition Secured Parties' Deficiency Claim) shall receive their Pro Rata share of 100% of the GUC Trust Assets.

7.2 Distributions; Withholding. The GUC Trustee shall make distributions at such times, and from time to time (but no less frequent than annually), as the GUC Trustee deems appropriate of all net Cash income and all other Cash proceeds received by the GUC Trust; *provided, however* that the GUC Trust may retain such amounts (a) as are reasonably necessary to meet known and contingent liabilities and to maintain the value of the GUC Trust Assets during the term of the GUC Trust, (b) to pay reasonable administrative expenses including, without limitation, the compensation and the reimbursement of reasonable costs, fees (including attorneys' and other professional fees), and expenses of the GUC Trustee in connection with the performance of his duties in connection with this Agreement, and (c) to satisfy all other liabilities incurred or assumed by the GUC Trust (or to which the GUC Trust Assets are otherwise subject) in accordance with the Plan, the Confirmation Order, and this Agreement. All such distributions shall be made, subject to any withholding or reserve, as provided in this Agreement, the Plan, or the Confirmation Order. Additionally, the GUC Trustee may withhold from amounts otherwise distributable on behalf of GUC Trust Beneficiaries any and all amounts, determined in the GUC Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement. The GUC Trustee may withhold the entire distribution to any Holder of an Allowed General Unsecured Claim until such time as the Holder provides the GUC Trustee with the necessary information to comply with any withholding requirements of any governmental unit. If the Holder of an Allowed General Unsecured Claim fails to provide the GUC Trustee with the necessary information to comply with any withholding requirements of any governmental unit within sixty (60) days after the date of first notification, at the last address known to the Debtors, by the GUC Trustee to the Holder of the need for such information, then the Holder shall be deemed to have waived the right to receive any distribution from the GUC Trust.

Notwithstanding any other provision of the Plan, (a) each Holder of an Allowed General Unsecured Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such Holder pursuant to this Agreement or the Plan unless and until such Holder has made arrangements satisfactory to the GUC Trustee for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon any disbursing agent in connection with such distribution. Any property to be

distributed pursuant to this Agreement or the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution under this Agreement or the Plan.

7.4 Method of Cash Distributions. Any Cash payment to be made by the GUC Trust pursuant to the Plan will be in U.S. dollars and may be made, at the sole discretion of the GUC Trustee, by check drawn on a domestic bank or by wire transfer from a domestic bank, or as otherwise required or provided in any relevant agreement or applicable law. Mailed distributions shall be sent to the address provided for the Holder of an Allowed General Unsecured Claim in its respective proof of claim filed with the Court or Claims Agent provided for in the Plan, if any, or if no proof of claim was filed, at the address provided on the Schedules or such Holder's last address known to the Debtors. The GUC Trustee shall not be required to locate the current address for any Holder of an Allowed General Unsecured Claim whose distribution is returned to the GUC Trustee as undeliverable, in accordance with Section 7.10 herein.

7.5 Distributions on Non-Business Days. Any payment or distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day. As used in this Agreement, the term "Business Day" shall mean any day other than a Saturday, Sunday, or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

7.9 Setoffs and Recoupments. The GUC Trustee may, pursuant to Bankruptcy Code section 553 or applicable non-bankruptcy law, exercise the right of setoff or recoupment against any Allowed General Unsecured Claim and the distributions to be made pursuant to the Plan on account of such Claim (before distribution is made on account of such Claim) of the claims, rights and causes of action of any nature that the Debtors may hold against the Holder of such Allowed General Unsecured Claim; *provided, however*, that neither the failure to effect such a setoff or recoupment nor the allowance of any General Unsecured Claim hereunder shall constitute a waiver or release by the GUC Trustee of any such claims, rights and causes of action that the GUC Trust may possess against such Holder.

7.10 Undeliverable Distributions and Non-Negotiated Checks.

(a) Undeliverable Distributions. The GUC Trustee shall have no duty to make distributions to any Holder of an Allowed General Unsecured Claim with an undeliverable address as determined by any undeliverable or returned notice to the GUC Trustee unless and until the GUC Trustee is notified in writing of such Holder's then-current address prior the Plan Distribution Date. If the distribution to any Holder of an Allowed General Unsecured Claim is returned to the GUC Trustee as undeliverable or is otherwise unclaimed, no further distribution shall be made to such Holder unless the GUC Trustee is notified of such Holder's then-current address within thirty (30) days after such distribution was returned. After such date, if such notice was not provided, a Holder shall have forfeited its right to such distribution, and the other Holders of Allowed General Unsecured Claims shall receive a Pro Rata Share of such undeliverable or unclaimed distribution, free of any restrictions thereon. Nothing contained in this Agreement shall require the GUC Trustee to attempt to locate any Holder of an Allowed General Unsecured Claim.

(b) Non-Negotiated Checks. Checks issued in respect of Allowed General Unsecured Claims shall be null and void if not presented within sixty (60) days after the date of issuance

thereof. Requests for reissuance of any voided check shall be made directly to the GUC Trustee by the Holder of the Allowed General Unsecured Claim to whom such check was originally issued. Any claim in respect of such a voided check shall be made within sixty (60) days after the date of issuance of such check. If no request is made as provided in the preceding sentence, any claim in respect of such voided check shall be discharged and forever barred and the other Holders of Allowed General Unsecured Claims shall receive a Pro Rata Share of such undeliverable Plan Distribution, free of any restrictions thereon.

7.11 No Responsibility to Attempt to Locate GUC Trust Beneficiaries. The GUC Trustee may, in his sole discretion, attempt to determine a Liquidating Trust Beneficiary's current address or otherwise locate a Liquidating Trust Beneficiary, but nothing in this Agreement or the Plan shall require the GUC Trustee to do so.

7.12 Inapplicability of Unclaimed Property or Escheat Laws. Unclaimed property held by the GUC Trust shall not be subject to the unclaimed property or escheat laws of the United States, any state, or any local government unit.

ARTICLE 8

TAXES

8.1 Income Tax Status.

(a) It is intended that the GUC Trust be classified for Federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulations Section 301.7701(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 and as a "grantor trust" subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part I, Subpart E of the Tax Code that is owned by its GUC Trust Beneficiaries. Accordingly, the parties hereto intend that the Beneficiaries of the GUC Trust be treated as if they had received a distribution of the applicable assets transferred to the GUC Trust and then contributed such assets to the GUC Trust. As such, notwithstanding anything set forth herein, the transfer of assets to the GUC Trust shall be treated for all purposes of the Tax Code as a transfer from the Estates to creditors to the extent the creditors are beneficiaries of the GUC Trust followed by a deemed transfer by the GUC Trust Beneficiaries to the GUC Trust. The GUC Trust Beneficiaries will be treated as grantors and deemed owners of the GUC Trust.

(b) All parties, including the GUC Trustee and all GUC Trust Beneficiaries of the GUC Trust must value all assets transferred to the GUC Trust consistently and those valuations must be used for all federal income tax purposes. The GUC Trustee must file returns for the GUC Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The assets shall be valued based upon the GUC Trustee's good faith determination of their fair market value.

(c) Anything set forth herein to the contrary notwithstanding, the GUC Trust shall not receive or retain Cash or Cash equivalents in excess of a reasonable amount to meet claims and contingent liabilities or to maintain the value of GUC Trust Assets during liquidation. All income of the GUC Trust must be subject to tax on a current basis, including income retained in a disputed claims reserve. The taxable income of the GUC Trust will be allocated to and among GUC Trust Beneficiaries who are grantors of the GUC Trust as required by virtue of their being grantors and

deemed owners of the GUC Trust and they shall each be responsible to report and pay taxes due on their appropriate share of GUC Trust income.

(d) The GUC Trust shall be classified as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 and in the event of any inconsistency between any term or provision herein, in the Plan or in the Confirmation Order necessary for the GUC Trust to be deemed at all times a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 and any other term or provision herein, in the Plan or in the Confirmation Order, the term(s) and provision(s) necessary for the GUC Trust to be deemed a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 684 shall govern. Similarly, anything to the contrary set forth herein, in the Plan or in the Confirmation Order notwithstanding, to the extent any term or provision herein, in the Plan or in the Confirmation Order would result in the GUC Trust not being classified as a liquidating trust at all times pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 124, such term or provision shall be ineffective and reformed to the extent necessary for the GUC Trust to be classified at all times as a liquidating pursuant to Treasury Regulations Section 301.7701-4(d) and IRS Revenue Procedure 94-45, 1994-2 C.B. 124.

(e) As used in this Agreement, the following terms shall have the following meanings:

"Tax Code" shall mean the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., as amended from time to time, and corresponding provisions of any subsequent federal revenue act. A reference to a section of the Tax Code shall include a reference to any and all Treasury Regulations interpreting, limiting or expanding such section of the Tax Code; and

"Treasury Regulations" shall mean regulations promulgated under the Tax Code, including, but not limited to the Procedure and Administration Regulations, as such regulations may be amended from time to time.

8.2 Tax Returns. The GUC Trustee shall not be required to withhold taxes or comply with any applicable reporting requirements. The recipients of Distributions will be required to comply with all applicable laws and regulations concerning the reporting and taxing of the Distributions. If requested by the recipient of a Distribution, the GUC Trustee will issue an IRS Form 1099. Notwithstanding the foregoing, the GUC Trustee, may prepare (or cause to be prepared) and provide to, or file with, the appropriate parties such notices, tax returns, information returns, and other filings as may be required by the Tax Code and may be required by applicable law of other jurisdictions ("Tax Returns"). The GUC Trustee may, upon the request of a GUC Trust Beneficiary, file all federal, state and local Tax Returns of the GUC Trust; *provided*, *however*, that notwithstanding any other provision of this Agreement, neither the GUC Trust nor the GUC Trustee shall have any responsibility or personal liability in any capacity whatsoever for the signing or accuracy of the Debtors' income tax returns that are due to be filed after the Effective Date or for any tax liability related thereto. The GUC Trustee shall, when specifically requested by a GUC Trust Beneficiary in writing, make such tax information available to the Liquidating Trust Beneficiary for inspection and copying at the Liquidating Trust Beneficiary's expense, as is necessary for the preparation by such GUC Trust Beneficiary of its income Tax Return.

ARTICLE 9

TERMINATION OF GUC TRUST

9.1 Term. The GUC Trust shall be terminated at such time as (a) all assets of the GUC Trust have been liquidated and (b) all distributions required to be made by the GUC Trustee under the Plan have been made, but in no event shall the GUC Trust be terminated later than three (3) years from the Effective Date; *provided, however*, that the Bankruptcy Court, upon motion by the GUC Trustee, may extend the term of the GUC Trust for a reasonable finite period if (a) such extension is necessary to the purpose of the GUC Trust, (b) the GUC Trustee receives an opinion of counsel or a ruling from the IRS stating that such an extension would not adversely affect the status of the GUC Trust as a liquidating trust for federal income tax purposes, and (c) such an extension is obtained within the six (6) month period prior to the GUC Trust's third (3rd) anniversary or the end of the immediately preceding extension period, as applicable; *provided, however*, each finite extension may be no more than six months (and such extension shall not exceed a total of four extensions unless the GUC Trustee received a favorable ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the GUC Trust as a grantor trust for U.S. federal income tax purposes. Upon final distribution pursuant to this Agreement, the GUC Trustee shall retain the books, records, and files that shall have been delivered to or created by the GUC Trustee. At the GUC Trustee's discretion, all of such records and documents may be destroyed at any time after the dissolution of the GUC Trust.

9.2 Event Upon Termination. Upon the termination of the GUC Trust, the GUC Trustee shall distribute the remaining GUC Trust Assets (including any proceeds thereof), if any, to the GUC Trust Beneficiaries. Upon the dissolution of the GUC Trust.

9.3 Winding Up and Discharge of the GUC Trustee. For the purposes of winding up the affairs of the GUC Trust at its termination, the GUC Trustee shall continue to act as GUC Trustee until his duties have been fully discharged. After doing so, the GUC Trustee, and his agents and employees, shall have no further duties or obligations hereunder, except as required by this Agreement, the Plan, the Confirmation Order, or applicable law concerning the termination of a trust.

ARTICLE 10

ADMINISTRATIVE EXPENSES

10.1 Funding. The cost and expenses of the GUC Trust, including, without limitation, the compensation to and the reimbursement of reasonable, actual and necessary costs, fees (including attorneys' and other professional fees), and expenses of the GUC Trustee in connection with the performance of his duties in connection with this Agreement, shall be paid from the GUC Trust Assets, *provided, however*, that any fees and expenses (including legal) incurred by the GUC Trustee in connection with collecting or recovering any GUC Trust Assets will be netted against the proceeds collected therefrom.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Amendments. The GUC Trustee may, from time to time, modify, supplement, or amend this Agreement, but only to clarify any ambiguity or inconsistency, or render the Agreement in compliance with its stated purposes, and only if such amendment does not materially and adversely affect the interests, rights, treatment, or distributions of any Beneficiary and is not inconsistent with the Plan. The GUC Trustee may propose to the Bankruptcy Court the modification, supplementation, or amendment of this Agreement in any way that is not inconsistent with the Plan or the Confirmation Order.

11.2 Preservation of Privilege. In connection with the rights, claims, and Causes of Action that constitute the GUC Trust Assets and any Privilege Rights (including the attorney-client privilege) transferred to the GUC Trust and its representatives, and the Debtors, on the one hand, and the GUC Trustee on the other hand, are authorized to take all necessary actions to effectuate the transfer of such privileges.

11.3 Waiver. No failure by the GUC Trustee to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any further exercise thereof, or of any other right, power, or privilege.

11.4 Cumulative Rights and Remedies. The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights under law or in equity.

11.5 No Bond/Insurance Required. Any state law to the contrary notwithstanding, the GUC Trustee (including any successor GUC Trustee) shall be exempt from giving any bond or other security in any jurisdiction. The GUC Trustee is authorized, but not required, to obtain all reasonable insurance coverage for himself, his agents, representatives, employees, or independent contractors, including coverage with respect to the liabilities, duties, and obligations of the GUC Trustee and his agents, representatives, employees, or independent contractors under this Agreement and the Plan; the cost of such coverage shall be an expense of the GUC Trust and paid out of the GUC Trust Assets.

11.6 Irrevocability. The GUC Trust is irrevocable.

11.7 Division of Trust. Under no circumstances shall the GUC Trustee have the right or power to divide the GUC Trust unless authorized to do so by the Bankruptcy Court.

11.8 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without giving effect to rules governing the conflict of laws.

11.9 Retention of Jurisdiction. To the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the GUC Trust after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits and issues that may arise in connection therewith, or this Agreement, or any entity's obligations incurred in connection therewith or herewith, including without limitation, any action against the GUC Trustee or any

professional retained by the GUC Trustee or the GUC Trust, in each case in its capacity as such. Each party to this Agreement hereby irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court in any action to enforce, interpret or construe any provision of this Agreement or of any other agreement or document delivered in connection with this Agreement, and also hereby irrevocably waives any defense of improper venue, *forum non conveniens* or lack of personal jurisdiction to any such action brought in the Bankruptcy Court. Each party further irrevocably agrees that (a) any action to enforce, interpret or construe any provision of this Agreement will be brought only in the Bankruptcy Court and (b) all determinations, decisions, rulings and holdings of the Bankruptcy Court regarding such action shall be final and non-appealable and not subject to re-argument or reconsideration. Each party hereby irrevocably consents to the service by certified or registered mail, return receipt requested, to be sent to its address as set forth in Section 11.12 of this Agreement or such other address as such party may designate from time to time by notice given in the manner provided above, of any process in any action to enforce, interpret or construe any provision of this Agreement.

11.10 Severability. In the event that any provision of this Agreement or the application thereof to any person or circumstance shall be determined by the Bankruptcy Court or another court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11.11 Limitation of Benefits. Except as otherwise specifically provided in this Agreement, the Plan, or the Confirmation Order, nothing herein is intended or shall be construed to confer upon or to give any person other than the parties hereto and the GUC Trust Beneficiaries any rights or remedies under or by reason of this Agreement.

11.12 Notices. All notices, requests, demands, consents, and other communication hereunder shall be in writing and shall be deemed to have been duly given, if delivered in person or if sent by overnight mail or by registered or certified mail with postage prepaid, return receipt requested. Notices to the GUC Trust or GUC Trustee shall be sent to the following address:

Jiangang Ou, Esq.
1222 Howard Lane
Bellaire, Texas 77401

The parties may designate in writing from time to time other and additional places to which notices may be sent. All demands, requests, consents, notices and other communications shall be deemed to have been given (a) at the time of actual delivery thereof, (b) if given by certified or registered mail, five (5) business days after being deposited in the United States mail, postage prepaid and properly addressed, or (c) if given by overnight courier, the next business day after being sent, charges prepaid and properly addressed.

11.13 Further Assurances. From and after the Effective Date, the parties hereto covenant and agree to execute and deliver all such documents and notices and to take all such further actions as may reasonably be required from time to time to carry out the intent and purposes of this Agreement, and to consummate the transactions contemplated hereby.

11.14 Integration. This Agreement, the Plan, and the Confirmation Order constitute the entire agreement, by and among the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants, or obligations except as set forth herein, in the Plan or in the Confirmation Order. This Agreement, together with the Plan and the Confirmation Order, supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder.

11.15 Successors or Assigns. The terms of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11.16 Interpretation. The enumeration and section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof. Unless context otherwise requires, whenever used in this Agreement the singular shall include the plural and the plural shall include the singular, and words importing the masculine gender shall include the feminine and the neuter, if appropriate, and vice versa, and words importing persons shall include partnerships, associations and corporations. The words herein, hereby, and hereunder and words with similar import, refer to this Agreement as a whole and not to any particular section or subsection hereof unless the context requires otherwise.

11.17 Recitals. The recitals are incorporated into and made terms of this Agreement.

11.18 Relationship to the Plan. The principal purpose of this Agreement is to aid in the implementation of the Plan and, therefore, this Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order shall control.

11.19 Counterparts. This Agreement may be signed by the parties hereto in counterparts, which, when taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have either executed this Agreement, or caused it to be executed on its behalf by its duly authorized officer all as of the date first above written.

KidKraft, Inc.
On behalf of its and all other Debtors
By: _____
Name:
Title:

Jiangang Ou, GUC Trustee

By: _____
Name: Jiangang Ou, not individually but solely in his capacity as GUC Trustee

Exhibit G

GUC Settlement Opt-In Form

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com
PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. ___**

NOTICE OF (I) GLOBAL SETTLEMENT,
(II) OPTION TO OPT-IN TO PARTICIPATION
IN THE GUC TRUST, AND (III) OTHER RELEVANT INFORMATION

PLEASE TAKE NOTICE THAT on May 10, 2024 (the "***Petition Date***"), KidKraft, Inc. and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "***Debtors***") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***").

PLEASE TAKE FURTHER NOTICE THAT on May 23, 2024, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "***Committee***") pursuant to section 1102 of the Bankruptcy Code. *See* Docket No. 120.

PLEASE TAKE FURTHER NOTICE THAT on June 17, 2024, the Debtors filed a *Notice of Filing Global Settlement Term Sheet* [Docket No. 195] that attaches a copy of a Global

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Settlement Term Sheet thereto as Exhibit A (the "***Global Settlement Term Sheet***"), by and between the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean.

PLEASE TAKE FURTHER NOTICE THAT on June [●] 2024, the Bankruptcy Court entered its *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "***Confirmation Order***") [Docket No. __], which, *inter alia*, confirmed the Debtors' *Amended Joint Prepackaged Chapter 11 Plan* (the "***Plan***") [Docket No. _]. The Plan incorporates and implements the terms of the Global Settlement Term Sheet, including provisions related to the creation of a trust (the "***GUC Trust***") to be funded with certain assets (as further described in the Plan, the "***GUC Trust Assets***"), for the benefit of the Holders of Allowed General Unsecured Claims (as defined in the Plan) who elect to "opt in" to receiving their Pro Rata share of 100% of the beneficial interests in the GUC Trust by **[●], 2024** (the "***GUC Settlement Opt-In Election Deadline***," and such affirmative election, the "***GUC Settlement Opt-In Election***"), all as further set forth in Article IV.C of the Plan. Holders of Allowed General Unsecured Claims desiring to make a GUC Settlement Opt-In Election must timely complete and return the form attached hereto as **Exhibit A** (the "***GUC Settlement Opt-In Form***") pursuant to the instructions and procedures set forth therein.

IMPORTANTLY, THE PLAN PROVIDES THAT ANY CREDITOR WHO MAKES A GUC SETTLEMENT OPT-IN ELECTION AGREES THAT ANY AVOIDANCE ACTION AGAINST IT THAT WOULD HAVE OTHERWISE BEEN A TRANSFERRED ASSET PURCHASED BY THE PURCHASER WILL NOT BE INCLUDED IN THE TRANSFERRED ASSETS, AND SUCH CREDITOR MAKING THE GUC SETTLEMENT OPT-IN ELECTION IS POTENTIALLY SUBJECT TO BEING SUED FOR AN AVOIDANCE ACTION.

All Holders of Allowed General Claims are advised to review and consider the description of certain tax considerations related to the GUC Trust attached hereto as Exhibit B (the "*GUC Trust Tax Disclosures*").

Copies of the Global Settlement Term Sheet, the Plan, and the Confirmation Order may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 1100 Commerce Street, Dallas, TX 75242 where they are available for review during normal operating hours. The Global Settlement Term Sheet, the Plan, and the Confirmation Order also are available for inspection on the Bankruptcy Court's website at https://www.txnb.uscourts.gov or for review and download free of charge on the Debtors' restructuring website at https://www.cases.stretto.com/kidkraft.[2] Copies of other documents filed in these chapter 11 cases may be obtained free of charge by contacting Stretto, Inc., the Debtors' claims, noticing, and solicitation agent ("***Stretto***") via (i) telephone at (855) 469-

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan. The statements contained herein are summaries of the provisions contained in the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan, the Plan shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement or the Plan.

1713 (Toll-Free) or (714) 886-6210 (International) (ii) email at TeamKidKraft@stretto.com (with "KidKraft Opt-In" in the subject line).

ANY PERSON WHO MAKES THE GUC SETTLEMENT OPT-IN ELECTION SPECIFIED HEREIN HEREBY AGREES AND UNDERSTANDS THAT ANY AVOIDANCE ACTION AGAINST IT THAT OTHERWISE WOULD BE PURCHASED BY THE PURCHASER AND NOT PROSECUTED BY THE PURCHASER WILL BE REMOVED FROM THE LIST OF AVOIDANCE ACTIONS PURCHASED BY THE PURCHASER, AND SUCH CREDITOR MAY BE SUED FOR ANY APPLICABLE AVOIDANCE ACTIONS.

任何做出此处指定的 GUC 和解选择参与者，特此同意并理解：任何针对其而采取的个别清偿无效之诉权（否则，该诉权将由收购方购买并且不会被收购方起诉），都将从收购方购买的个别清偿无效之诉权的清单上删除，并且该债权人可能会因任何适用的个别清偿无效之诉权而被起诉。

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

GUC SETTLEMENT OPT-IN FORM

By checking the box below and signing this GUC Settlement Opt-In Form,[2] the undersigned exercises its option to opt-in into participation in the GUC Trust and receiving its Pro Rata share of the GUC Trust Interests. Further, by checking the box below and signing this GUC Settlement Opt-In Form, the undersigned elects to have any Avoidance Actions that may exist against it removed from the Transferred Assets (as applicable), and agrees that the GUC Trust and GUC Trustee may pursue such Avoidance Actions against it.

☐ The undersigned hereby **OPTS-IN** to participate in the GUC Trust and to have any Avoidance Actions against it removed from the Transferred Assets sold to the Purchaser.

_____
Date

_____
Name of Holder of General Unsecured Claim (Print or Type)

_____
Signature

_____
Name and Title of Authorized Agent (Print or Type)

_____
Address

_____

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[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. __].

City, State, Zip

Telephone / Email Address

Completed Opt-In Forms must be actually received by the financial advisor for the Committee, Dundon Advisors, LLC, at the physical address below or via email **by 5:00 p.m. (Prevailing Central Time) on _____, 2024.** Send your completed Opt-Out Form by **ONLY ONE** of the following means of submission:

(i) if by first class mail, overnight delivery, or hand delivery, at DUNDON ADVISERS, LLC, c/o Joe Cashel, Ten Bank Street, Suite 1100, White Plains, NY 10606; or

(ii) if via email, to kidkraft@dundon.com, with a reference to "KidKraft Opt-In Election" in the subject line.

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit B

GUC Trust Tax Disclosures

Pursuant to the Plan,[1] the GUC Trust will be organized for the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their GUC Trust Interests. The GUC Trust is not organized with an objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose. Thus, the GUC Trust is intended to be classified for U.S. federal income tax purposes as a "liquidating trust" within the meaning of Treasury regulation section 301.7701-4(d). Under the Plan, all relevant parties are required to treat the GUC Trust as a liquidating trust, subject to definitive guidance to the contrary from the Internal Revenue Service. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to sections 671 through 679 of the Tax Code, owned by the grantors of the trust. For this purpose, the beneficiaries of a liquidating trust are treated as the grantors and owners of the trust. The GUC Trust will file annual information tax returns with the Internal Revenue Service as a grantor trust pursuant to Section 671 of the Tax Code and the applicable Treasury Regulations that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the GUC Trust Assets (e.g., income, gain, loss, deduction and credit).

Although the GUC Trust has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of a liquidating trust, it is possible that the Internal Revenue Service could require a different characterization of the GUC Trust, which could result in a different and possibly greater tax liability to the GUC Trust or the holders of the GUC Trust Interests. No request for a ruling from the Internal Revenue Service will be sought on the classification of the GUC Trust, and there can be no assurance that the Internal Revenue Service will not take a contrary position to the classification of the GUC Trust. If the Internal Revenue Service were to successfully challenge the classification of the GUC Trust as a grantor trust, the U.S. federal income tax consequences to the GUC Trust and the holders of the GUC Trust Interests could be materially different from those discussed herein. The following discussion assumes, for U.S. federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes, the treatment of the GUC Trust as a grantor trust, the GUC Trust Beneficiaries, who will be treated as grantors and deemed owners for U.S. federal and applicable state and local income tax purposes, as holders of GUC Trust Interests, and the GUC Trust Beneficiaries as the grantors and deemed owners of their allocable portion of the GUC Trust Assets.

To the extent the GUC Trust is treated as a "liquidating trust" then, upon its creation, for U.S. federal income tax purposes, each GUC Trust Beneficiary would be treated as having received and as owning an undivided interest in the GUC Trust Assets in exchange for surrendering all or a portion of such GUC Trust Beneficiary's Allowed General Unsecured Claims followed by a transfer by such GUC Trust Beneficiary of such GUC Trust Assets to the GUC Trust. Upon the transfer of the GUC Trust Assets as more fully set forth in the GUC Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the GUC Trust Assets. Under the

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. __].

Plan, all parties (including, without limitation, the Debtors, the GUC Trustee, the GUC Trust and the holders of GUC Trust Interests) are required to report consistently with the foregoing for U.S. federal and applicable state and local income tax purposes. Consistent with such treatment, the GUC Trust's taxable income, gain, loss, deduction or credit will be allocated to the GUC Trust Beneficiaries in accordance with their relative beneficial interests in the GUC Trust during the applicable taxable period, and such allocation will be binding on all parties for U.S. federal and applicable state and local income tax purposes. The GUC Trust Beneficiaries have an obligation to report its share of the GUC Trust's tax items (including gain on the sale or other disposition of a GUC Trust Asset). Accordingly, the GUC Trust Beneficiaries may incur a tax liability as a result of owning a beneficial interest in the GUC Trust, regardless of whether the GUC Trust distributes cash or other GUC Trust Assets, and the GUC Trust Beneficiaries will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

The basis of such GUC Trust Interest in the GUC Trust Assets received will be equal to the fair market value of the GUC Trust Assets as of the Effective Date. The fair market values of the GUC Trust Assets will be determined by the GUC Trustee as the trustee of the GUC Trust, and all parties must utilize and report consistently with such fair market values for U.S. federal and applicable state and local income tax purposes. The determination of the fair market values of the GUC Trust Assets is factual in nature and the IRS may challenge any such determination.

Holders of Allowed General Unsecured Claims should not construe the contents of this GUC Trust Tax Disclosures as providing any legal, business, financial, securities, or tax advice, and should consult with their own advisors before making the GUC Settlement Opt-In Election.

Exhibit H

Identity of Wind Down Administrator

Identity of Wind Down Administrator

In accordance with Article IV.A of the Plan, the Debtors disclose herewith the identity of the Wind Down Administrator. The Wind Down Administrator will be SierraConstellation Partners, LLC ("***Sierra***") and Carl Moore will be the primary person working on behalf of the Wind Down Estate.

Biographies of the Wind Down Administrator

SierraConstellation Partners, LLC - SierraConstellation Partners is an interim management and advisory firm serving middle-market companies and their partners and investors that are navigating their way through difficult business challenges. Built on a foundation of core values, Sierra's team of former CEOs, COOs, CFOs, private equity investors, and investment bankers, apply their real-world experience, operational mindset, and hands-on approach to deliver effective operational improvements and financial solutions.

Carl Moore - Mr. Moore is a Managing Director and Head of the Dallas region at Sierra. He has over 20 years of experience in distressed investing, private equity portfolio management, and the provision of advisory services to underperforming companies and companies in transition.

Prior to joining Sierra, Mr. Moore had a 15-year career in the private equity, distressed investment and restructuring groups at Highland Capital Management in Dallas. Prior to joining Highland, Mr. Moore practiced law as an associate with the law firms Brobeck, Phleger and Harrison and Looper, Reed & McGraw with a focus on financing and M&A transactions.

Mr. Moore graduated from the University of Texas at Austin with a BA in the Plan II Honors Program and a BBA in Finance, and then received a JD from the University of Houston Law Center. He is a member of the State Bar of Texas, and was licensed as a Certified Public Accountant (currently inactive).

Exhibit I

Identity of GUC Trustee

Identity of GUC Trustee

In accordance with Article IV.B of the Plan, the Debtors disclose herewith the identity of the GUC Trustee. The GUC Trustee will be Jiangang Ou of Archer & Greiner P.C.

Biography of the GUC Trustee

Jiangang Ou – Mr. Ou is a partner at the law firm of Archer & Greiner P.C.. Mr. Ou focuses his practice in the areas of complex cross-border litigation, international arbitration, bankruptcy, mergers and acquisitions, intellectual property, enforcement of foreign country judgment and arbitral award, and business counseling. Mr. Ou has successfully represented clients in complex U.S.-China cross-border litigation and arbitration, including application of the New York Convention and enforcement of foreign judgments and arbitration awards.

THIS IS **EXHIBIT "N"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 20 & 72**

FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT SYSTEM AND MAINTAIN EXISTING BANK ACCOUNTS, (B) CONTINUE USING EXISTING CHECKS AND BUSINESS FORMS, (C) MAINTAIN THEIR CORPORATE CARD PROGRAM, AND (D) CONTINUE INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of a final order (i) authorizing the Debtors to: (a) continue to operate their Cash Management System and maintain existing Bank Accounts; (b) continue using their existing Checks and Business Forms; (c) maintain their Corporate Card Program; and (d) continue to engage in Intercompany Transactions and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having entered the Interim Order; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Debtors are authorized, on a final basis, in the ordinary course of business and consistent with prepetition practices to (i) maintain and continue to operate the Cash Management System in accordance with the Motion, (ii) maintain and continue to use any or all of their existing Bank Accounts, including, but not limited to the Bank Accounts identified on **Exhibit C** to the

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Motion; and (iii) deposit funds in and withdraw funds from any of the Bank Accounts by all usual means, including, but not limited to, checks, wire transfers, ACH transfers and debits, electronic fund transfers, and other debits; *provided*, that the Debtors will make a reasonable effort to request that JPMorgan designate all of the Bank Accounts maintained at JPMorgan as debtor-in-possession accounts; *provided*, *further*, that the Debtors shall provide notice to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender of any material changes to their Cash Management System (including, but not limited to, any prospective closing of Bank Accounts) within 14 days.

2. The Debtors shall have until June 24, 2024, to either convert or redesignate the Bank Accounts maintained at JPMorgan to debtor in possession accounts in compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court, subject to further extension.

3. The requirements of the U.S. Trustee Guidelines are hereby waived with respect to the Debtors' existing Bank Accounts at HSBC, and the Debtors are authorized to maintain and continue to use such Bank Accounts in the ordinary course of business; *provided*, *however*, that the Debtors shall use reasonable efforts to ensure that amounts in the Bank Accounts at HSBC do not exceed $250,000. The Debtors will attach the applicable HSBC account statements to their monthly operating reports, with account numbers redacted.

4. The Banks are each authorized and directed to maintain, service, and administer the Bank Accounts without interruption and in the ordinary course of business.

5. The Debtors are authorized to pay any undisputed, outstanding Bank Fees owed to the Banks as of the Petition Date and to continue to pay the Bank Fees in the ordinary course of business.

6. The Debtors are authorized to continue the Corporate Card Program and to pay any prepetition or postpetition amounts related thereto.

7. The Debtors are authorized to use, in their present form, the Checks and Business Forms, without reference to their status as debtors-in-possession or the case number assigned to these chapter 11 cases; *provided* that once the Debtors' existing Checks and Business Forms have been exhausted, the Debtors shall include, or direct others to include, the designation "Debtor in Possession" and the corresponding bankruptcy case number on all Checks and Business Forms as soon as it is reasonably practicable to do so.

8. The Debtors are authorized to enter into and engage in postpetition Intercompany Transactions in the ordinary course of business. Pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all Intercompany Claims as a result of any ordinary course postpetition Intercompany Transactions are hereby accorded administrative expense priority status; *provided*, that such administrative expense status claim shall be junior to any superpriority administrative expense status claim granted as part of the adequate protection given pursuant to the DIP Orders (as defined below). In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash in the ordinary course of business consistent with their practices prior to the Petition Date such that Intercompany Transactions can be readily ascertained and traceable; *provided*, *however*, that such records shall be made available upon request by counsel to the Prepetition Secured Lender, the U.S. Trustee, or any statutory committee appointed in these

Chapter 11 cases. To the extent that the transfers within the Cash Management System are disbursements, they will be noted and reflected on the monthly operating reports.

9. The Debtors will comply with the monthly operating report requirements (i) for reporting intercompany transactions and (ii) to report cash activity on an unconsolidated basis, in each case in accordance with the instructions for U.S. Trustee Form 11-MOR.

10. For the avoidance of doubt, nothing herein shall restrict or otherwise impair the Debtors' KKT Factoring Agreement or SDL Factoring Agreement with Coface (collectively, the "***Coface Factoring Agreements***"), including any deposit account control agreement or similar agreement in favor of Coface on the KKT USD Factoring Account, the KKT CAD Factoring Account, the SDL USD Factoring Account, and the SDL CAD Factoring Account (collectively, the "***Coface Factoring Accounts***"). The Banks may continue to honor any instructions received from Coface or the Debtors; *provided* that each of Coface and the Debtors shall act in accordance with the Coface Factoring Agreements, and any applicable deposit account control agreement, that certain Amended and Restated Lien Release Agreement made as of January 24, 2023 by and among Coface, Antares Capital, LP., as administrative agent and as collateral agent (the "***Agent***"), and KidKraft, Inc. (the "***KKT ARLRA***"); and that certain Amended and Restated Lien Release Agreement made as of January 24, 2023 by and among Coface, Agent, and Solowave Design LP (the "***Solowave ARLRA***" and collectively with the KKT ARLRA, the "***ARLRAs***"), or similar agreement; *provided further* that Coface shall pay all amounts owed to the Debtors into the Main Operating Account, the KKT CAD Operating Account, the SDL CAD Operating Account, and the SDL USD Operating Account, as applicable, or as otherwise agreed by Coface and the Debtors, and, for the avoidance of doubt, with respect to any transfers made by Coface pursuant to the

ARLRAs, Coface may treat the DIP Agent as successor-in-interest to the Agent under such ARLRAs.

11. The Debtors and PayPal Holdings, Inc. and its affiliates ("***PayPal***") are party to certain PayPal User Agreements (the "***User Agreements***") for, among other things the processing of payment transactions in exchange for a Processing Fee. The Debtors are authorized and directed to continue to operate under the User Agreements and shall be required to pay or reimburse PayPal for all obligations owed pursuant to the terms and conditions of the User Agreements, including fees, charges, refunds, chargebacks, reserves, and other amounts due and owing from the Debtors to PayPal, whether such obligations were incurred prepetition or postpetition. PayPal is authorized to receive and obtain payment for such obligations that the Debtors owe to it, as provided under and in the manner set forth in the User Agreements, including without limitation, by way of recoupment or setoff without further order of the Court regardless of whether such obligations arose prepetition or postpetition. Pursuant to the terms and conditions of the User Agreements, PayPal has and shall continue to have the right to setoff any and all obligations that the Debtors owe to it against the sale revenue it processes for the Debtors.

12. The Debtors are authorized to continue to use in the ordinary course of business the Corporate Card Program provided to the Debtors by JPMorgan Chase Bank, N.A. and its affiliates (collectively "***JPM***"), to honor all past and future obligations arising under the Corporate Card Program (the "***Corporate Card Obligations***"), and to make timely payments to JPM in respect of Corporate Card Obligations, including making payments on account of charges that were made under the Corporate Card Program prior to the Petition Date. The Debtors are further authorized to continue to maintain the Bank Account ending in 1720 (the "***Corporate Card Account***") at JPM for purposes of cash collateralizing the Corporate Card Obligations and all cash from time to time

on deposit in the Corporate Card Account shall remain subject to an exclusive first priority lien in favor of JPM as security for the Corporate Card Obligations. In the event the Debtors fail to make any timely payment to JPM in respect of the Corporate Card Obligations, JPM is authorized, in its discretion, to terminate the Corporate Card Program and/or to debit the Corporate Card Account for the amount of any unpaid Corporate Card Obligations, without further order of the Court; provided, however, that any such termination (a) must be consistent with the terms and provisions of the agreement between the Debtors and JPM governing the Corporate Card Program, and (b) must not be effectuated on less than ten days advanced written notice to the Debtors. To the extent necessary, JPM is hereby granted relief from the stay imposed under Bankruptcy Code Section 362 for purposes of this paragraph.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

14. The Banks are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

15. Any bank, including the Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, payment order, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors such a prepetition check, draft, wire, payment order, or other transfer drawn on any Bank Account (i) at the direction of the Debtors or (ii) in a good-faith belief that this Court has authorized such prepetition check, draft, wire, payment, or other transfer to be honored shall

be deemed to be, nor shall be, liable to the Debtors or their estates or any other party on account thereof or otherwise be deemed to be in violation of this Final Order.

16. The Debtors are authorized to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these chapter 11 cases with respect to prepetition amounts that are authorized to be paid pursuant to this Final Order.

17. The Debtors are authorized to open new bank accounts; *provided*, *however*, that all accounts opened by the Debtors on or after the Petition Date shall be at depositories that are (i) insured by the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee Guidelines, and (iii) with a bank that agrees to be bound by the terms of this Final Order; *provided further*, *however*, that such opening shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender within 14 days.

18. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' or any party in interest's rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

19. Notwithstanding anything in this Final Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

20. The requirements of Bankruptcy Rule 6004(a) are waived.

21. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon entry of this Final Order.

22. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

THIS IS **EXHIBIT "O"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	
	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 22, 23, 96, & 167**

FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364, AND 507 AND FED. R. BANKR. P. 2002, 4001 AND 9014 (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO OBTAIN POSTPETITION SENIOR SECURED SUPERPRIORITY FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES, (V) MODIFYING THE AUTOMATIC STAY, AND (VII) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), and 364(d) of title 11 of the United States Code (the "***Bankruptcy Code***"), and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "***Bankruptcy Rules***"), and the General Order Regarding Procedures for Complex Cases (the "***Complex Case Procedures***") made applicable by Rules 4001-1 and 9013-1 of the Local Bankruptcy Rules (the "***N.D. Tex. L.B.R.***") for the United States Bankruptcy Court for the Northern District of Texas (the "***Court***") *inter alia* seeking, entry of the Interim Orders (as defined below) and this final order (this "***Final Order***")[2] among other things:

(1) authorization for KidKraft, Inc. ("***KidKraft***" or "***Borrower***") to obtain, and for KidKraft Intermediate Holdings, LLC ("***HoldCo***", and together with the other Guarantors listed in Schedule 1 of the DIP Term Sheet, the "***Guarantors***") to guarantee, unconditionally, on a joint and several basis, a senior secured super-priority multi-draw debtor-in-possession term loan credit facility (the "***DIP Facility***") on the terms and conditions set forth in the Priming Superpriority Debtor-In-Possession Financing Term Sheet, dated as of April 25, 2024, attached hereto as **Exhibit A** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein and including the references to the Prepetition Credit Agreement (as defined below) specified therein, the "***DIP Term Sheet***"),[3] by and among the Borrower, the Guarantors, GB Funding, LLC, as DIP Agent ("***DIP Agent***"), and 1903 Partners,

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[2] In the event of an express conflict between the terms and conditions of the DIP Documents, the Interim Orders, or this Final Order, the provisions of this Final Order shall control. Except as specifically amended, supplemented, or otherwise modified hereby, all of the provisions of the Interim Orders shall remain in full force and effect and are hereby ratified by this Final Order.

[3] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion or the DIP Term Sheet, as applicable.

LLC, as DIP Lender ("***DIP Lender***," and, together with the DIP Agent, the "***DIP Secured Parties***"), and the other DIP Documents (as defined below) consisting of: (i) $5.5 million of new money loans (the "***Interim DIP Commitment***") to be provided following entry of the Interim Orders by DIP Lender, (ii) $5.0 million of new money loans ("***Final DIP Commitment***") following entry of this Final Order by DIP Lender; (iii) $23.3 million of Prepetition Obligations, which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis upon entry of this Final Order (the "***Roll-Up Amount***", and together with the Interim DIP Commitment and Final DIP Commitment, the "***DIP Commitment***"), and in accordance with this Final Order, secured by perfected senior priority security interests in and liens on the DIP Collateral (as defined below) pursuant to §§ 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code (subject to the Carve-Out and the Permitted Liens (each as defined below));

(2) authorization for Borrower and Guarantors to remit all collections, asset proceeds and payments to the DIP Secured Parties for application, or deemed application, first to the repayment of all DIP Obligations (as defined below) in accordance with the DIP Term Sheet and the other DIP Documents until such obligations are fully repaid, and then to the Prepetition Secured Parties for application until all Prepetition Obligations (as defined below) are fully repaid;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to DIP Agent, for the benefit of itself and DIP Lender, in respect of all DIP Obligations (subject to the Carve-Out);

(4) as set forth below, subject to Section 4.1 of this Final Order, approval of certain stipulations by the Debtors as set forth in this Final Order in connection with the Prepetition Credit Agreement;

(5) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under the DIP Documents as such become due, including, without limitation, continuing commitment fees, closing fees, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented fees and disbursements of DIP Agent's and DIP Lender's respective attorneys, advisors, accountants and other consultants, all to the extent provided in, and in accordance with, the applicable DIP Documents;

(6) as set forth below, authorizing the Debtors to use Cash Collateral and all other Prepetition Collateral and to provide adequate protection to Prepetition Agent and Prepetition Lender (each in their respective capacities under the Prepetition Loan Documents (as defined below)), to the extent set forth herein;

(7) waiving the Debtors' right to assert claims to surcharge against the DIP Collateral pursuant to § 506(c) of the Bankruptcy Code;

(8) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Final Order to the extent hereinafter set forth; and

(9) the granting of related relief.

The initial hearing on the Motion having been held by the Court on May 13, 2024 (the "***Interim Hearing***"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], the *Declaration of*

Carl Moore, Manager of SierraConstellation Partners, LLC in Support of the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing [Docket No. 33], and the filings and pleadings in the above-captioned chapter 11 cases (the "***Chapter 11 Cases***"); and the Court having entered the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 96] (the "***First Interim Order***"); the *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 167] (together with the First Interim Order, the "***Interim Orders***"); and upon the record made by the Debtors at the hearing held on June 17, 2024 (the "***Final Hearing***"); and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest, and represents a sound exercise of the Debtors' business judgment and is essential for the continued operation of the Debtors' businesses; notice of the Motion, the relief requested therein, and the Final Hearing (the "***Notice***") was sufficient under the circumstances; the Notice having been served by the Debtors in accordance with Bankruptcy Rules 4001 and 9014 and the Local Rules on (i) the administrative agent under

the Prepetition Credit Agreement (the "***Prepetition Agent***"), (ii) Katten Muchin Rosenman LLP, as counsel to the Prepetition Agent, (iii) the Office of the U.S. Trustee for the Northern District of Texas (the "***U.S. Trustee***"), (iv) King & Spalding LLP, as counsel to the buyer under the Debtors' prepetition asset purchase agreement (the "***APA***"), (v) counsel to the Official Unsecured Creditors' Committee (the "***Committee***"); (vi) the Internal Revenue Service and applicable state taxing authorities; (vii) any party that has asserted or may assert a lien in the Debtors' assets, (viii) the office of attorneys general for the states in which the Debtors operate; (ix) the United States Attorney's Office for the Northern District of Texas, (x) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002, (xi) the United States Securities and Exchange Commission, (xii) all other applicable government agencies to the extent required by the Bankruptcy Rules or the N.D. Tex. L.B.R, and (xiii) the DIP Lender (collectively, the "***Notice Parties***"); and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[4]:

A. Petition. On May 10, 2024 (the "***Petition Date***"), each Debtor filed a voluntary petition (each, a "***Petition***") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

[4] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. Disposition. The Motion is hereby granted in accordance with the terms of this Final Order. Any objections to the Motion with respect to the entry of the Final Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Committee Formation. On May 23, 2024, the U.S. Trustee formed the Committee in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code [Docket No. 120].

E. Global Settlement. On June 17, 2024, the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, MidOcean Partners IV, L.P., and MidOcean US Advisor, L.P. entered into the *Global Settlement Term Sheet* [Docket No. 195] the ("***Global Settlement***"), which secured the Committee's support for this Final DIP Order.

F. Basis for Relief. The statutory and legal predicates for the relief sought herein include sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

G. Notice. Proper, timely, adequate, and sufficient notice of the Motion has been provided under the circumstances in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Final Hearing or the entry of this Final Order shall be required.

H. Debtors' Acknowledgments, Stipulations, and Agreements. After consultation with their attorneys and financial advisors, and without prejudice to the rights of the Committee

or other parties-in-interest as and, subject to Section 4.1 of this Final Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that:

(a) Prepetition Stipulations

(i) Prepetition Loan Documents. Prior to the commencement of the Chapter 11 Cases, Prepetition Agent and Prepetition Lender made loans, advances and provided other financial accommodations to Borrower and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the "***Dutch Borrower***"), jointly and severally with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement), Guarantors and certain of their non-Debtor affiliates (the Dutch Borrower, together with the other non-Debtor affiliates party to the Prepetition Credit Agreement, "***Non-Debtor Loan Parties***"), pursuant to the terms and conditions set forth in (1) that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020 (as amended, supplemented, or otherwise modified prior to the Petition Date, the "***Prepetition Credit Agreement***"); (2) that certain Amended and Restated First Lien Security Agreement as of dated April 3, 2020 by and among Borrower, the Guarantors, and the Non-Debtor Loan Parties (the Non-Debtor Loan Parties, together with the Borrower and the Guarantors, the "***Grantors***") and Prepetition Agent, as Secured Party (as amended, supplemented, or otherwise modified prior to the Petition Date, including the *Security Agreement Supplement*, dated January 30, 2024, the "***Prepetition Security Agreement***"); and (3) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of Prepetition Agent or Prepetition Lender in connection with the Prepetition Credit Agreement or the Prepetition Security Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements and all other related agreements, documents and

instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Prepetition Credit Agreement and the Prepetition Security Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "***Prepetition Loan Documents***").

(ii) Prepetition Obligations. As of the Petition Date, the Borrower, Guarantors and Non-Debtor Loan Parties were indebted, jointly and severally, to Prepetition Agent and Prepetition Lender under the Prepetition Loan Documents in respect of outstanding Loans (as defined in the Prepetition Credit Agreement) in an aggregate principal amount of not less than $144.9 million, plus all other Obligations (as defined in the Prepetition Credit Agreement), plus interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto (collectively, the "***Prepetition Obligations***"). The Prepetition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Borrower, Guarantors, and the Non-Debtor Loan Parties and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and the Debtors do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, cause of action, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Final Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Prepetition Obligations or liens and security interest securing the same described in clause (G)(a)(iii) below, including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (equitable

or otherwise) pursuant to the Bankruptcy Code or applicable non- bankruptcy law. The Debtors and their estates (a) have no claims, objections, challenges, causes of action, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code or applicable state law equivalents or actions for recovery or disgorgement, against Prepetition Agent or Prepetition Lender or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Prepetition Loan Documents or Prepetition Obligations; and (b) have waived, discharged, and released any right to challenge any of the Prepetition Obligations, including the priority of the Prepetition Obligations, and the validity, extent, and priority of the liens securing the Prepetition Obligations.

(iii) Prepetition Collateral. As of the Petition Date, the Prepetition Obligations were fully secured pursuant to the Prepetition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) (the "***Prepetition Liens***") granted by Borrower, Guarantors, and the Non-Debtor Loan Parties for fair consideration and reasonably equivalent value to DIP Agent, for the benefit of itself and DIP Lender under the Prepetition Loan Documents, in and upon all of the of the Debtors' and Non-Debtor Loan Parties' assets and property other than Excluded Assets, Excluded Receivables, and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "***Prepetition Collateral***"), including all cash of the Debtors, wherever located, and all cash equivalents, including any cash in deposit accounts of the Debtors (other than Excluded Accounts), in each case, whether as Prepetition Collateral or which represents income,

proceeds, products, rents or profits of non-cash Prepetition Collateral (collectively, the "***Cash Collateral***"), subject only to the liens permitted under Section 7.01 of the Prepetition Credit Agreement to the extent that such security interests, liens or encumbrances are (A) valid, perfected and non-avoidable security interests, liens or encumbrances securing valid, binding and unavoidable debt permitted under the Prepetition Loan Documents, and (B) senior to, have not been, and are not subject to being subordinated to the Prepetition Liens or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding. The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description, whether arising at law or in equity, including any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or chapter 5 (including, without limitation, sections 510, 544, 547, 548, 549 or 550) of the Bankruptcy Code or under any other similar provisions of applicable state or federal law, that would in any way affect the validity, enforceability and non-avoidability of any of Prepetition Agent's and Prepetition Lender's liens, claims or security interests in the Prepetition Collateral.

(iv) Default by the Debtors. The Debtors acknowledge and stipulate that one or more Events of Default (as defined in the Prepetition Credit Agreement) have occurred and are continuing as of the date hereof.

(v) Proof of Claim. The acknowledgment by the Debtors of the Prepetition Obligations and the liens, rights, priorities and protections granted to or in favor of Prepetition Agent and Prepetition Lender in respect of the Prepetition Collateral as set forth herein and in the Prepetition Loan Documents shall be deemed a timely filed proof of claim on behalf of Prepetition Agent and Prepetition Lender in these Chapter 11 Cases.

(vi) Indemnity. The DIP Agent, DIP Lender, and Prepetition Secured Parties have acted in good faith, without negligence or violation of public policy or law, in respect of all actions taken by them in connection with or related in any way to negotiating, implementing, or obtaining the requisite approvals of the DIP Facility and the use of Cash Collateral, including in respect of granting DIP Liens, any challenges or objections to the DIP Facility or the use of Cash Collateral, and all documents related to any and all transactions contemplated by the foregoing. Accordingly, each of the Prepetition Secured Parties and the DIP Secured Parties shall be and hereby are indemnified and held harmless by the Debtors in respect of any claim or liability incurred in respect thereof of in any way related thereto, provided that no such parties will be indemnified for any cost, expense, or liability to the extent determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from such parties' bad faith, gross negligence, fraud, or willful misconduct. No exception or defense exists in contract, law, or equity to the Debtors' obligation under this paragraph to indemnify and/or hold harmless each of the Prepetition Secured Parties and the DIP Secured Parties. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

(vii) Release. Each Debtor, on behalf of itself and its successors and assigns, and their respective agents, officers, directors, employees, attorneys, professionals, predecessors, successors, and assigns (collectively, the "***Releasors***"), hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the Prepetition Agent and Prepetition Lender and each of their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***Prepetition Releasees***") of and from any

and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any Prepetition Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the Prepetition Obligations, the Prepetition Loan Documents, or the Prepetition Liens.

(viii) Non-Debtor Loan Parties. The Dutch Borrower and the Borrower are jointly and severally liable with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement) and each of the other Non-Debtor Loan Parties and the Debtors are jointly and severally liable with respect to the Prepetition Obligations, which obligations were

reaffirmed pursuant to that certain Reaffirmation Agreement, dated May 16, 2024, by and among KidKraft Netherlands B.V., KidKraft Europe LLC, Kidkraft Holdings B.V., and GB Funding, LLC.

I. Findings Regarding the DIP Financing.

(i) DIP Financing. The Debtors have requested from the DIP Secured Parties, and the DIP Secured Parties are willing, to extend certain loans, advances and other financial accommodations on the terms and conditions set forth in this Final Order, the DIP Term Sheet and the other DIP Documents, respectively.

(ii) Need for DIP Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business without the financing requested in the Motion. The Debtors' ability to pay their vendors, suppliers, and employees, and to otherwise fund their operations is essential to the preservation and maintenance of the going concern value of each Debtor and consummation of the Backyard Sale and the Plan. Accordingly, the Debtors need to enter into the DIP Facility in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "***Estates***").

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code. The Debtors have been unable to procure the necessary financing on terms

more favorable, taken as a whole, than the DIP Facility. In light of the foregoing, and considering all alternatives, the Debtors have reasonably and properly concluded, in the exercise of their sound business judgment, the DIP Facility represents the best financing available to the Debtors at this time, and are in the best interests of the Debtors, their respective Estates, and all of their stakeholders.

(iv) Initial Budget. The Debtors have prepared and delivered to DIP Agent and DIP Lender a nine-week budget (the "***Initial Budget***" and each subsequent approved budget pursuant to section 1.8 hereof, an "***Approved Budget***") reflecting the Debtors' anticipated cash receipts and anticipated disbursements for each calendar week for the covered periods, a summary of which is attached hereto as **Exhibit B**. The Approved Budget was prepared by the Debtors, with the assistance of their professional advisors and management, and the Debtors represent that the Approved Budget is achievable in accordance with the terms of the DIP Documents and this Final Order. DIP Agent and DIP Lender are relying upon the Debtors' compliance with the Approved Budget in accordance with this Final Order in determining to enter into the DIP Facility.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Documents and this Final Order are fair, just and reasonable under the circumstances, ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Documents, the Interim Orders, and this Final Order have been negotiated in good faith and at arms' length by and among the Debtors and DIP Agent, with all parties being represented by competent counsel. Any credit extended under the terms of the Interim Orders or this Final Order shall be deemed to have been extended in "good faith" by DIP Agent and DIP Lender, as that term is used in section 364(e)

of the Bankruptcy Code and the DIP Obligations, the DIP Liens, and the DIP Superpriority Claim are entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Final Order or any provision hereof is vacated, reversed, or modified on appeal or otherwise.

(vi) Credit Bid Rights. To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any sales occurring under or pursuant to section 363 of the Bankruptcy Code, a plan of reorganization or plan of liquidation under section 1129 of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code (any of the foregoing sales or dispositions, a "***Sale***"), (a) DIP Agent (on behalf of their respective DIP Secured Parties) shall have the right to credit bid, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) the Prepetition Agent (on behalf of and at the written direction of the Prepetition Secured Parties) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Obligations, (c) DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective Secured Parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and Prepetition Obligations, respectively, and (d) each of the Debtors hereby acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, as applicable, up to the full amount of the DIP Obligations and Prepetition Obligations, respectively.

(vii) Sections 506(c) and 552(b) Waivers. As material inducement to (a) the DIP Secured Parties' agreement to provide the DIP Facility and the Prepetition Secured Parties' consent to the use of Cash Collateral in accordance with the Approved Budget, (b) the DIP Secured Parties' agreement to subordinate the DIP Liens and the DIP Superpriority Claim to the Carve-Out, and (c) the Prepetition Secured Parties' agreement to subordinate the Prepetition Liens, Prepetition Replacement Lien and the Prepetition Adequate Protection Superpriority Claim to the Carve-Out, the DIP Liens, and the DIP Superpriority Claim, each of the DIP Secured Parties and the Prepetition Secured Parties are entitled to receive (1) a waiver of any equities of the case exceptions or claims under section 552(b) of the Bankruptcy Code and a waiver of unjust enrichment and similar equitable relief as set forth below, and (2) a waiver of the provisions of section 506(c) of the Bankruptcy Code.

(viii) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and ongoing operations in anticipation of the consummation of the Backyard Sale and Plan, (2) preserve and maximize the value of the Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(ix) Adequate Protection. The Prepetition Secured Parties are entitled, pursuant to sections 361, 362, 363, and 364 of the Bankruptcy Code, to receive adequate protection to the extent of any Diminution in Value of their respective interests in the Prepetition Collateral (including Cash Collateral), to the extent set forth in the Final Order.

(x) Immediate Entry. Sufficient cause exists for immediate entry of this Final Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11 Cases has filed or made an objection to the relief sought in the Motion or the entry of this Final Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled. Based upon the foregoing, and after due consideration and good cause appearing therefor.

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Final Order. Except as otherwise expressly provided in this Final Order, any objection to the entry of this Final Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrower is hereby authorized and empowered to immediately borrow and obtain DIP Loans and to incur indebtedness and other Obligations (as defined in the DIP Term Sheet) (collectively referred to as the "***DIP Obligations***"), and the Guarantors are hereby authorized to guarantee such DIP Obligations, all pursuant to the terms and conditions of this Final Order, the DIP Term Sheet, and the other DIP Documents, up to an aggregate amount equal to the DIP Commitment, plus the Roll-Up Amount. Subject to the terms and conditions contained in this Final Order and the DIP Documents, the Debtors shall use the proceeds of the DIP Loans and other credit and financial accommodations provided by DIP Agent and DIP Lender under the DIP Term Sheet and the other DIP Documents solely for payment of expenses set forth in the Approved Budget and all interest, costs, fees, amounts, and other obligations owing to the DIP Secured Parties in accordance with the terms and conditions of the DIP Documents and this Final Order.

1.3 Financing Documents

(a) Authorization. The Debtors are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Term Sheet and the other DIP Documents; provided that any additional DIP Documents entered into following entry of this Final Order shall be filed on the docket of these Chapter 11 Cases, and parties in interest shall have seven (7) days to object to such additional DIP Documents. If no objection to such additional DIP Documents is filed within such seven (7) days, unless the Court rules otherwise, such DIP Documents shall be deemed approved by this Court. If any objection is filed within such seven (7) day period, the Court shall hold an emergency hearing to consider approval of such DIP Document. Upon execution and delivery of the DIP Term Sheet and the other DIP Documents, such agreements and documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of such agreements, documents and this Final Order. No obligation, payment, transfer or grant of security arising under the DIP Term Sheet, the other DIP Documents or this Final Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under § 502(d) of the Bankruptcy Code), or be subject to any defense, reduction, setoff, recoupment or counterclaim. The Debtors are hereby authorized and directed to pay, in accordance with this Final Order, the principal, interest, fees, expenses and other amounts described in the DIP Documents as such become due and without need to obtain further Court approval, including, without limitation, monitoring fees, agency fees, alternate transaction fees, closing fees, unused facility fees, continuing commitment fees, backstop fees, exit fees, servicing fees, yield maintenance premiums, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented fees and

disbursements of the DIP Secured Parties' attorneys, advisors, accountants, and other consultants, whether or not such fees arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated, to implement all applicable reserves and to take any other actions that may be necessary or appropriate, all to the extent provided in this Final Order or the DIP Documents. Upon execution and delivery, the DIP Term Sheet and other DIP Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their Estates in accordance with their terms.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Documents (including, without limitation, the DIP Term Sheet) are approved to the extent necessary to implement the terms and provisions of this Final Order. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Debtors, DIP Agent and DIP Lender, and (b) each Debtor's assumption and adoption of all of the terms, conditions, and covenants of the DIP Term Sheet and the other DIP Documents for all purposes, including, without limitation, to the extent applicable, the payment of all DIP Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of DIP Agent's and DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, as more fully set forth in the DIP Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Term Sheet and the other DIP Documents, Debtors and DIP Agent may amend, modify, supplement or waive any provision of the DIP Documents (a "***DIP Amendment***") without further approval or order of the Court, so long as (a) such DIP Amendment is not materially burdensome on the Debtors or their Estates, and is undertaken in good faith by DIP Agent, DIP Lender and the

Debtors; (b) the Debtors provide prior written notice of the DIP Amendment (the "***DIP Amendment Notice***") to the U.S. Trustee and counsel to the Committee, and (c) the Debtors file the DIP Amendment Notice with the Court; provided, however, that neither consent of the parties notified pursuant to section (b) hereof nor approval of the Court will be necessary to effectuate any such amendment, modification or supplement; provided, further, that any amendment under this Section 1.3(c) shall be consistent with the terms of the Global Settlement until the occurrence of a Denial/Withdrawal. Any material DIP Amendment to the DIP Documents must be approved by the Court to be effective.

1.4 Payment of Prepetition Debt. The Debtors are authorized to repay all Prepetition Obligations in accordance with the DIP Term Sheet, the other DIP Documents and this Final Order, including, without limitation, Sections 1.5 and 1.6 of this Final Order.

1.5 Payments and Application of Payments & DIP Collateral Proceeds; Roll-Up. The Debtors are authorized and directed to make all payments and transfers of Estate property to DIP Agent as provided for, permitted and/or required under the DIP Term Sheet and the other DIP Documents, which payments and transfers shall not be avoidable or recoverable from DIP Agent or DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. All proceeds of the DIP Collateral (as defined herein) received by DIP Agent or DIP Lender, and any other amounts or payments received by DIP Agent or DIP Lender in respect of the DIP Obligations, may be applied or deemed to be applied by DIP Agent, in its discretion, first, to the indefeasible repayment of the DIP Obligations, and then to the indefeasible repayment in full of the Prepetition Obligations, all in accordance with the DIP Term Sheet, the other DIP Documents and this Final Order. Without limiting the

generality of the foregoing, the Debtors are authorized without further order of the Court to pay or reimburse DIP Agent and DIP Lender for future costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by DIP Agent or DIP Lender in connection with the financing transactions as provided in this Final Order and the DIP Documents, all of which shall be and are included as part of the principal amount of the DIP Obligations and secured by the DIP Collateral.

1.6 Continuation of Prepetition Procedures. Except to the extent expressly set forth in the DIP Documents, all prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral (as defined herein), the turnover of cash, the delivery of property to Prepetition Agent and Prepetition Lender, and any blocked depository bank account arrangements, are hereby approved and shall continue without interruption after the commencement of the Chapter 11 Cases.

1.7 Indemnification. The Debtors are authorized to indemnify and hold harmless each of the Prepetition Secured Parties and DIP Secured Parties, each of their respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders and employees, past, present, and future, and their respective heirs, predecessors, successors and assigns in accordance with, and subject to the terms of, the DIP Documents, which indemnification is hereby authorized and approved. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

1.8 Approved Budget; Permitted Variances; Debtor Professional Reports.

(a) The Debtors shall use Cash Collateral and the proceeds of the DIP Facility solely in accordance with the Approved Budget and the DIP Documents. Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other times as the Debtors may elect with the consent of DIP Lender and Backyard Products, LLP (the "***Purchaser***")), the Debtors shall deliver to DIP Agent, the Committee, and the U.S. Trustee an updated budget with the form and level of detail set forth in the Initial Budget, and shall include, weekly basis cash revenues, receipts, expenses, professional fees and other disbursements (including, without limitation, any payments with respect to real property leases), net cash flows, inventory receipts and other items on a line item basis (including all necessary and required expenses that the Debtors expect to incur and anticipated uses of proceeds of draws under the DIP Facilities). If such budget is in form and substance satisfactory to DIP Agent in its sole discretion and consented to by the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser), it shall constitute the "Approved Budget" for purposes of this Final Order. Any amendments, supplements or modifications to the Approved Budget shall be subject to the prior written approval of DIP Lender in its sole discretion and the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), prior to the implementation thereof.

Notwithstanding anything herein, Purchaser shall not have any consent rights with respect to the Approved Budget following any breach by Purchaser of the APA or termination of the APA.

(b) Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of DIP Lender) the Debtors shall deliver to DIP Lender and the Committee a variance report in form and substance reasonably acceptable to DIP Lender (an "***Approved Variance Report***") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, the Debtors shall deliver to DIP Lender and the Committee, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Any amendments, supplements or modifications to an Approved Variance Report shall be subject to the prior written approval of DIP Lender in its sole discretion.

(c) Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "***Permitted Variances***" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements line-items in the Approved Budget (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons), (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "***Professional Fee Variance***"), in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing of (a) and (b) to begin three (3) weeks from the Petition Date, and the Professional Fee Variance testing set forth in (c) shall be

performed weekly beginning the week following the Petition Date and not on a rolling four (4) week basis.

(d) If any Professional Person exceeds the Professional Fee Variance, such Professional Person will make a representative available to meet and confer with DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "***Meet and Confer***"). If DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein. All fees and expenses of the Committee Professionals (as defined below) incurred in accordance with the Approved Budget and Global Settlement shall be funded into the Funded Reserve Account (as defined below) on a weekly basis.

(e) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "***Debtor Professional Report***"). The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "***Review Period***"). If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Funded Reserve Account. If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. At the conclusion of the Meet and

Confer, if the DIP Agent elects to declare an Event of Default, the Debtors shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documents, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Documents after a Meet and Confer is requested.

Section 2. DIP Liens; Superpriority Administrative Claim Status.

2.1 DIP Liens.

(a) Granting of DIP Liens. To secure the prompt payment and performance of any and all DIP Obligations of the Debtors to DIP Agent and DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, DIP Agent, for the benefit of itself and DIP Lender, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first-priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Estates may have (subject only to the Carve-Out and the Permitted Liens), in and upon all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and the proceeds of any avoidance

actions under chapter 5 of the Bankruptcy Code (all of the foregoing collectively, the "***DIP Collateral***"). The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by DIP Agent to claim or perfect such rents, issues, products, or proceeds. For the avoidance of doubt, the DIP Collateral constituting the proceeds of any avoidance actions under chapter 5 of the Bankruptcy Code shall be subject to the terms of the Global Settlement until the occurrence of a Denial/Withdrawal.[5]

(b) Priority of DIP Liens. The liens and security interests of DIP Agent and DIP Lender granted under the DIP Documents and this Final Order on the DIP Collateral securing all DIP Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral shall be subject only to (a) such priming liens or interests imposed by applicable non-bankruptcy law that are in existence as of the Petition Date, and are otherwise unavoidable (collectively, "***Permitted Liens***") and (b) the Carve-Out. The right of a seller of goods to reclaim any goods whether under section 546(c) of the Bankruptcy Code or otherwise shall not be a Permitted Lien or Prepetition Lien; rather, any such alleged claim arising or asserted as a right of reclamation shall have the same rights and priority with respect to the DIP Liens, Prepetition Liens and Prepetition Payment Liens, as such claims had with respect to the Prepetition Liens.

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[5] "***Denial/Withdrawal***" means the Court's denial or the Debtors' withdrawal from the Global Settlement, withdrawal of support from the Plan or the filing an Amended Plan that is materially inconsistent with the Global Settlement as to the treatment of unsecured creditors.

(c) Right of Repayment. The right of DIP Agent and DIP Lender to repayment in accordance with the DIP Documents and this Final Order from the sale or other disposition of the DIP Collateral, or any proceeds thereof, shall be first and senior in priority to all other rights of repayment of every kind, nature, and description (other than the Carve-Out).

(d) Perfection of DIP Liens and Prepetition Replacement Lien. This Final Order shall be sufficient and conclusive evidence of the priority, perfection and validity of all liens and security interests granted herein, including the DIP Liens and the Prepetition Replacement Lien, which shall be effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including without limitation control agreements with any deposit bank or with any other financial institution(s) holding a depository account or other account consisting of or containing Collateral (a "***Perfection Act***"). Notwithstanding the foregoing, if DIP Agent or Prepetition Agent, as applicable, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then such DIP Agent or Prepetition Agent is authorized to perform such act, and the Debtors and Guarantors are authorized to perform such act to the extent necessary or required by the DIP Documents, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Final Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. DIP Agent or Prepetition Agent, as applicable, may choose to file, record or present a certified copy of this Final Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is

authorized to accept, file or record such certified copy of this Final Order in accordance with applicable law. Should DIP Agent or Prepetition Agent, as applicable, so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the DIP liens and security interests granted herein by virtue of the entry of this Final Order.

(e) Nullifying Prepetition Restrictions to DIP Financing. Notwithstanding anything contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Documents, any provision that restricts, limits or impairs in any way any Debtor from granting DIP Agent security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Documents or this Final Order, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or of the DIP Documents, shall not (a) be effective and/or enforceable against any of the Debtors, DIP Agent or DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to DIP Agent and DIP Lender pursuant to this Final Order or the DIP Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law.

(f) To the extent that any applicable non-bankruptcy law otherwise would restrict the granting, scope, enforceability, attachment, or perfection of any liens and security interests granted and created by this Final Order (including the DIP Liens and the Prepetition Replacement Liens) or otherwise would impose filing or registration requirements with

respect to such liens and security interests, such law is hereby pre-empted to the maximum extent permitted by the Bankruptcy Code, applicable federal or foreign law, and the judicial power and authority of the Court. By virtue of the terms of this Final Order, to the extent that any DIP Agent or Prepetition Agent, as applicable, has filed Uniform Commercial Code financing statements, mortgages, deeds of trust, or other security or perfection documents under the names of any of the Debtors (including all Guarantors), such filings shall be deemed to properly perfect the liens and security interests granted to it and confirmed by this Final Order without further action by the applicable DIP Agent or Prepetition Agent, as applicable.

(g) Except with respect to the Carve-Out, certain Permitted Liens, the DIP Liens, the DIP Superpriority Claims, the Prepetition Replacement Liens, and the Prepetition Adequate Protection Superpriority Claims (i) shall not be made subject to or *pari passu* with (A) any lien, security interest, or claim heretofore or hereinafter granted in any of these Chapter 11 Cases or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases against the Debtors (such converted cases, "***Successor Cases***"), their respective Estates, any trustee, or any other estate representative appointed or elected in these Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of these Chapter 11 Cases or any Successor Cases; (B) any lien that is avoided and preserved for the benefit of the Debtors and their respective Estates under section 551 of the Bankruptcy Code or otherwise; and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to sections 510, 549, 550, or 551 of the Bankruptcy Code.

2.2 Superpriority Administrative Expense Claims. For all DIP Obligations now existing or hereafter arising pursuant to this Final Order or the DIP Documents, DIP Agent, for the benefit of itself and DIP Lender, is granted an allowed superpriority administrative claim pursuant

to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 364(c)(1), 546(c), 726, 1113 or 1114 of the Bankruptcy Code (other than the Carve-Out), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (the "***DIP Superpriority Claim***").

2.3 Carve-Out.

(a) Carve-Out. As used in this Final Order, the "***Carve-Out***" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) subject to Sections 1.8(d) and (e) hereof, to the extent allowed or permitted to be paid at any time, whether by interim order, procedural order, or otherwise, all accrued and unpaid fees, disbursements, costs, and expenses (the "***Allowed Professional Fees***") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "***Debtor Professionals***") and by the Committee pursuant to section 327, 328, or 1103 of the Bankruptcy Code (the "***Committee Professionals***" and, together with the Debtors' Professionals, "***Professional Persons***") at any time before or on the first business day following delivery by DIP Agent to the Debtors of a Carve-Out Trigger Notice (as defined below), but shall not include any restructuring, sale, transaction or other "success" fee except for

such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $150,000 incurred after the first business day following delivery by DIP Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (this section (iv) the "***Post-Carve-Out Trigger Notice Cap***"); and (v) an amount up to the amount secured by and necessary to fund the Canadian Priority Charges (as defined in the DIP Term Sheet) for the beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings. For purposes of the foregoing, "***Carve-Out Trigger Notice***" shall mean a written notice delivered by email (or other electronic means) by DIP Agent to the Debtors and the Committee, which notice may be delivered in the sole discretion of DIP Agent following the occurrence of an Event of Default, and shall describe the Event of Default, state that the DIP Facility is terminated and that the Post-Carve-Out Trigger Notice Cap has been invoked.

(b) Pre-Carve-Out Trigger Notice Funding. Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility, Cash Collateral, or cash on hand, a segregated account (the "***Funded Reserve Account***") held by the Debtors in trust and solely for the benefit of the applicable Professional Persons in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures described in Section 1.8(d) hereof and the Prepetition Secured Parties' and DIP Secured Parties' reversionary interest in any unused amounts. The Debtors shall pay only Allowed Professional Fees from the Funded Reserve Account, and all payments of Allowed Professional Fees incurred prior to the Carve-Out Termination Date shall be paid first from such Funded Reserve Account, provided that this shall not be a limitation on payment of Allowed

Professional Fees from sources other than the Funded Reserve Account in the event the Funded Reserve Account does not have sufficient funds or has not be funded as provided above.

(c) Post-Carve-Out Trigger Notice Funding. On the day on which a Carve-Out Trigger Notice is given by the DIP Agent to counsel for the Debtors and the Committee (the "***Carve-Out Termination Date***"), the Carve-Out Trigger Notice shall be deemed a draw request and notice of borrowing hereunder and also a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund (A) the Funded Reserve Account in an amount equal to the sum of (x) to the extent not previously funded, the amounts set forth in paragraphs (a)(i)-(iii) above in accordance with the provisions of the this Final Order, plus (y) the total amount of unpaid Allowed Professional Fees set forth in the Approved Budget for any time before or on the first business day following the Carve-Out Termination Date, to the extent not already funded in accordance with Section 2.3(b) hereof, whether or not such fees have become Allowed Professional Fees prior to the Carve-Out Termination Date, plus (z) the amount set forth in paragraph (a)(v) above to an account designated by the Information Officer in the CCAA Recognition Proceedings for the beneficiaries of the Canadian Priority Charges (the "***Canadian Priority Reserve Account***"); and (B) a segregated escrow account held by the Debtors in trust for the benefit of Professional Persons in an amount equal to the Post-Carve-Out Trigger Notice Cap (the "***Post-Carve-Out Trigger Notice Reserve Account***" and, together with the Funded Reserve Account and the Canadian Priority Reserve Account, the "***Carve-Out Reserve Accounts***"). Prepetition Agent's, Prepetition Lender's, DIP Agent's, and DIP Lender's, in each case to the fullest extent applicable, claims, liens and security interests in any property of the Debtors, including, without limitation, the Prepetition Collateral, the DIP Collateral, Cash Collateral, the Prepetition Adequate Protection Superpriority Claim (as defined below), the DIP

Superpriority Claim, any other adequate protection or superpriority claim, and any junior pre- or post-petition lien, interest or claim in favor of any other party, shall be subordinate to the Allowed Professional Fee Claims of the Professional Persons and other beneficiaries thereof as to all funds in the Carve-Out Reserve Accounts.

(d) No Direct Obligation To Pay Allowed Professional Fees. None of the DIP Secured Parties or Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any Successor Cases under any chapter of the Bankruptcy Code; provided that the Carve-Out Reserve Accounts shall have been fully funded from cash on hand, Cash Collateral, or proceeds of the DIP Facility. Nothing in this Final Order shall be construed to obligate any of the DIP Secured Parties or Prepetition Secured Parties, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement, provided that the Carve-Out Reserve Accounts shall have been fully funded, and provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Carve-Out Reserve Accounts in the event the Carve-Out Reserve Accounts do not have sufficient funds or have not been funded as provided above. Notwithstanding anything herein, nothing shall require the DIP Secured Parties or Prepetition Secured Parties to provide any funding in excess of the DIP Commitment.

(e) Payment of Allowed Professional Fees Prior to the Carve-Out Termination Date. Any payment or reimbursement made prior to the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out; provided that, upon the full funding of the Carve-Out Reserve Accounts following the Carve-Out Termination

Date, the Debtors' authorization to use Cash Collateral to fund the Carve-Out Reserve Accounts shall cease, and the liens and claims of the DIP Agent and DIP Lender shall cease being subordinated to the Carve-Out, each with respect to and to the extent of the amounts so funded.

(f) Payment of Carve-Out on or After the Carve-Out Termination Date. Any payment or reimbursement made on or after the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Final Order, the DIP Documents, the Bankruptcy Code, and applicable law.

2.4 Payment of Carve-Out.

Any payment from the Carve-Out Reserve Accounts, whether by or on behalf of DIP Agent or DIP Lender, shall not and shall not be deemed to reduce the DIP Obligations, and shall not be deemed to subordinate any of any of DIP Agent's or DIP Lender's liens and security interests in the Prepetition Collateral, any other DIP Collateral, the Prepetition Adequate Protection Superpriority Claim, or the DIP Superpriority Claim to any junior pre- or post-petition lien, interest or claim in favor of any other party other than the Carve-Out for Professional Persons.

2.5 Excluded Professional Fees.

(a) Notwithstanding anything to the contrary in this Final Order, no DIP Collateral (or proceeds thereof) nor any DIP Loans or any other credit or financial accommodations provided under or in connection with the DIP Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; (B) invalidating, setting aside, avoiding, recharacterizing or subordinating, in whole or in part, (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; or (C) preventing, hindering or delaying DIP Agent's or DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any DIP Collateral in accordance with the terms and conditions of the DIP Term Sheet, the DIP Documents, and this Final Order other than reasonable and documented fees in connection with a good faith challenge of an asserted Event of Default and related Carve-Out Trigger Notice;

(ii) a request made to this Court to use Cash Collateral without the prior written consent of DIP Agent and Prepetition Agent;

(iii) a request made to this Court for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to section 364(c) or section 364(d) of the Bankruptcy Code or otherwise incur Indebtedness (as defined in the Prepetition Credit Agreement) without the prior written consent of DIP Agent (except to the extent permitted under the DIP Documents);

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against any DIP Secured Party or Prepetition Secured Party or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest or disgorge any payments under chapter 5 of the Bankruptcy Code or any applicable state law equivalents;

(v) the cost of a Committee's investigation into any claims against any Prepetition Secured Parties arising under or in connection with the Prepetition Loan Documents in excess of $75,000; or

(vi) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of any of the DIP Secured Parties or Prepetition Secured Parties under this Final Order, or which directly results in the occurrence of an Event of Default under this Final Order or any DIP Documents.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of this Final Order, the DIP Term Sheet, the DIP Documents, and in accordance with the Approved Budget, Borrower shall be and are hereby authorized to use Cash Collateral for the period commencing on the date of this Final Order and terminating on the Carve-Out Termination Date, subject to the liens and security interests granted to Prepetition Agent and Prepetition Lender; provided, that during the Remedies Notice Period (as defined herein) the Debtors may use Cash Collateral solely for the following amounts and expenses: (i) to fund the Carve-Out Reserve Accounts in accordance with Section 2.3 above; and (ii) to pay expenses critical to the administration of the Estates, as agreed by DIP Agent in its sole discretion. Nothing in this Final

Order shall authorize the disposition of any assets of the Debtors or their Estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Final Order, the DIP Documents and in accordance with the Approved Budget.

(b) Prepetition Replacement Lien. As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Borrower's use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the Carve-Out on a dollar-for dollar basis (collectively, the "***Diminution in Value***"), Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all DIP Collateral (the "***Prepetition Replacement Lien***"). The Prepetition Replacement Lien shall be junior and subordinate only to (A) the Carve-Out, (B) the Permitted Liens, and (C) the DIP Liens on the DIP Collateral to secure the DIP Obligations, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the DIP Collateral.

(c) Prepetition Adequate Protection Superpriority Claim. As adequate protection for the Diminution in Value, Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted, solely to the extent of the Diminution in Value, an allowed superpriority administrative expense claim pursuant to sections 503(b), 507(a), and 507(b) of the Bankruptcy Code in each of the Chapter 11 Cases and any successor bankruptcy cases (the "***Prepetition Adequate Protection Superpriority Claim***"). The Prepetition Adequate Protection Superpriority Claim shall be junior only to (A) the Carve-Out, and (B) the DIP Superpriority Claim, and shall

otherwise have priority over all administrative expense claims and unsecured claims against the Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(d) Adequate Protection Payments and Protections. As further adequate protection (the "***Adequate Protection Payments***") for the Diminution in Value, the Debtors are authorized and directed to provide adequate protection to the Prepetition Secured Parties in the form of payment in cash (regardless of the Approved Budget, and regardless of any Diminution in Value) for (i) the reasonable, documented fees, expenses, and disbursements (including without limitation, the reasonable and documented fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising prior to the Petition Date, and (ii) the reasonable, documented fees, expenses, and disbursements (including without limitation, the fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising subsequent to the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "***Event of Default***" under this Final Order: (a) any Debtor's failure to perform, in any respect, any of their obligations under this Final Order; or (b) the occurrence of an "Event of Default" under the DIP Term Sheet or any of the other DIP Documents, including the following:

(a) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the applicable Permitted Variance; provided, that, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer;

(b) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognitions Orders or Approved Budget;

(c) modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders;

(d) failure of any of the Chapter 11 Milestones to be satisfied;

(e) failure by any Debtor to be in compliance in all material respects with any of the sections of the DIP Term Sheet entitled "Affirmative Consents" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) or any "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of the DIP Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders;

(f) failure of any representation or warranty to be true and correct in all material respects;

(g) filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or pursuant to any other financing agreement made with the prior written consent of the DIP Agent;

(h) the filing of any applications by the Debtors for approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion;

(i) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties;

(j) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP orders or the Canadian DIP Recognition Orders;

(k) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or the DIP Term Sheet is not valid and binding, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral, cease to be valid and binding (without the prior written consent of the DIP Secured Parties);

(l) the filing with the Bankruptcy Court of any plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan;

(m) the appointment or entry in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been reversed, stayed, or vacated within thirty (30) days after the entry of such order;

(n) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate;

(o) failure to pay principal, interest or other DIP Obligations in full in cash when due, including, without limitation, on the Maturity Date;

(p) the allowance of any claim or claims under sections 506(c) and 552(b) against or with respect to any DIP Collateral;

(q) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties;

(r) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties;

(s) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan;

(t) the occurrence of any Material Adverse Change;

(u) any termination of the RSA or APA;

(v) the amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, or Other Priority Claim Backstop Amount;

(w) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; and

(x) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian Court of a bankruptcy order in respect of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver

under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.[6]

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of an Event of Default, (a) the Debtors shall be bound by all restrictions, prohibitions and other terms as provided in this Final Order, the DIP Term Sheet and the other DIP Documents, and (b) DIP Agent shall be entitled to take any act or exercise any right or remedy (subject to Section 3.4 below) as provided in this Final Order or the DIP Term Sheet or any of the other DIP Documents, as applicable, including, without limitation, declaring all DIP Obligations immediately due and payable, accelerating the DIP Obligations, ceasing to extend DIP Loans, setting off any DIP Obligations with DIP Collateral or proceeds in DIP Agent's or DIP Lender's possession, and enforcing any and all rights with respect to the DIP Collateral. DIP Agent and DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of the Debtors, or provide any other financial accommodations to the Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Loan Commitment. Upon the expiration, termination, or maturity of Borrower's authority to borrow or otherwise obtain other credit accommodations from DIP Agent and DIP Lender pursuant to the terms of this Final Order and the DIP Documents (except if such authority shall be extended with the prior written consent of DIP Agent, which consent shall not be implied or construed from any action, inaction or acquiescence by DIP Agent or DIP Lender), unless an Event of Default set forth in Section 3.1 above occurs sooner and the automatic stay has been lifted or modified pursuant to Section 3.4 of this Final Order, all of the

[6] Capitalized terms used but not otherwise defined in Section 3.1(a)–(x) shall have the meanings set forth in the DIP Term Sheet.

DIP Obligations shall immediately become due and payable and DIP Agent and DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to the Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay; Remedies Notice Period.

(a) The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit DIP Agent and DIP Lender to perform any act authorized or permitted under or by virtue of this Final Order or the DIP Documents, as applicable, including, without limitation, (I)(A) to implement the DIP financing arrangements authorized by this Final Order and pursuant to the terms of the DIP Documents, (B) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the DIP Collateral, (C) to assess, charge, collect, advance, deduct and receive payments with respect to the Prepetition Obligations or the DIP Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Documents (subject to Section 5.12 of this Final Order) and apply such payments to the Prepetition Obligations or DIP Obligations pursuant to the DIP Documents and/or this Final Order, as applicable, and (II) upon an Event of Default, (A) declare a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral, (B) to take any other action and exercise all other rights and remedies provided to it by this Final Order, the DIP Documents or applicable law other than those rights and remedies subject to the expiration of the Remedies Notice Period, and (C) charge interest at the default rate under the DIP Documents.

(b) In addition, and without limiting anything in Section 3.4(a) hereof, upon the filing of a Carve-Out Trigger Notice on the docket of these Chapter 11 Cases and the

expiration of the five (5) business day period thereafter (the "***Remedies Notice Period***"), DIP Agent, acting on behalf of itself and DIP Lender, without further notice, application or order of the Court, shall be entitled to take any action and exercise all rights and remedies provided to it by this Final Order, the DIP Documents or applicable law that DIP Agent may deem appropriate in its sole discretion to proceed against and realize upon the DIP Collateral or any other assets or properties of the Estates upon which DIP Agent, for the benefit of itself and DIP Lender, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all DIP Obligations. Notwithstanding anything to the contrary, any action that DIP Agent is otherwise permitted to take pursuant to this Final Order to (i) terminate the DIP Commitments, (ii) accelerate the DIP Loans, (iii) send blocking notices or activation notices pursuant to the terms of any deposit account control agreement, and (iv) repay any amounts owing in respect of the DIP Obligations (including, without limitation, fees, indemnities and expense reimbursements), in each case, shall not require any advance notice to the Debtors. During the Remedies Notice Period, the Debtors, the Committee, and/or any party in interest shall be entitled to seek an emergency hearing, and DIP Agent and DIP Lender shall consent to such emergency hearing so long as it occurs within the Remedies Notice Period; provided, that, (A) the sole issue the Debtors may bring before the Court at any such emergency hearing is whether an Event of Default has occurred, and (B) if such emergency hearing cannot be scheduled prior to the expiration of the Remedies Notice Period solely as a result of the Court's unavailability, the Remedies Notice Period shall be automatically extended to the date that is one (1) business day after the first date the Court is available.

Section 4. Representations; Covenants; and Waivers.

4.1 Reservation of Third-Party Challenge Rights. Notwithstanding anything in this Final Order, the stipulations, releases, agreements, and admissions contained in this Final Order, including, without limitation, paragraph H hereof (collectively, the "***Debtors'***

Stipulations"), shall be binding in all circumstances on the Debtors, their respective Estates and any successor (including, without limitation, any estate representative or a chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors with respect thereto) provided that, the Debtors' Stipulations shall be binding on each other party in interest, including, without limitation, the Committee, unless (a) (1) any such party in interest (excluding the Committee) with standing and authority (which the DIP Secured Parties and Prepetition Secured Parties hereby agree may be sought on an emergency basis) has timely filed a complaint or a motion seeking authority to commence litigation as a representative of the estate (a "***Challenge***") before the earliest of (i) the objection deadline for the Plan and (ii) seventy-five (75) calendar days from the Petition Date and (2) for the Committee upon the earliest to occur of (i) seven (7) days following the occurrence of a Denial/Withdrawal or (ii) the Effective Date of the Plan (such periods set forth in (1) and (2), collectively, the "***Challenge Period***")[7] challenging the amount, validity, perfection, enforceability, priority, or extent of the Prepetition Obligations or Prepetition Liens, or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims, or causes of action, objections, contests, or defenses with respect to the Prepetition Obligations or Prepetition Liens and (b) such Challenge sets forth with specificity the basis for such challenge, and any challenges or claims not so specified prior to the expiration of the Challenge Period shall be deemed forever waived, released, and barred. For the avoidance of doubt, a party's commencement of a timely Challenge shall preserve the Challenge Period solely for the specified Challenge and only with respect to such party; provided that upon the effectiveness of the

[7] For the avoidance of doubt, the Debtors expressly reserve all rights to object to any Challenge or motion seeking standing or authority to pursue a Challenge.

Amended Plan, all such Challenges by the Committee shall be forever waived and extinguished; provided, further, that prior to the occurrence of a Denial/Withdrawal, the Committee shall not pursue or undertake any Challenge, or otherwise challenge, object to, seek discovery with respect to, or not support this Final Order. Nothing in this Final Order vests or confers on any Person (as defined in the Bankruptcy Code), including the Committee, standing or authority to pursue any Challenge or cause of action belonging to the Debtors or their respective Estates, including, without limitation, claims and defenses with respect to the Prepetition Credit Agreements or the Prepetition Liens on the Prepetition Collateral. If any Challenge is timely commenced, the Debtors' Stipulations shall nonetheless remain binding and conclusive (as provided in this paragraph) on the Debtors, the Committee, and any other person or entity, except as to any specific findings and admissions that were expressly and successfully challenged in such Challenge as set forth in a final, non-appealable order of a court of competent jurisdiction. If no such Challenge is timely and properly filed, or if a Challenge is timely and properly filed but denied, (i) the Prepetition Obligations shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and the Prepetition Liens on and security interest in the Prepetition Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of first and senior priority, subject to only the Carve-Out and Permitted Liens, and (ii) Prepetition Agent and Prepetition Lender, and each of their respective participants, agents, officers, directors, employees, attorneys, professionals, successors, and assigns (each in their respective capacities as such) shall be deemed released and discharged from any and all claims and causes of action related to or arising out of the Prepetition Loan Documents, and shall not be subject to any further objection or challenge relating thereto or arising therefrom

by any party at any time. Nothing contained in this Section 4.1(a) shall or shall be deemed or construed to impair, prejudice or waive any rights, claims or protections afforded to DIP Agent or DIP Lender in connection with the DIP Documents, and any other post-petition financial and credit accommodations provided by DIP Agent and DIP Lender to the Debtors in reliance on section 364(e) of the Bankruptcy Code and in accordance with the terms and provisions of this Final Order and the DIP Documents.

4.2 Debtors' Waivers. Prior to the indefeasible repayment in full in cash of all Prepetition Obligations and all DIP Obligations ("***Repayment in Full***"), any request by the Debtors of this Court without the prior consent of the DIP Agent with respect to the following shall also constitute an Event of Default: (a) to use Cash Collateral under section 363 of the Bankruptcy Code other than as provided in this Final Order, (b) to obtain post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code, other than as provided in this Final Order or as may be otherwise expressly permitted pursuant to the DIP Documents, (c) to challenge the application of any payments authorized by this Final Order as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Prepetition Collateral is less than the Prepetition Obligations, (d) to propose, support or have a plan of reorganization or liquidation that is inconsistent with the Plan, Backyard Sale or RSA, or (e) to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of DIP Agent or DIP Lender as provided in this Final Order and the DIP Documents or DIP Agent's or DIP Lender's exercise of such rights or remedies; provided, however, that DIP Agent may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by any DIP Secured Party.

4.3 Section 506(c) Claims. No costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against DIP Agent or DIP Lender, their respective claims, or the DIP Collateral pursuant to §§ 105 or 506(c) of the Bankruptcy Code or otherwise without the prior written consent of DIP Agent, and no such consent shall be implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender.

4.4 DIP Collateral Rights. Until the occurrence of Repayment in Full:

(a) no other party shall foreclose upon or otherwise seek to enforce any junior lien or claim in DIP Collateral and

(b) upon and after the delivery of a Carve-Out Trigger Notice and the expiration of the Remedies Notice Period, if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (i) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (ii) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (iii) provide the DIP Agent and its representatives or agents, at all reasonable times access to the Debtors' books and records and any information or documents requested by the DIP Agent or their respective representatives, (iv) perform all other obligations set forth in the DIP Documents, and (v) take reasonable steps to safeguard and protect the DIP Collateral.

4.5 Release of DIP Secured Parties. Each of the Releasors hereby forever, unconditionally, permanently, and irrevocably releases, discharges, and acquits each of the DIP Secured Parties and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***DIP Releasees***") of and from any and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of

action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any DIP Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Chapter 11 Cases, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, any so-called "lender liability" claims or defenses, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the DIP Obligations, the DIP Documents, or the DIP Liens.

Section 5. Other Rights and DIP Obligations.

5.1 No Modification or Stay of This Final Order. The DIP Agent and DIP Lender have acted in good faith in connection with the DIP Facility and with this Final Order, and their reliance on this Final Order is in good faith, and the DIP Agent and DIP Lender are hereby entitled to the full protections of section 364(e) of the Bankruptcy Code. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Final

Order, the DIP Documents or any term hereunder or thereunder, or (b) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "***Subject Event***"), (x) the acts taken by each of DIP Agent and DIP Lender in accordance with this Final Order, and (y) the DIP Obligations incurred or arising prior to DIP Agent's actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of this Final Order, and the acts taken by DIP Agent and DIP Lender in accordance with this Final Order, and the liens granted to DIP Agent and DIP Lender in the DIP Collateral, and all other rights, remedies, privileges, and benefits in favor of DIP Agent and DIP Lender pursuant to this Final Order and the DIP Documents shall remain valid and in full force and effect pursuant to section 364(e) of the Bankruptcy Code. For purposes of this Final Order, the term "appeal", as used in section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Final Order by the Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. DIP Agent and Prepetition Agent, as applicable, shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Final Order that are in favor of the DIP Secured Parties and Prepetition Secured Parties, respectively (the "***Lender Rights***"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any Lender Right(s). Any waiver by DIP Agent or Prepetition Agent of any Lender Rights shall not be or constitute a continuing waiver unless expressly provided therein. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject any of the DIP Secured Parties or Prepetition Secured Parties to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a

defense to any obligation owed by the Debtors to any of the DIP Secured Parties or Prepetition Secured Parties.

5.3 Disposition of DIP Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral outside the ordinary course of business, other than pursuant to the terms of the DIP Term Sheet, this Final Order, and the Approved Budget, without the prior written consent of DIP Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by DIP Agent or DIP Lender) and, in each case, an order of the Court.

5.4 Inventory. The Debtors shall not, without the consent of DIP Agent, (a) enter into any agreement to return any inventory to any of their creditors for application against any prepetition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Final Order are in addition to and without prejudice to the rights of each DIP Secured Party and Prepetition Secured Party to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Documents, the Prepetition Loan Documents, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the DIP Collateral or Prepetition Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons

or other parties seeking compensation or reimbursement from the Estates and to pursue any and all rights and remedies against any Non-Debtor Loan Party.

5.6 Binding Effect.

(a) The provisions of this Final Order and the DIP Documents, the DIP Obligations, the Prepetition Adequate Protection Superpriority Claim, the DIP Superpriority Claim, and any and all rights, remedies, privileges and benefits in favor of each of DIP Agent and DIP Lender provided or acknowledged in this Final Order, shall be effective immediately upon entry of this Final Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other order converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Superpriority Claim and DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of this Final Order shall continue in full force and effect notwithstanding such dismissal until Repayment in Full, and (b) the Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event the Court modifies any of the provisions of this Final Order or the DIP Documents, such modifications shall not affect the rights or priorities of DIP Agent and DIP Lender pursuant to this Final Order with respect to the DIP Collateral or any portion

of the DIP Obligations which arises or is incurred or is advanced prior to such modifications, and this Final Order shall otherwise remain in full force and effect to such extent.

(d) This Final Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Final Order shall also inure to the benefit of the Debtors, DIP Agent, DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use; Additional Financing; Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Term Sheet and the other DIP Documents are made in reliance on this Final Order and there shall not at any time be entered in the Chapter 11 Cases, or in any Successor Case, any order which authorizes the use of Cash Collateral, or the sale, lease, or other disposition of property of any Estate in which DIP Agent or DIP Lender have a lien or security interest, except as expressly permitted hereunder or in the DIP Documents, or authorizes under section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which DIP Agent or DIP Lender hold a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to DIP Agent and DIP Lender herein; unless, in each instance (x) DIP Agent shall have given its express prior written consent with respect thereto, no such consent being implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender, or (y) such other order requires Repayment in Full. The security interests and liens granted to or for the benefit of DIP Agent and DIP Lender hereunder and the rights of DIP Agent and DIP Lender

pursuant to this Final Order and the DIP Documents with respect to the DIP Obligations and the DIP Collateral are cumulative.

(b) All DIP Obligations and Prepetition Obligations shall receive treatment under the Plan as set forth in the RSA, Plan Term Sheet, and DIP Term Sheet.

5.8 No Owner/Operator Liability. In determining to make any loan under the DIP Documents (including the negotiation thereof) and authorizing the use of Cash Collateral, none of the DIP Secured Parties or the Prepetition Secured Parties shall be deemed to (i) be in control of the operations of the Debtors or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute) or (ii) owe any fiduciary duty to any of the Debtors. Furthermore, nothing in this Final Order shall in any way be construed or interpreted to impose or allow the imposition upon any of the DIP Secured Parties or the Prepetition Secured Parties of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors and their respective affiliates (as defined in section 101(2) of the Bankruptcy Code).

5.9 Marshalling; 552(b) Waiver. None of the DIP Secured Parties or the Prepetition Secured Parties shall be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds of DIP Collateral shall be received and applied in accordance with the DIP Documents and the Prepetition Credit Agreements as applicable. The DIP Secured Parties and the Prepetition Secured Parties are and shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code. The "equities of the case" exception under section 552(b) shall not apply

to any of the Prepetition Secured Parties, DIP Secured Parties, DIP Obligations, or Prepetition Obligations.

5.10 Right of Setoff. To the extent any funds were on deposit with Prepetition Agent as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Prepetition Agent or Prepetition Lender immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "***Deposited Funds***") are subject to rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Prepetition Agent and/or Prepetition Lender, as applicable, pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any Sale: (a) DIP Agent (on behalf of DIP Lender) shall have the right to credit bid on a dollar-for-dollar basis, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) subject to the challenge rights set forth in Section 4.1 hereof, Prepetition Agent (on behalf of the Prepetition Lender) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Secured Obligations, (c) each of the DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective secured parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and (d) each of the Debtors, the Prepetition Secured Parties, and DIP Secured Parties acknowledge and agree that

they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, up to the full amount of their respective DIP Obligations and/or Prepetition Obligations,

5.12 Payment and Review of Lender Professional Fees and Expenses. Each Debtor shall pay all reasonable and documented professional fees and other expenses of the Prepetition Secured Parties and the DIP Secured Parties, whether incurred before or after the Petition Date; provided, that the Debtors shall pay all such reasonable and documented fees and expenses within ten (10) business days of delivery of a statement or invoice for any post-petition fees and expenses (it being understood that such statements or invoices may be in summary form and shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee, and the Committee, unless, within such seven (7) business day period, the Debtors or the Committee serve a written objection upon the requesting party, in which case, the Debtors shall immediately pay such amounts that are not the subject of any objection and pay the withheld amount as subsequently agreed by the parties or ordered by the Court to be paid.

5.13 Access to DIP Collateral. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of DIP Agent and DIP Lender contained in this Final Order, the DIP Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Term Sheet, upon reasonable prior written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing, DIP Agent may, subject to the applicable notice provisions, if any, in this Final Order and any separate applicable agreement by and between such landlord and DIP Agent, enter upon any leased premises of the Debtors or any

other party for the purpose of exercising any remedy with respect to DIP Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder, provided that DIP Agent shall be obligated only to pay rent of the Debtors that first accrues after the written notice referenced above and that is payable during the period of such occupancy by DIP Agent, calculated on a daily per diem basis. Nothing herein shall require DIP Agent to assume any lease as a condition to the rights afforded in this paragraph. For the avoidance of doubt, subject to (and without waiver of) the rights of DIP Agent under applicable nonbankruptcy law, DIP Agent can only enter upon a leased premises after an Event of Default in accordance with (i) a separate agreement with the landlord at the applicable leased premises, or (ii) upon entry of an order of the Court obtained by motion of DIP Agent on such notice to the landlord as shall be required by the Court.

5.14 Indefeasible Payment. All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason.

5.15 Tax Liens. Notwithstanding any other provisions of this Final Order, any statutory liens (collectively, the "***Tax Liens***") held by Dallas County, Tarrant County, City of Grapevine and Grapevine-Colleyville ISD (the "***Taxing Authorities***") shall not be primed nor made subordinate to any liens granted to the DIP Lender and the Prepetition Lender only to the extent such Tax Liens are valid, senior to the liens of the Prepetition Lender, perfected and unavoidable, and all parties' rights to object to the priority, validity, amount, extent, perfection and avoidability of the claims and Tax Liens asserted by the Taxing Authorities are fully preserved.

5.16 Term; Termination. Notwithstanding any provision of this Final Order, the term of the financing arrangements among the Debtors, DIP Agent and DIP Lender authorized by this Final Order may be terminated by the DIP Secured Parties pursuant to the terms of the DIP Documents.

5.17 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Documents, the Motion, the Interim Orders, and this Final Order, the terms and provisions of this Final Order shall govern.

5.18 Objections Overruled. All objections to the entry of this Final Order are (to the extent not withdrawn, waived, or settled) hereby overruled.

5.19 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Final Order, the DIP Term Sheet, and the other DIP Documents.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and –

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com
lkanzer@velaw.com

**PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION**

EXHIBIT A

DIP Term Sheet

Exhibit B

Approved Budget

THIS IS **EXHIBIT "P"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 54**

ORDER (I) APPROVING CERTAIN BIDDER PROTECTIONS, (II) APPROVING CONTRACT ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (III) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) approving the Debtors' entry into certain bidder protections in favor of the Purchaser, (ii) approving the Assumption and Assignment Procedures, and (iii) granting related relief, all as more fully set forth in the Motion and in the Declarations; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The following Bidder Protections are approved:

    a. The Expense Reimbursement in an amount not to exceed $1 million;

    b. The Break-Up Fee shall be $884,754.90 (2.25% of the cash portion of the Purchase Price); and

    c. The definition of "***Qualifying Alternative Transaction***" under the Purchase Agreement shall mean: "an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: implied cash portion of the Purchase Price (determined based on the KK Inventory File) plus the

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Break-Up Fee plus the Expense Reimbursement plus $2,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities."

2. Any amounts that become due and payable, pursuant to the Bidder Protections in accordance with the Purchase Agreement and this Order, shall be deemed an actual and necessary cost of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code and constitute an allowed administrative expense claim under section 507(a)(2) of the Bankruptcy Code.

3. In the event of any inconsistency between the terms of the Purchase Agreement, the Motion, and this Order, the terms of this Order shall control.

4. The following Assumption and Assignment Procedures are approved:

a. Within three Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract (as defined in the Purchase Agreement) on any date following the Petition Date, within three Business Days after the Purchaser's designation of such later date), the Debtors shall deliver a notice, in form and substance reasonably acceptable to the Purchaser, of potential assumption and assignment of the Transferred Contract (a "***Contract Notice***") to the applicable Contract Counterparties, which shall specify: (a) that such contract is contemplated to be assumed and assigned to the Purchaser as a Transferred Contract in connection with the transactions contemplated under the Purchase Agreement; (b) the proposed Cure Claim (as defined in the Purchase Agreement) with respect to each Transferred Contract; and (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto.

b. Contract Objections must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is 21 days after the date the Debtors delivered the Contract Notice (the "***Contract Objection Deadline***"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Debtors, counsel to Gordon Brothers, counsel to Backyard, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparties believe is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred

Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults.

c. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing (as defined in the Purchase Agreement), the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the Court.

5. The form of Assumption, Assignment, and Cure Notice to be provided under the Assumption and Assignment Procedures and attached as **Exhibit B** to the Motion shall constitute adequate and sufficient notice and no additional notice need be provided.

6. The Debtors shall serve, via email, if available, or first-class mail, the Contract Notice in accordance with the Assumption and Assignment Procedures, on all counterparties to the Transferred Contracts and all parties on the Rule 2002 Notice List. Service of a Contract Notice in accordance with the Assumption and Assignment Procedures shall be deemed adequate service and no further notice shall be required.

7. The inclusion of any contract on the Contract Notice will not constitute any admission or agreement of the Debtors that such contract is an executory contract.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

9. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion

or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

11. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

THIS IS **EXHIBIT "Q"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket Nos. 28, 29, & 220**

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER (I) APPROVING THE DISCLOSURE STATEMENT; AND(II) CONFIRMING THE DEBTORS' AMENDED JOINT PREPACKAGED CHAPTER 11 PLAN

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

The above-captioned debtors and debtors in possession (collectively, the "***Debtors***") having:

a. distributed, through Stretto, Inc. (the "***Voting Agent***"), on or about May 9, 2024 (i) the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket. No. 29] (as may be amended, supplemented, or modified from time to time, the "***Disclosure Statement***"); (ii) the *Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 28] (the "***Initial Plan***"); and (iii) a ballot (the "***Ballot***") for voting on the Plan to the sole Holder of the Class 3 Prepetition Secured Party Claim in accordance with title 11 of the United States Code (the "***Bankruptcy Code***"), the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***N.D. Tex. L.B.R.***"), and applicable nonbankruptcy law, as evidenced by the *Certification of Stretto, Inc. Regarding Solicitation of Votes and Tabulation of Ballots Accepting and Rejecting Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 30] (the "***Voting Report***");

b. commenced these chapter 11 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 10, 2024 (the "***Petition Date***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***");

c. commenced recognition proceedings pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) in respect of the chapter 11 cases of the Debtors on May 17, 2024 (the "***CCAA Recognition Proceedings***") in the Ontario Superior Court of Justice (Commercial List) (the "***CCAA Court***") and on May 10, 2024, prior to commencement, obtained a preliminary stay in the CCAA Court;

d. continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code;

e. filed, on the Petition Date, the prepetition solicitation versions of the (i) Initial Plan and (ii) Disclosure Statement;

f. filed, on the Petition Date, that certain *Asset Purchase Agreement* [Docket No. 29, Ex. C] (together with all ancillary documents, as may be amended, modified, or supplemented, the "***Purchase Agreement***");

g. filed, on the Petition Date, the *Emergency Motion for Entry of an Order (I) Scheduling a Combined Hearing (II) Establishing Objection Deadlines, (III) Approving the Solicitation Materials and Tabulation Procedures; and (IV) Granting Related Relief* [Docket No. 27] (the "***Scheduling Motion***");

h. filed, on the Petition Date, the Voting Report, which detailed the results of the prepetition Plan solicitation and voting process;

i. served or caused to be served, on May 15, 2024, (i) the *Notice of (I) Combined Hearing to Consider Approval of Disclosure Statement and Confirmation of Plan, (II) Deadline for Filing Objections to Final Approval of Disclosure Statement and Confirmation of Plan, and (III) Other Relevant Information*, which contained, among other things, notice of the date and time set for the confirmation hearing to consider the adequacy of the Disclosure Statement and Confirmation of the Plan (the "***Combined Hearing***") and the deadlines for filing objections to the Plan and the Disclosure Statement (such notice, the "***Combined Hearing Notice***") and (ii) the *Notice of (I) Non-Voting Status, (II) Deadline for Filing Objections to Approval of Disclosure Statement and Confirmation of Plan, and (III) Other Relevant Information* (the "***Notice of Non-Voting Status***"), each as evidenced by the *Certificate of Service* [Docket No. 115] filed on May 17, 2024 (the "***Notice Affidavit***");

j. caused notice of the Combined Hearing to be published on May 17, 2024, in the *New York Times*, as evidenced by the *Affidavit of Publication* [Docket No. 123] filed on May 28, 2024, and on May 20, 2024, in the *Globe & Mail National Edition*, as evidenced by the *Affidavit of Publication* [Docket No. 124] filed on May 28, 2024, (collectively, the "***Combined Hearing Publication Notice***");

k. served or caused to be served, on June 11, 2024, the *Notice of Deadlines for Filing Proof of Claim* (the "***Bar Date Notice***"), as evidenced by the *Certificate of Service* [Docket No. 172] filed on June 12, 2024 (the "***Bar Date Notice Affidavit***"); and (i) on June 12, 2024, caused the publication of the Bar Date Notice in the *New York Times*, as evidenced by the *Affidavit of Publication* [Docket No. 206], filed on June 18, 2024 (the "***NYT Bar Date Publication Notice Affidavit***"); and (ii) on June 13, 2024, caused the publication of the Bar Date Notice in the *Globe & Mail National Edition*, as evidenced by the *Affidavit of Publication* [Docket No. 207] filed on June 18, 2024 (the "***G&M Bar Date Publication Notice Affidavit***," together, with the Bar Date Notice Affidavit and the NYT Bar Date Publication Notice Affidavit, the "***Bar Date Affidavits***");

l. filed, on June 12, 2024, the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 175], consisting of the Purchase Agreement, the Schedule of Assumed Executory Contracts and Unexpired Leases, and the Schedule of Retained Causes of Action (the "***First Plan Supplement***");

m. filed, on June 14, the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 187], consisting of the Liquidation Analysis (the "***Second Plan Supplement***");

n. filed, on June 14, 2024, the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Process, and (II) the Bid Protections* [Docket No. 188] (the "***Bijoor Sale Declaration***");

o. filed, on June 17, the *Notice of Filing of Global Settlement Term Sheet* [Docket No. 195];

p. filed, on June 20, 2024, (i) the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as may be further modified, amended, or supplemented from time to time, the "***Plan***"),[2] a copy of which is attached hereto as **Exhibit A** and (ii) the *Notice of Filing Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 221];

q. filed, on June 21, 2024, the *Notice of Second Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 223], consisting of (i) the Global Settlement Term Sheet, (ii) the GUC Trust Agreement, (iii) the GUC Settlement Opt-In Form, (iv) the Identity of Wind Down Administrator, and (v) the Identity of GUC Trustee (the "***Third Plan Supplement***," and together with the First Plan Supplement and the Second Plan Supplement, collectively, the "***Plan Supplement***");

r. filed, on June 20, 2024, the *Notice of Filing of (I) Proposed Confirmation Order and (II) Proposed Sale Order* [Docket No. 219], which included the proposed forms of this order and the *Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of all Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (the "***Proposed Sale Approval Order***");

s. filed, on June 20, 2024, the *Debtors' Memorandum of Law in Support of (I) Approval of the Disclosure Statement; (II) Confirmation of the Debtors' Amended Joint Prepackaged Chapter 11 Plan; and (III) Reply to Confirmation Objections* [Docket No. 213] (the "***Confirmation Brief***");

t. filed, on June 20, 2024, the *Certification of Stretto, Inc. Regarding Tabulation of Release Opt-Out Forms in Connection with the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 217] (the "***Opt-Out Report***");

u. filed, on June 20, 2024, the *Declaration of Geoffrey Walker in Support of Confirmation of the Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 214] (the "***Walker Confirmation Declaration***"); and

v. filed, on June 19, 2024, the *Declaration of Carl Moore, Managing Director of SierraConstellation Partners, LLC, in Support of the Debtors' Liquidation Analysis* [Docket No. 212] (the "***Moore Confirmation Declaration***," and together with the Walker Confirmation Declaration and the Bijoor Sale Declaration, the "***Confirmation Declarations***").

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[2] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Plan. The rules of interpretation set forth in Article I.B of the Plan apply.

The Bankruptcy Court having:

a. entered, on May 14, 2024, the *Order (I) Scheduling a Combined Hearing, (II) Establishing Objection Deadlines, (III) Approving the Solicitation Materials and Tabulation Procedures, and (IV) Granting Related Relief* [Docket No. 93] (the "***Scheduling Order***"), which, among other things, approved the Debtors' prepetition solicitation and tabulation procedures (the "***Prepetition Solicitation and Tabulation Procedures***");

b. approved May 9, 2024 as (i) the voting record date (the "***Voting Record Date***") and (ii) the deadline by which the Voting Agent must have received the completed Ballot (the "***Voting Deadline***");

c. set June 14, 2024, at 5:00 p.m. (Prevailing Central Time) as the deadline by which objections to the adequacy of the Disclosure Statement and/or Confirmation of the Plan must be filed (the "***Confirmation Objection Deadline***");

d. set June 19, 2024, as the date by which the Debtors must file a reply to objections to the Plan and the Disclosure Statement;

e. set June 21, 2024, at 9:30 a.m. (Prevailing Central Time) as the date and time for the Combined Hearing pursuant to Bankruptcy Rules 3017 and 3018 and sections 1126, 1128, and 1129 of the Bankruptcy Code, subject to adjournment;

f. entered, on June 10, 2024, the *Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice* [Docket No. 155] (the "***Bar Date Order***");

g. entered, substantially contemporaneously herewith, the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief*;

h. reviewed the Plan, the Confirmation Brief, the Plan Supplement, the Voting Report, the Opt-Out Report, the Confirmation Declarations, the Disclosure Statement, and all pleadings, exhibits, statements, responses, and comments regarding Confirmation, including any and all objections, statements, and reservations of rights filed by parties in interest on the docket of these chapter 11 cases;

i. held the Combined Hearing;

j. heard the statements, arguments, and objections, if any, made by counsel in respect of Confirmation of the Plan and approval of the Disclosure Statement;

k. considered all oral representations, testimony, documents, filings, and other evidence regarding Confirmation of the Plan and approval of the Disclosure Statement;

l. taken judicial notice of all pleadings and other documents filed, all orders entered, and all evidence and arguments presented in these chapter 11 cases; and

m. overruled any and all objections to the Plan, Confirmation, the adequacy of the Disclosure Statement, and all statements and reservations of right not consensually resolved or withdrawn unless otherwise indicated herein.

NOW, **THEREFORE**, the Bankruptcy Court having found that notice of the Combined Hearing and the opportunity for any party in interest to object to Confirmation of the Plan and approval of the Disclosure Statement have been adequate and appropriate as to all parties affected or to be affected by the Plan and the transactions contemplated thereby, and the legal and factual bases set forth in the documents filed in support of Confirmation and all evidence proffered, admitted, or adduced by counsel at or prior to the Combined Hearing and the entire record of these chapter 11 cases establish just cause for the relief granted herein; and after due deliberation thereon and good cause appearing therefor, the Bankruptcy Court hereby makes and issues the following Findings of Fact, Conclusions of Law, and Orders:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

IT IS HEREBY DETERMINED, FOUND, ADJUDGED, DECREED, AND ORDERED THAT:

A. Findings of Fact and Conclusions of Law.

1. The findings and conclusions set forth herein and on the record of the Combined Hearing constitute the Bankruptcy Court's findings of fact and conclusions of law under Bankruptcy Rules 7052 and 9014. To the extent any of the following findings of fact constitute conclusions of law, or vice versa, they are adopted as such.

B. Jurisdiction, Venue, and Core Proceeding.

2. The Bankruptcy Court has jurisdiction over these chapter 11 cases pursuant to section 1334 of title 28 of the United States Code. The Bankruptcy Court has exclusive jurisdiction

to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed. Venue is proper in this district pursuant to sections 1408 and 1409 of title 28 of the United States Code. Confirmation of the Plan is a core proceeding within the meaning of section 157(b)(2) of title 28 of the United States Code, and the Bankruptcy Court may enter a final order consistent with Article III of the United States Constitution.

C. Eligibility for Relief.

3. The Debtors were and are entities eligible for relief under section 109 of the Bankruptcy Code.

D. Commencement and Joint Administration of These Chapter 11 Cases.

4. On the Petition Date, each Debtor commenced a chapter 11 case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. By prior order of the Bankruptcy Court, these chapter 11 cases were consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015 [Docket No. 51]. The Debtors have operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases. On May 23, 2024, the U.S. Trustee appointed the Official Committee of Unsecured Creditors [Docket No. 120] (the "***Committee***") in these chapter 11 cases.

E. Judicial Notice.

5. The Bankruptcy Court takes judicial notice of the docket of these chapter 11 cases maintained by the Clerk of the Bankruptcy Court, including all pleadings and other documents filed, all orders entered, all hearing transcripts, all declarations, and all evidence and arguments made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of these chapter 11 cases.

F. Notice.

6. Due, timely, proper, and adequate notice of the Plan, the Claims Bar Date, and the Combined Hearing, together with the deadlines for voting to accept or reject the Plan as well as objecting to the Plan or opting out of the Releases (as defined herein), has been provided substantially in accordance with the Scheduling Order and the Bar Date Order, as set forth in the Voting Report, the Notice Affidavit, the Opt-Out Report, and the Bar Date Affidavits, respectively.

7. Such notice was appropriate and satisfactory based upon the facts and circumstances of these chapter 11 cases and pursuant to sections 1125, 1126(b)(1), and 1128 of the Bankruptcy Code, Bankruptcy Rules 2002, 3017, 3018, and 3020, and other applicable law and rules. Because such transmittal and service were adequate and sufficient, no other or further notice is necessary or shall be required, and due, proper, timely, and adequate notice of the Combined Hearing has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and applicable non-bankruptcy law, rule, or regulation.

G. Solicitation.

8. The Initial Plan, the Disclosure Statement, and the Ballot (collectively the "***Prepetition Solicitation Package***") were transmitted and served in compliance with the Bankruptcy Code, the Bankruptcy Rules, including Bankruptcy Rules 3017 and 3018, the N.D. Tex. L.B.R., the Prepetition Solicitation and Tabulation Procedures approved by the Bankruptcy Court via the Scheduling Order, and all other applicable rules, laws, and regulations applicable to such solicitation. Transmission and service of the Prepetition Solicitation Package was timely, adequate, and sufficient. No further notice is required.

9. As set forth in the Voting Report, on May 9, 2024, prior to the Petition Date, the Prepetition Solicitation Package was transmitted to and served on the eligible Holder of Class 3

Prepetition Secured Party Claims, which was the only Class of Claims entitled to vote to accept or reject the Plan (the "***Voting Class***").[3]

10. The sole Holder of a Claim in the Voting Class received a Ballot. The form of the Ballot adequately addressed the particular needs of these chapter 11 cases and was appropriate for the Holder of Claims in the Voting Class. The instructions on the Ballot advised that for the Ballot to be counted, the Ballot had to be properly executed, completed, and delivered to the Voting Agent so that it was actually received by the Voting Agent on or before the Voting Deadline. The period during which the Debtors solicited acceptance of the Plan was a reasonable period of time for the Holder of Claims in the Voting Class to make an informed decision to accept or reject the Plan.

11. The Debtors were not required to solicit votes from the Holders of Claims in Class 1 (Other Priority Claims) or Class 2 (Other Secured Claims) (collectively, the "***Unimpaired Classes***"), as each such Class is Unimpaired under the Plan and thus presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

12. The Debtors were not required to solicit votes from the Holders of Claims in Class 5 (Intercompany Claims) and Class 6 (Intercompany Interests), as the Holders of Claims or Interests in such Classes are either Unimpaired or Impaired by the Plan, and accordingly, such Holders are either presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are not entitled to receive distributions on account of their Claims or Interests under the Plan except as set forth in the Plan and, thus, are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code and, in either case, were not entitled to vote to accept or reject the Plan.

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3 *See* the Voting Report [Docket No. 30].

13. The Debtors were not required to solicit votes from Holders of Claims or Interests in Class 4 (General Unsecured Creditors) or Class 7 (KidKraft Intermediate Holdings, LLC Interests), (collectively, the "***Deemed Rejecting Classes***"), as the Holders of Claims or Interests in such Class are Impaired and not entitled to receive distributions on account of their Claims or Interests under the Plan and, thus, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

14. As described in and as evidenced by the Voting Report, the transmittal and service of the Prepetition Solicitation Package (all of the foregoing, the "***Solicitation***") was timely, adequate, and sufficient under the circumstances and no other or further Solicitation was or shall be required. The Solicitation complied with the Solicitation and Tabulation Procedures, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases, was conducted in good faith and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., the Scheduling Order, and any other applicable rules, laws, and regulations governing the adequacy of disclosure in connection with such Solicitation. The applicable Released Parties and Exculpated Parties acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code and applicable non-bankruptcy law, rules, and regulations, including with respect to solicitation of the acceptance or rejection of the Plan, and are entitled to the protections of section 1125(e) of the Bankruptcy Code and all other applicable protections and rights provided in the Plan and this Confirmation Order.

H. Adequacy of the Disclosure Statement.

15. The Disclosure Statement (a) contains sufficient information of a kind necessary to satisfy the disclosure requirements of all applicable non-bankruptcy rules, laws, and regulations, including the Securities Act, as applicable, (b) contains "adequate information" (as such term is

defined in section 1125(a) of the Bankruptcy Code and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (c) is hereby approved on a final basis in all respects.

I. Voting.

16. On the Petition Date, the Voting Report was filed with the Bankruptcy Court, certifying the method and results of the Ballot tabulated for the Voting Class. As of the Voting Deadline, 100% in number and 100% in dollar amount of the Holder of Claims in the Voting Class that timely voted, voted to accept the Plan. As evidenced by the Voting Report, votes to accept or reject the Plan were solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R, and the Solicitation and Tabulation Procedures.

J. Plan Supplement.

17. The Debtors filed the Plan Supplement, consisting of: (i) the Purchase Agreement, (ii) the Schedule of Assumed Executory Contracts and Unexpired Leases, (iii) the Schedule of Retained Causes of Action, (iv) the Liquidation Analysis, (v) the Global Settlement Term Sheet, (vi) the GUC Trust Agreement, and (vii) the GUC Settlement Opt-In Form.

18. All such materials are consistent with the terms of the Plan, and the filing and notice of the Plan Supplement was proper and in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and all applicable law, and no other or further notice is or shall be required. All documents included in the Plan Supplement are integral to, part of, and incorporated by reference into the Plan as if set forth in full therein. Subject to the terms of the Plan, the Debtors reserve the right to and may alter, amend, update, or modify the Plan Supplement before the Effective Date with the consent of the Prepetition Secured Parties; *provided* that any

such alteration, amendment, update, or modification shall be in compliance with the Bankruptcy Code, the Bankruptcy Rules, and the terms of this Confirmation Order.

K. Modifications of the Plan.

19. Pursuant to and consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors proposed certain modifications to the Initial Plan as reflected herein, in the Plan Supplement, and/or in the Plan filed with the Bankruptcy Court prior to entry of this Confirmation Order (collectively, the "***Plan Modifications***"). Consistent with Bankruptcy Rule 3019, the Plan Modifications do not (a) constitute material modifications of the Initial Plan under section 1127 of the Bankruptcy Code, (b) cause the Plan to fail to meet the requirements of sections 1122 or 1123 of the Bankruptcy Code, (c) materially and adversely change the treatment of any Claims or Interests, (d) require re-solicitation of any Holders of any Claims or Interests, or (e) require that the Holder of Claims in the Voting Class be afforded an opportunity to change its previously cast acceptance of the Plan. Under the circumstances, the form and manner of notice of the proposed Plan Modifications are adequate, no further solicitation is necessary or required, and no other or further notice of the proposed Plan Modifications is necessary or required. In accordance with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, all Holders of Claims who voted to accept the Initial Plan or who are conclusively presumed to have accepted the Initial Plan are deemed to have accepted the Plan as modified by the Plan Modifications. The Holder of Claims in the Voting Class is not permitted to change its vote as a consequence of the Plan Modifications.

L. Bankruptcy Rule 3016.

20. In accordance with Bankruptcy Rule 3016(a), the Plan is dated and identifies the Debtors as the Plan proponents. The Debtors appropriately filed the Disclosure Statement with the Bankruptcy Court, thereby satisfying Bankruptcy Rule 3016(b). The release, injunction, and

exculpation provisions of the Plan are set forth in bold and with specific and conspicuous language, thereby complying with Bankruptcy Rule 3016(c).

M. Burden of Proof: Confirmation of the Plan.

21. The Debtors, as proponents of the Plan, have met their burden of proving the applicable elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard for Confirmation. In addition, and to the extent applicable, the Plan is confirmable under the clear and convincing evidentiary standard.

N. Compliance with Bankruptcy Code Requirements: Section 1129(a)(1).

22. The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, more particularly:

(i) Proper Classification: Sections 1122 and 1123(a)(1).

23. In addition to the Administrative Expense Claims (including Professional Fee Claims) and Priority Tax Claims, which need not be classified, Article III of the Plan provides for the separate classification of Claims and Interests into seven Classes at each Debtor (as applicable). Valid business, factual, and legal reasons exist for the separate classification of such Classes of Claims and Interests. The classifications reflect no improper purpose and do not unfairly discriminate between, or among, Holders of Claims or Interests. Each Class of Claims and Interests contains only Claims or Interests that are substantially similar to other Claims or Interests within that Class. The Plan therefore satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(ii) Specified Unimpaired Classes: Section 1123(a)(2).

24. Article III of the Plan specifies that Claims in the following Classes are Unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code:

Class	Claim or Interest
1	Other Priority Claims
2	Other Secured Claims

(iii) Specified Treatment of Impaired Classes: Section 1123(a)(3).

25. Article III of the Plan specifies that the Claims in the following Classes are Impaired under the Plan, and describes the treatment of such Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code:

Class	Claim or Interest
3	Prepetition Secured Party Claims
4	General Unsecured Claims
5	Intercompany Claims
6	Intercompany Interests
7	KidKraft Intermediate Holdings, LLC Interests

(iv) No Discrimination: Section 1123(a)(4).

26. Article III of the Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest in accordance with the Plan, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(v) Adequate Means for Plan Implementation: Section 1123(a)(5).

27. The Plan, including the various documents and agreements in the Plan Supplement, provides adequate and proper means for implementation of the Plan, including, without limitation: (a) the consummation of the Sale Transaction; (b) the general settlement of claims and interests; (c) the creation of specific segregated accounts for Plan Distributions; (d) the wind down of existing operations and corporate governance over time following the Effective Date; (e) the creation and funding of the Wind Down Estate, and the appointment of the Wind Down Administrator; (f) to the extent necessary, the sale and abandonment of assets by the Wind Down Estate; (g) the creation and funding of the GUC Trust and the appointment of the GUC Trustee; (h) the cancellation of certain existing securities, agreements, obligations, instruments, and Interests; (i) the release of liens; (j) the continuation of existing director and officer liability insurance; (k) the substitution of the Wind Down Estate or the Wind Down Administrator as the party to any litigation; (l) the payment of Unpaid Employee Severance Obligations; (m) the termination of any surviving obligations under the Restructuring Support Agreement; (n) the execution, delivery, filing, or recording of all contracts, instruments, releases, and other agreements or documents in furtherance of the Plan; (o) provisions governing the distributions under the Plan, thereby satisfying section 1123(a)(5) of the Bankruptcy Code; and (p) the general authority for the Debtors to take all actions necessary or appropriate to effectuate any transaction described in, approved by, or necessary or appropriate to effectuate the Plan, as set forth more fully in Article IV of the Plan.

(vi) Voting Power of Equity Securities: Section 1123(a)(6).

28. All existing securities will be canceled pursuant to the Plan. The Debtors' corporate charters are deemed amended by this Confirmation Order to provide that no nonvoting equity

securities will be issued and to otherwise comply with the requirements of section 1123(a)(6) of the Bankruptcy Code.

(vii) Designation of Directors and Officers: Section 1123(a)(7).

29. Article IV.A.17.b. of the Plan provides that, as of the Effective Date, the term of the current members of the board of directors of KidKraft and its Debtor Affiliates shall expire automatically, and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. The identities of the Wind Down Administrator and the GUC Trustee, to the extent known, have been or will be disclosed in the Plan Supplement prior to the Effective Date. To the extent that section 1123(a)(7) of the Bankruptcy Code applies to the Wind Down Administrator or the GUC Trustee, the Wind Down Administrator or the GUC Trustee was appointed in accordance with the interests of creditors and with public policy, and, therefore, satisfies section 1123(a)(7) of the Bankruptcy Code.

(viii) Impairment / Unimpairment of Classes: Section 1123(b)(1).

30. The Plan is consistent with section 1123(b)(1) of the Bankruptcy Code. Specifically, Article III of the Plan impairs or leaves Unimpaired each Class of Claims and Interests.

(ix) Assumption and Rejection of Executory Contracts and Unexpired Leases: Section 1123(b)(2).

31. The Plan is consistent with section 1123(b)(2) of the Bankruptcy Code. Article V.A of the Plan provides for the rejection of the Debtors' Executory Contracts and Unexpired Leases on the Effective Date. In accordance with the provisions of sections 365 and 1123(b)(2) of the Bankruptcy Code, except as otherwise provided in the Plan, the Plan Supplement, or this Confirmation Order, all Executory Contracts or Unexpired Leases shall be rejected as of the

Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

(x) Settlement, Releases, Exculpation, Injunction, and Preservation of Claims and Causes of Action: Section 1123(b)(3).

32. The Plan is consistent with section 1123(b)(3) of the Bankruptcy Code. In accordance with section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions, settlements, and other benefits provided under the Plan, except as stated otherwise in the Plan, the provisions of the Plan constitute a good-faith compromise of all Claims, Interests, and controversies relating to the contractual, subordination, and other legal rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The compromise and settlement of such Claims and Interests embodied in the Plan are in the best interests of the Debtors, the Estates, and all Holders of Claims and Interests, and are fair, equitable, and reasonable. The foregoing includes, without limitation, the Global Settlement (as defined below) and the corresponding settlement of Claims, Causes of Action, and controversies embodied in Article IV.C of the Plan.

33. Article IV.C of the Plan describes the terms of the Global Settlement between the Global Settlement Parties, which provides the potential for a recovery to Holders of Allowed Class 4 General Unsecured Claims who timely make a GUC Settlement Opt-In Election. The provisions of the Global Settlement constitute a good faith compromise and settlement among the Global Settlement Parties of all Claims, Causes of Action, Interests, and controversies among such parties, are in consideration of the value provided to the Estates by the Global Settlement Parties pursuant to the Global Settlement and are fair and equitable and in the best interests of the Estates and their creditors. The GUC Settlement Opt-In Election, including the GUC Settlement Opt-In Form and the procedures set forth therein, are fair and consistent with the Global Settlement. The Plan shall be deemed a motion to approve the Global Settlement, including the GUC Settlement Opt-In Form and related procedures, as a good faith compromise and settlement of all of the Claims, Interests, Causes of Action, and controversies described in the foregoing sentence pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019 (as applicable). Entry of this Confirmation Order constitutes the Bankruptcy Court's approval of the Global Settlement, as well as a finding by the Bankruptcy Court that the Global Settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. If a Global Settlement Party is in breach of the terms of the Global Settlement, the parties that are not in breach shall not be obligated to perform any obligations for the benefit of such breaching party.

34. Articles VIII.E and IV.C of the Plan describes certain releases granted by the Debtors and their Estates (the "***Debtor Releases***"). The Debtor Releases are granted in exchange for the good and valuable consideration provided by the Released Parties. The Debtors have satisfied the business judgment standard with respect to the propriety of the Debtor Releases. For

the reasons set forth on the record of these chapter 11 cases and the evidence proffered, admitted, or adduced at or prior to the Combined Hearing, such releases are a necessary and integral part of the Plan. The Debtor Releases are "fair and equitable" and "in the best interests of the estate" and the Holders of Claims and Interests considering (a) the probability of success in litigation of the released Claims and Causes of Action given uncertainty in fact and law with respect to such Claims and Causes of Action; (b) the complexity and likely duration and expense of litigating the released Claims and Causes of Action; and (c) the arm's-length negotiations that produced the settlements embodied in the Plan, including the Global Settlement. Additionally, the Debtor Releases are: (x) a good-faith settlement and compromise of the Claims and Causes of Action released by Articles VIII.E and IV.C of the Plan; (y) given and made, after due notice and opportunity for hearing; and (z) a bar to any of the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) or any other entity on behalf of the Debtors' estates asserting any Claim or Cause of Action released by Article VIII.E or IV.C of the Plan.

35. Article VIII.F of the Plan describes certain releases granted by the Releasing Parties (the "***Releases***"). The Releases provide finality for the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trustee, and the Released Parties (as applicable) regarding the parties' respective historic relationships with the Debtors, obligations under the Plan, and with respect to the Wind Down Estate and the GUC Trust. The Ballot unambiguously stated that the Plan contains the Releases, set forth the terms of the Releases, and provided the option for the Holder of the Claim in the Voting Class to elect to opt-out of granting the Releases by indicating such election on the Ballot. The Notice of Non-Voting Status sent to all Holders of Claims or Interests not entitled to vote on the Plan (collectively, the "***Non-Voting Classes***") similarly and unambiguously included information regarding the Releases and detailed the process by which

Holders of Claims and/or Interests in the Non-Voting Classes could opt-out of granting the Releases, including by providing a form by which such Holders could indicate that they wished to opt-out of granting the Releases and providing instructions for, alternatively, opting-out of granting the Releases electronically through the Debtors' case website. The Combined Hearing Notice sent to Holders of Claims and Interests included the terms of the Releases and an explanation of how to object to the Plan. In addition, the Combined Hearing Notice advised careful review of the release, exculpation, and injunction provisions of the Plan and emphasized in bold and capitalized typeface that any party who opposed the Plan, including the release, exculpation, or injunction provisions set forth therein, should timely file an objection to the Plan in accordance with the Combined Hearing Notice.

36. The Releases are (a) consensual; (b) specific in language; (c) integral to the Plan; (d) a condition of the settlements embodied in the Plan; (e) in exchange for good and valuable consideration provided by the Released Parties; (f) not violative of the Bankruptcy Code or any applicable non-bankruptcy law; and (g) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Releases. The Releases are consensual because all parties in interest, including all Releasing Parties, were provided with extensive and sufficient notice of the chapter 11 cases, the Plan, the deadline to object to Confirmation of the Plan, and the process for opting-out of giving the Releases and the consequences for failing to timely do so, and all such parties were properly informed that the Plan contained release provisions that could affect such parties' rights.

37. The Releases are sufficiently specific as to put the Releasing Parties on notice of the nature of the released Claims and Causes of Action, and they are appropriately tailored under the facts and circumstances of these chapter 11 cases. The Releases are conspicuous and

emphasized with boldface type in the Plan, the Disclosure Statement, the Ballot, the Notice of Non-Voting Status, and the Combined Hearing Notice.

38. The Releases are integral to the Plan because they, *inter alia*, facilitated participation in both the formulation of the Plan and the chapter 11 process generally and were critical in incentivizing the parties to support the Plan. As such, the Releases offer certain protections to parties that participated constructively in the Debtors' chapter 11 process by, among other things, supporting the Plan.

39. The Releases are consistent with established practice in this jurisdiction and others because they are, among other things: (a) consensual; (b) in the best interests of the Debtors, their Estates, and all Holders of Claims and Interests; (c) in exchange for the good and valuable consideration provided by the Released Parties; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Releases.

40. The exculpation, described in Article VIII.G of the Plan (the "***Exculpation***"), is appropriate under applicable law, including *In re Highland Capital Mgmt., L.P.,* 48 F.4th 419 (5th Cir. 2022), because it was proposed in good faith and is appropriately limited in scope. The Exculpated Parties reasonably relied upon the Exculpation provisions as a material inducement to engage in postpetition work for the Debtors that culminated in the Plan. The record in the chapter 11 cases supports that the Exculpation is appropriately tailored to protect the Exculpated Parties from unnecessary litigation and contains appropriate carve-outs for actions determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, nothing in this Confirmation Order or Article VIII.G of the Plan shall exculpate any

Exculpated Party from any Causes of Action specifically enumerated in the List of Retained Causes of Action.

41. The injunction provision set forth in Article VIII.H of the Plan is necessary to implement, preserve, and enforce the Debtors' discharge, the Debtor Releases, the Releases, and the Exculpation and, by extension, the compromise and settlement upon which the Plan is founded, and is narrowly tailored to achieve this purpose. Subject in all respects to Article XI of the Plan, no Entity or Person may commence or pursue a Claim or Cause of Action of any kind against any Released Party or Exculpated Party that arose or arises from, in whole or in part, the chapter 11 cases, the CCAA Recognition Proceedings, the Debtors (including the governance, management, ownership, and operation thereof), the Wind Down Estate, the Plan, the Plan Supplement, the Disclosure Statement, the Restructuring Support Agreement, the Sale Process, the Purchase Agreement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Plan, the Disclosure Statement, the chapter 11 cases, the CCAA Recognition Proceedings, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing, or any Claim or Cause of Action subject to Article VIII.E, VIII.F, VIII.B, or VIII.G of the Plan, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim or Cause of Action of any kind, including negligence, bad faith, criminal misconduct, willful misconduct, fraud, or gross negligence against a Released Party or Exculpated Party and (b) specifically authorizing such entity or person to bring such Claim or Cause of Action against any such Released

Party or Exculpated Party. The Bankruptcy Court shall have sole and exclusive jurisdiction to determine whether a Claim or Cause of Action is colorable and, only to the extent legally permissible and as provided for in Article XI of the Plan, shall have jurisdiction to adjudicate the underlying colorable Claim or Cause of Action.

42. Article IV.A.20 of the Plan appropriately provides that in accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article VIII of the Plan, the Wind Down Estate will retain, and may enforce, all rights to commence and pursue, as appropriate, any and all Causes of Action, other than Causes of Action that are GUC Trust Assets, whether arising before or after the Petition Date, and any other actions specifically enumerated in the List of Retained Causes of Action, and such rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The provisions regarding the preservation of Causes of Action in the Plan are appropriate, fair, equitable, and reasonable, and are in the best interests of the Debtors, the Estates, and Holders of Claims and Interests.

43. The release and discharge of all mortgages, deeds of trust, Liens, pledges, or other security interests against the property of the Estates described in Article VIII.D of the Plan (the "***Lien Release***") is necessary to implement the Plan. The provisions of the Lien Release are appropriate, fair, equitable, and reasonable and are in the best interests of the Debtors, the Estates, and Holders of Claims and Interests.

(xi) Distribution of Sale Proceeds: Section 1123(b)(4)

44. In accordance with section 1123(b)(4) of the Bankruptcy Code, Article IV.A of the Plan provides for (i) the sale of substantially all of the Debtors' Assets under the Sale Transaction and the transfer of Wind Down Estate Assets, including any cash proceeds of the Sale Transaction,

and all GUC Trust Assets (solely until the GUC Trust Asset Transfer Occurs) not distributed pursuant to the Plan on the Effective Date, to the Wind Down Estate on the Effective Date and (ii) the creation of the Wind Down Estate to effectuate the liquidation of all assets contributed to the Wind Down Estate and the distribution of proceeds to creditors in accordance with the terms of the Plan. Wind Down Estate Assets are (i) any Assets of the Debtors' Estates that are not GUC Trust Assets and not sold pursuant to the Sale Transaction, including, but not limited to, the Excluded Assets, Interests in the Debtors' non-Debtor affiliates, and any Cause of Action specifically enumerated in the List of Retained Causes of Action which are not GUC Trust Assets and (ii) Cash in the amount set forth in the Post-Sale Reserve; *provided* that proceeds of any Wind Down Estate Assets, including without limitation, Excluded Assets and such Retained Causes of Action shall become Distributable Value. Article IV.C of the Plan provides for the creation of a GUC Trust, which shall be funded with GUC Trust Assets, which GUC Trust Assets may be funded with cash proceeds of the Sale.

(xii) Modification of Rights: Section 1123(b)(5).

45. The Plan modifies the rights of Holders of Claims or Interests, as applicable, in Class 3 (Prepetition Secured Party Claims), Class 4 (General Unsecured Claims), Class 5 (Intercompany Claims), Class 6 (Intercompany Interests), and Class 7 (KidKraft Intermediate Holdings, LLC Interests), as permitted by section 1123(b)(5) of the Bankruptcy Code.

(xiii) Additional Plan Provisions: Section 1123(b)(6).

46. The other discretionary provisions of the Plan are appropriate and consistent with the applicable provisions of the Bankruptcy Code, including provisions for (a) distributions to Holders of Claims and Interests, (b) resolution of Disputed Claims, (c) allowance of certain Claims, and (d) retention of Court jurisdiction, thereby satisfying section 1123(b)(6) of the

Bankruptcy Code. The failure to address any provisions of the Bankruptcy Code specifically in this Confirmation Order shall not diminish or impair the effectiveness of this Confirmation Order.

(xiv) Cure of Defaults: Section 1123(d).

47. The Debtors have cured, or provided adequate assurance that the Debtors will cure, defaults (if any) under or relating to each of the Executory Contracts that are being assumed and assigned to the Purchaser pursuant to the Sale Approval Order and the Plan. In addition, the Debtors' assigns to such Executory Contracts have provided adequate assurance of future performance under such Executory Contracts being assumed and assigned.

O. Debtor Compliance with the Bankruptcy Code: Section 1129(a)(2).

48. The Debtors have complied with the applicable provisions of the Bankruptcy Code and, thus, satisfied the requirements of section 1129(a)(2) of the Bankruptcy Code. Specifically, each Debtor:

a. is an eligible debtor under section 109 of the Bankruptcy Code, and a proper proponent of the Plan under section 1121(a) of the Bankruptcy Code;

b. has complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Bankruptcy Court; and

c. complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., any applicable non-bankruptcy law, rule and regulation, the Scheduling Order, and all other applicable law, in transmitting the Prepetition Solicitation Package and related documents and notices, and in soliciting and tabulating the votes on the Plan.

P. Plan Proposed in Good Faith: Section 1129(a)(3).

49. The Debtors have negotiated, developed, and proposed the Plan (including the Plan Supplement and all other documents and agreements necessary to effectuate the Plan) in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. In so determining, the Bankruptcy Court has considered the facts and record of these chapter 11 cases, the Disclosure Statement, and evidence proffered, admitted, or adduced at or prior to the

Combined Hearing, and examined the totality of the circumstances surrounding the filing of these chapter 11 cases, the Plan, and the process leading to Confirmation. The Debtors' chapter 11 cases were filed, and the Plan was proposed, with the legitimate purpose of allowing the Debtors to consummate the Sale Transaction and to distribute the proceeds from the sale of substantially all of the Debtors' Assets. The Plan (including all documents necessary to effectuate the Plan) and the Plan Supplement were negotiated in good faith and at arm's-length among the Debtors and their key stakeholders, including the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, MidOcean, and the Committee. Additionally, compromises and settlements embodied in the Plan, including the Global Settlement, were negotiated in good faith and at arm's-length and reflect the best possible compromises and settlements that could be reached given the facts and circumstances surrounding the Debtors and these chapter 11 cases. Further, the Plan's classification, indemnification, exculpation, release, and injunction provisions have been negotiated in good faith and at arm's-length, are consistent with sections 105, 1122, 1123(b)(3)(A), 1123(b)(6), 1129, and 1142 of the Bankruptcy Code, and are each integral to the Plan, and necessary for the Debtors' successful implementation of the Plan.

Q. Payment for Services or Costs and Expenses: Section 1129(a)(4).

50. The Debtors have satisfied section 1129(a)(4) of the Bankruptcy Code. Any payment made or to be made by the Debtors for services or for costs and expenses of the Debtors' professionals in connection with these chapter 11 cases, or in connection with the Plan and incident to these chapter 11 cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable. All such costs and expenses of the Debtors' Professionals shall be paid in accordance with the Plan, and all other estimated costs and expenses of the Debtors' Professionals shall be escrowed in the Professional Fee Escrow Account no later than the Effective Date.

R. Directors, Officers, and Insiders: Section 1129(a)(5).

51. The Debtors have complied with the requirements of section 1129(a)(5) of the Bankruptcy Code. To the extent known, the Plan Supplement discloses, or will disclose prior to the Effective Date, the identity and affiliations of the individuals or entities proposed to serve as the Wind Down Administrator and the GUC Trustee. The proposed Wind Down Administrator and GUC Trustee are qualified, and the appointment to such positions are consistent with the interests of the Holders of Claims and Interests and with public policy.

S. No Rate Changes: Section 1129(a)(6).

52. Section 1129(a)(6) of the Bankruptcy Code is not applicable to these chapter 11 cases. The Plan proposes no rate change subject to the jurisdiction of any governmental regulatory commission.

T. Best Interest of Creditors: Section 1129(a)(7).

53. The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analysis attached to the Amended Plan Supplement as **Exhibit D** and described in the Moore Confirmation Declaration and the other evidence related thereto in support of the Plan that was proffered, admitted, or adduced at the Combined Hearing: (a) are reasonable, persuasive, credible, and accurate as of the dates such analyses or evidence was prepared, presented, or proffered; (b) utilize reasonable and appropriate methodologies and assumptions; (c) have not been controverted by other evidence; and (d) establish that each Holder of an Impaired Claim or Interest against a Debtor either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if such Debtors were hypothetically liquidated under chapter 7 of the Bankruptcy Code as of the Effective Date.

U. Acceptance by Certain Classes: Section 1129(a)(8).

54. The Unimpaired Classes are Unimpaired by the Plan and, accordingly, Holders of Claims in such Classes are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The Voting Class is Impaired and has voted to accept the Plan, as established by the Voting Report.

55. The Deemed Rejecting Classes are Impaired and deemed to reject the Plan, pursuant to section 1126(g) of the Bankruptcy Code, and are not entitled to vote to accept or reject the Plan. Holders of Claims in the Deemed Rejecting Classes will not receive or retain any property on account of their Claims or Interests. Therefore, the Plan does not satisfy the requirements of section 1129(a)(8) with respect to the Deemed Rejecting Classes. Notwithstanding the foregoing, the Plan is confirmable because it satisfies sections 1129(a)(10) of the Bankruptcy Code because Class 3 voted to accept the Plan, and, with respect to the Deemed Rejecting Classes, section 1129(b) of the Bankruptcy Code is satisfied as set forth below.

V. Treatment of Claims Entitled to Priority Under Section 507(a) of the Bankruptcy Code: Section 1129(a)(9).

56. The treatment of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, DIP Claims, Adequate Protection Claims, Priority Tax Claims, and statutory fees imposed by 28 U.S.C. § 1930 under Article II of the Plan, and of Allowed Other Priority Claims under Article III of the Plan, satisfies the requirements of, and complies in all respects with, section 1129(a)(9) of the Bankruptcy Code.

W. Acceptance by At Least One Impaired Class: Section 1129(a)(10).

57. The Plan satisfies the requirements of section 1129(a)(10) of the Bankruptcy Code. As evidenced by the Voting Report, Class 3, which is Impaired, voted to accept the Plan in accordance with section 1126 of the Bankruptcy Code, determined without including any

acceptance of the Plan by any insider (as that term is defined in section 101(31) of the Bankruptcy Code).

X. Feasibility: Section 1129(a)(11).

58. The Plan satisfies the requirements of section 1129(a)(11) of the Bankruptcy Code. The evidence supporting Confirmation of the Plan proffered, admitted, or adduced by the Debtors at or prior to the Combined Hearing: (a) is reasonable, persuasive, credible, and accurate as of the dates such evidence was prepared, presented, or proffered; (b) utilizes reasonable and appropriate methodologies and assumptions; (c) has not been controverted by other evidence; (d) establishes that the Plan is feasible and Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, including the Wind Down Estate, except as provided for under the Plan; and (e) establishes that the Wind Down Estate will have sufficient funds available to meet its obligations under the Plan, including funding of the Post-Sale Reserve and Wind Down Estate.

Y. Payment of Fees: Section 1129(a)(12).

59. The Plan satisfies the requirements of section 1129(a)(12) of the Bankruptcy Code. Article II.F of the Plan provides for the payment of all fees payable by the Debtors under 28 U.S.C. § 1930(a).

Z. Continuation of Employee Benefits: Section 1129(a)(13).

60. The Debtors maintain no programs providing for employee retirement benefits, as defined in section 1114 of the Bankruptcy Code. Accordingly, section 1129(a)(13) of the Bankruptcy Code is not applicable.

AA. Non-Applicability of Certain Sections: 1129(a)(14), (15), and (16).

61. Sections 1129(a)(14), 1129(a)(15), and 1129(a)(16) of the Bankruptcy Code do not apply to these chapter 11 cases. The Debtors (a) are not required by a judicial or administrative

order, or by statute, to pay a domestic support obligation, (b) are not individuals, and (c) are each a moneyed, business, or commercial corporation.

BB. "Cram Down" Requirements: Section 1129(b).

62. The Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. Notwithstanding the fact that Class 4 (General Unsecured Claims), Class 5 (Intercompany Claims), Class 6 (Intercompany Interests), and Class 7 (KidKraft Intermediate Holdings, LLC Interests) are deemed to reject the Plan, the Plan may be confirmed pursuant to section 1129(b) of the Bankruptcy Code. The evidence in support of the Plan that was proffered, admitted, or adduced at or prior to the Combined Hearing is reasonable, persuasive, credible, and accurate, has not been controverted by other evidence, and establishes that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. *First*, all of the requirements of section 1129(a) of the Bankruptcy Code other than section 1129(a)(8) have been met. *Second*, the Plan is fair and equitable with respect to such Classes. The Plan has been proposed in good faith, is reasonable, and meets the requirements that (a) no Holder of any Claim or Interest that is junior to each such Classes will receive or retain any property under the Plan on account of such junior Claim or Interest and (b) no Holder of a Claim or Interest in a Class senior to such Classes is receiving more than 100% on account of its Claim. *Third*, the Plan does not discriminate unfairly with respect to such Classes because similarly situated Holders of Claims and Interests will receive substantially similar treatment on account of their Claims and Interests irrespective of Class. Accordingly, the Plan satisfies the requirement of section 1129(b)(1) and (2) of the Bankruptcy Code. The Plan may therefore be confirmed despite the fact that not all Impaired Classes have voted to accept the Plan.

CC. Only One Plan: Section 1129(c).

63. The Plan satisfies the requirements of section 1129(c) of the Bankruptcy Code. The Plan is the only chapter 11 plan filed with respect to each Debtor in each of these chapter 11 cases.

DD. Principal Purpose of the Plan: Section 1129(d).

64. The Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act.

EE. Not Small Business Cases: Section 1129(e).

65. These chapter 11 cases are not small business cases, and accordingly section 1129(e) of the Bankruptcy Code is inapplicable in these chapter 11 cases.

FF. Good Faith Solicitation: Section 1125(e).

66. Based on the record before the Bankruptcy Court in these chapter 11 cases, including evidence proffered, admitted, or adduced at or prior to the Combined Hearing, the Debtors and the other Exculpated Parties (i) have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, the N.D. Tex. L.B.R., the Solicitation and Tabulation Procedures, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with the development of the Plan, all their respective activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and (ii) shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the

securities under the Plan, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the Exculpation set forth in Article VIII.G of the Plan.

GG. Satisfaction of Confirmation Requirements.

67. Based upon the foregoing, all other pleadings, documents, exhibits, statements, declarations, and affidavits filed in connection with confirmation of the Plan, and all testimony, evidence, and arguments made, proffered, admitted, or adduced at or prior to the Combined Hearing, the Plan satisfies the requirements for Confirmation set forth in section 1129 of the Bankruptcy Code.

HH. Likelihood of Satisfaction of Conditions Precedent to the Effective Date.

68. Without limiting or modifying the rights of any party set forth in Article X.A or Article X.B of the Plan, each of the conditions precedent to the Effective Date, as set forth in Article IX.B of the Plan, has been or is reasonably likely to be satisfied or waived in accordance with Article IX.C of the Plan.

II. Implementation; Binding and Enforceable.

69. The terms of the Plan, including the Plan Supplement, and all exhibits and schedules thereto, and all other documents filed in connection with the Plan, and/or executed or to be executed in connection with the transactions contemplated by the Plan and all amendments and modifications of any of the foregoing made pursuant to the provisions of the Plan governing such amendments and modifications (collectively, the "***Plan Documents***") are incorporated by reference and constitute essential elements of the Plan and this Confirmation Order. Consummation of each such Plan Document is in the best interests of the Debtors, the Debtors' Estates, and Holders of Claims and Interests, and such Plan Documents are hereby approved. The Debtors have exercised reasonable business judgment in determining to enter into the Plan Documents, and the Plan Documents have been negotiated in good faith, at arm's-length, are fair

and reasonable, are supported by reasonably equivalent value and fair consideration, and shall, upon completion of documentation and execution, subject to the occurrence of the Effective Date, be valid, binding, and enforceable agreements and not be in conflict with any federal or state law. The Plan and the Plan Documents, subject to the occurrence of the Effective Date, shall bind any Holder of a Claim or Interest and such Holder's respective successors and assigns, whether or not the Claim or Interest is Impaired under the Plan, whether or not such Holder has accepted the Plan, and whether or not such Holder is entitled to a distribution under the Plan. The Plan and the Plan Documents constitute legal, valid, binding, and authorized obligations of the respective parties thereto and shall be enforceable in accordance with their terms. Pursuant to section 1142(a) of the Bankruptcy Code, the Plan and the Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law, rule, or regulation.

JJ. Settlements Embodied in the Plan Satisfy Bankruptcy Rule 9019.

70. All of the settlements and compromises pursuant to and in connection with the Plan or incorporated by reference into the Plan comply with the requirements of section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019. Pursuant to Bankruptcy Rule 9019 and in consideration for the benefits provided under the Plan, any and all compromise and settlement provisions of the Plan constitute good-faith compromises, are in the best interests of the Debtors, the Debtors' Estates, and all Holders of Claims and Interests, and are fair, equitable, and reasonable. The foregoing includes, without limitation, the Global Settlement and the corresponding settlement of Claims, Causes of Action and controversies embodied in Article IV.C of the Plan.

KK. GUC Trust Agreement.

71. The Debtors have exercised sound business judgment in determining to enter into the GUC Trust Agreement and have provided adequate notice thereof. The GUC Trust Agreement

has been negotiated in good faith and at arm's length and is deemed to have been made in good faith and for legitimate business purposes. The terms and conditions of the GUC Trust Agreement are fair and reasonable.

LL. Authority to Pursue, Settle, or Abandon Retained Causes of Action.

72. All Retained Causes of Action are reserved and preserved and shall not be impacted or affected in any way by deemed consolidation of the estates. From and after the Effective Date, except as otherwise set forth in Article VIII of the Plan or transferred to the GUC Trust in accordance with the Plan, prosecution and settlement of all Retained Causes of Action shall be the sole responsibility of the Wind Down Administrator pursuant to the Plan, the Confirmation Order. From and after the Effective Date, the Wind Down Administrator shall retain and may enforce any claims, demands, rights, and Causes of Action that the Debtors' Estates may hold. The Wind Down Administrator may pursue any such retained claims, demands, rights, or Causes of Action, as appropriate, in accordance with the best interests of the beneficiaries of the Wind Down Estate as the sole representative of the Estates pursuant to section 1123(b)(3) of the Bankruptcy Code.

MM. Restructuring Support Agreement.

73. The Restructuring Support Agreement has been negotiated in good faith and at arm's length and is deemed to have been made in good faith and for legitimate business purposes. The terms and conditions of the Restructuring Support Agreement are fair and reasonable. Any surviving obligations under the Restructuring Support Agreement shall terminate on a final basis upon the Effective Date.

NN. Good Faith.

74. The Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, MidOcean, the Committee, and other Released Parties, the Exculpated Parties, and their respective successors, assigns, predecessors, control persons, affiliates, directors, officers,

members, managers, shareholders, partners, employees, attorneys, investment bankers, advisors and agents, as applicable, acted in good faith and will be acting in good faith if they proceed to: (a) consummate the Plan and the agreements, settlements, transactions, and transfers contemplated thereby in accordance with the Plan and the Plan Documents; and (b) take the actions authorized and directed by this Confirmation Order. The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding and determination that (a) each Released Party's in-court or out-of-court efforts to develop, negotiate, and propose the Plan were, with respect to each other Released Party and any other Person, in good faith and not by any means forbidden by law and (b) the settlements reflected in the Plan are (i) in the best interests of the Debtors and their Estates, (ii) fair, equitable, and reasonable, and (iii) approved by the Bankruptcy Court pursuant to sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rule 9019.

OO. Retention of Jurisdiction.

75. The Bankruptcy Court may properly, and upon the Effective Date shall, retain exclusive jurisdiction over all matters arising in or related to, these chapter 11 cases, including the matters set forth in Article XI of the Plan and section 1142 of the Bankruptcy Code. The transactions contemplated as part of the reorganization in these cases should not be subject to any stay, and thus this Confirmation Order should not be subject to any stay under Bankruptcy Rule 3020(e) or any other Bankruptcy Rules such as Bankruptcy Rules 6004 and 6006, in each and every case, to the extent applicable.

ORDER

IT IS ORDERED, ADJUDGED, DECREED, AND DETERMINED THAT:

1. **Findings of Fact and Conclusions of Law**. The findings of fact and conclusions of law set forth herein and on the record at the Combined Hearing are hereby incorporated by reference as though fully set forth herein and shall constitute findings of fact and conclusions of

law pursuant to Bankruptcy Rule 7052, made applicable herein by Bankruptcy Rule 9014. To the extent that any finding of fact is determined to be a conclusion of law, it shall be deemed so, and vice versa.

2. **Approval of Disclosure Statement**. The Disclosure Statement (i) contains adequate information of a kind generally consistent with the disclosure requirements of all applicable non-bankruptcy law, including the Securities Act, (ii) contains "adequate information" (as such term is defined in section 1125(a)(1) and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (iii) is **APPROVED** on a final basis in all respects.

3. **Confirmation of the Plan**. The Plan is approved in its entirety and **CONFIRMED** under section 1129 of the Bankruptcy Code. The documents contained in or contemplated by the Plan, including, without limitation, the Plan Supplement and other Plan Documents, are hereby authorized and approved. The terms of the Plan are incorporated by reference into and are an integral part of this Confirmation Order. The failure to specifically describe, include, or to refer to any particular article, section, or provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, it being the intent of the Bankruptcy Court that the Plan is confirmed in its entirety, except as expressly modified herein, the Plan Documents are approved in their entirety, and all are incorporated herein by this reference.

4. **Objections**. All objections to Confirmation of the Plan or approval of the Disclosure Statement and other responses, comments, statements, or reservations of rights, if any, in opposition to the Plan or Disclosure Statement that have not been withdrawn, waived, or otherwise resolved by the Debtors prior to entry of this Confirmation Order are overruled on the merits. All objections to Confirmation of the Plan or approval of the Disclosure Statement not

Filed and served prior to the Objection Deadline, if any, are deemed waived and shall not be considered by the Bankruptcy Court.

5. **Plan Classification Controlling.** The terms of the Plan shall solely govern the classification of Claims and Interests for purposes of the distributions to be made thereunder. The classification set forth on the Ballot tendered in connection with voting on the Plan: (a) were set forth thereon solely for purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of Claims and Interests under the Plan for distribution purposes; (c) may not be relied upon by any Holder of a Claim or Interest as representing the actual classification of such Claim or Interest under the Plan for distribution purposes; and (d) shall not be binding on the Debtors except for voting purposes. All rights of the Debtors, the Wind Down Estate, and the GUC Trust, as applicable, to challenge, object to, or seek to reclassify Claims or Interests are expressly reserved.

6. **Combined Hearing Notice**. The Combined Hearing Notice and the Combined Hearing Publication Notice complied with the terms of the Scheduling Order, were appropriate and satisfactory based upon the circumstances of these chapter 11 cases, and were in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and applicable non-bankruptcy law, rule, and regulation.

7. **Solicitation**. The solicitation of votes on the Plan complied with the Solicitation and Tabulation Procedures, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., the Scheduling Order, and applicable non-bankruptcy law, rule, and regulation.

8. **Plan Modifications**. The modifications, amendments, and supplements made to the Initial Plan following the solicitation of votes thereon constitute technical changes and do not materially adversely affect or change the proposed treatment of any Claims or Interests. After giving effect to such modifications, the Plan continues to satisfy the requirements of sections 1122 and 1123 of the Bankruptcy Code. The filing of the Plan and proposed form of this Confirmation Order with the Bankruptcy Court on June 20, 2024, which contain such modifications, and the disclosure of such modifications on the record at the Combined Hearing, constitute due and sufficient notice thereof. Accordingly, such modifications do not require additional disclosure or re-solicitation of votes under sections 1125, 1126, or 1127 of the Bankruptcy Code or Bankruptcy Rule 3019, nor do they require that the Holder of Claims in the Voting Class be afforded an opportunity to change its previously cast vote on the Plan. The Holder of Claims in the Voting Class who voted to accept the Initial Plan is deemed to accept the Plan as modified. The Plan, as modified, is, therefore, properly before this Bankruptcy Court and all votes cast with respect to the Plan prior to such modification shall be binding and shall apply with respect to the Plan.

9. **Sale Approval Order.** As more particularly set forth in the Sale Approval Order, attached hereto as **Exhibit B**, which is incorporated by reference and deemed a part of this Confirmation Order, the Debtors' entry into the Purchase Agreement, and all transactions contemplated thereby and all of the terms and conditions thereof, is hereby authorized in its entirety. The Debtors and the Wind Down Administrator, as applicable, are authorized to undertake the transactions contemplated by the Purchase Agreement, including pursuant to sections 363, 365, and 1123(a)(5) of the Bankruptcy Code. Pursuant to the Sale Approval Order and sections 363(f), 363(m), 365(c)(1), and 365(f)(1) of the Bankruptcy Code, the Debtors shall

have no obligation to give effect to any consent right, preferential purchase right, or other similar agreement with respect to the Debtors' assets and property.

10. **No Action Required.** No action of the respective directors, equity holders, managers, or members of the Debtors, the Wind Down Estate, or the GUC Trust (as applicable) is required to authorize the Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable) to enter into, execute, deliver, file, adopt, amend, restate, consummate, or effectuate, as the case may be, the Plan, or any contract, assignment, certificate, instrument, or other document to be executed, delivered, adopted, or amended in connection with the implementation of the Plan, including the GUC Trust Agreement, and the other Plan Documents.

11. **Binding Effect**. On the date of and after entry of this Confirmation Order, in accordance with section 1141(a) of the Bankruptcy Code and subject to the occurrence of the Effective Date and notwithstanding Bankruptcy Rules 3020(e), 6004(d), 6004(h), or otherwise, the terms of the Plan, the Plan Documents, and this Confirmation Order shall be immediately effective (and/or adopted, where applicable) and enforceable and deemed binding upon the Debtors, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable), and any and all Holders of Claims or Interests and such Holder's respective successors and assigns (regardless of whether or not (a) the Holders of such Claims or Interests voted to accept or reject, or are deemed to have accepted or rejected, the Plan or (b) the Holders of such Claims or Interests are entitled to a distribution under the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases (including the releases set forth in Article VIII of the Plan), waivers, discharges, exculpations, and injunctions provided for in the Plan, each Entity acquiring property under the Plan or this Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases. All Claims and Interests shall be fixed, adjusted, or

compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or Interest has voted on the Plan. The Plan and the Plan Documents constitute legal, valid, binding, and authorized obligations of the respective parties thereto and shall be enforceable in accordance with their terms. Pursuant to section 1142(a) of the Bankruptcy Code, the Plan and the Plan Documents, and any amendments or modifications thereto, shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

12. **Vesting of Wind Down Estate Assets in the Wind Down Estate.** Except as otherwise provided in the Plan, the Plan Supplement, or the Confirmation Order, on the Effective Date, all Wind Down Estate Assets (including all interests, rights, and privileges related thereto) and all GUC Trust Assets (solely until the GUC Trust Assets Transfer occurs) in each Estate and all Causes of Action that are retained under the Plan shall vest in the Wind Down Estate, to be administered by the Wind Down Administrator in accordance with the Plan, free and clear of all Claims, Liens, and encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Wind Down Estate may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action (other than those that are GUC Trust Assets) without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. To the extent that the retention by the Wind Down Estate of assets or property held immediately prior to the Effective Date in accordance with the Plan is deemed, in any instance, to constitute a "transfer" of property, such transfer of property to the Wind Down Estate (a) is or shall be a legal, valid, and effective transfer of property, (b) vests or shall vest the Wind Down Estate with good title to such property, free and clear of all Liens, Claims, charges, or other encumbrances, except as expressly provided in the Plan, the Plan Documents, or the Confirmation Order, (c) does not and shall not constitute an avoidable transfer under the

Bankruptcy Code or under applicable non-bankruptcy law, rule, or regulation, and (d) does not and shall not subject the Wind Down Estate to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, rule, or regulation, including by laws affecting or creating successor or transferee liability.

13. **Creation of the GUC Trust.** Except as otherwise provided in the Plan, the Plan Documents, this Confirmation Order, or in any agreement, instrument, or other document incorporated in the Plan, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all GUC Trust Assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. On and after the Effective Date, the GUC Trust is deemed created and effective without any further action by the Bankruptcy Court or any party. The GUC Trust shall be established with the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their Allowed General Unsecured Claims, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the purpose of the GUC Trust and as may be reasonably necessary to conserve and protect the GUC Trust Assets and provide for the orderly liquidation and distribution thereof. The terms and conditions of the GUC Trust Agreement are approved.

14. **Effectiveness of All Actions**. All actions contemplated by the Plan, including all actions pursuant to, in accordance with, or in connection with the Plan Documents, are hereby effective and authorized to be taken on, prior to, or after the Effective Date, as applicable, under this Confirmation Order, without further application to, or order of the Bankruptcy Court, or further action by the respective officers, directors, managers, members, or equity holders of the

Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable) and with the effect that such actions had been taken by unanimous action of such officers, directors, managers, members, or equity holders or the Wind Down Administrator or GUC Trustee (as applicable).

15. **Plan Implementation**.

(a) Consistent with section 1142 of the Bankruptcy Code and any provisions of the business corporation law and limited liability company law of any applicable jurisdiction, and without further action by the Bankruptcy Court or the equity holders, members, managers, officers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable), the Debtors, the Wind Down Administrator, and the GUC Trustee (as applicable) are authorized to: (i) take any and all actions as may be necessary or appropriate to implement, effectuate, and consummate the Plan, the Plan Supplement, the Plan Documents, this Confirmation Order, and any transaction contemplated thereby or hereby, and (ii) execute and deliver, adopt or amend, as he case may be, any contracts, instruments, releases, agreements, and documents necessary to implement, effectuate, and consummate the Plan, the Plan Supplement, the Plan Documents, this Confirmation Order, and any transaction contemplated thereby or hereby.

(b) Except as set forth in the Plan, all actions authorized to be taken pursuant to the Plan, the Plan Supplement, and the Plan Documents including, (i) the rejection or assumption, as appropriate, of any Executory Contracts and Unexpired Leases, (ii) the sale and/or abandonment of Assets, (iii) contribution of Wind Down Estate Assets to the Wind Down Estate, (iv) contribution of GUC Trust Assets to the GUC Trust, and (v) entry into any contracts, instruments, releases, agreements, and documents necessary to implement, effectuate, and consummate the Plan are hereby approved and shall be effective prior to, on, or after the Effective Date pursuant to this Confirmation Order, without further notice, application to, or order of the

Bankruptcy Court, or further action by the Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable).

(c) To the extent that, under applicable non-bankruptcy law, rule, or regulation, any of the foregoing actions would otherwise require the consent or approval of the equity holders, members, managers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable), this Confirmation Order shall, pursuant to section 1142 of the Bankruptcy Code, constitute such consent or approval, and such actions are deemed to have been taken by unanimous action of the equity holders, members, managers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable).

(d) All such transactions effectuated by the Debtors during the pendency of these chapter 11 cases from the Petition Date through the Confirmation Date (or as otherwise contemplated by this Confirmation Order) are approved and ratified, subject to the satisfaction of any applicable terms and conditions to effectiveness of such transactions and the occurrence of the Effective Date.

16. **Global Settlement Approved**. The Global Settlement, as incorporated in the Plan, constitutes a compromise and settlement pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 among the Global Settlement Parties. The related provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, issues, disputes and, controversies that were, or could have been asserted in connection with these chapter 11 cases.

17. The Global Settlement was negotiated at arm's length and in good faith, is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. The GUC Settlement Opt-In Election , including the GUC Settlement Opt-In Form and the procedures set forth therein, are fair and consistent with the Global

Settlement. Entry of this Confirmation Order shall constitute the Bankruptcy Court's approval of the Global Settlement, including the GUC Settlement Opt-In Form and related procedures, the settlement of all such Claims, Interests, and controversies, and the approval of all such releases granted in connection therewith. For the avoidance of doubt, the settlement, release, injunction, and related provisions described in Article VIII the Plan and approved by this Confirmation Order shall be in addition to, and not in lieu of, the settlements, releases, agreements, and compromises granted pursuant to the Global Settlement.

18. **Cancellation of Existing Securities and Agreements**. On the Effective Date, except to the extent otherwise provided herein or in the Plan, all notes, instruments, certificates, credit agreements, indentures, and other documents evidencing Claims or Interests (including with respect to the Prepetition Credit Agreement Documents), and any Interests that are not represented by certificates or other instruments, shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be discharged, deemed satisfied in full, canceled, and of no force or effect against the Debtors, the Wind Down Estate, or the GUC Trust without any further action on the part of the Debtors, the Wind Down Administrator, the GUC Trustee, or any other Person. Holders of or parties to such canceled instruments, Securities, and other documentation will have no rights arising from or relating to such instruments, Securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan.

19. Notwithstanding anything to the contrary in the Plan, but subject to any applicable provisions of Articles IV and VI of the Plan, the Prepetition Credit Agreement Documents shall continue in effect as between all Debtors and the non-Debtors party thereto until the wind down of the Debtors and the Netherlands Wind Down is complete. Following completion of the wind

down of the Debtors and the Netherlands Wind Down and distribution of proceeds (if any) to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Prepetition Credit Agreement Documents shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full, canceled, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person.

20. **Directors and Officers of the Debtors**. As of the Effective Date, the term of the current members of the boards of directors or boards of managers, as applicable, of KidKraft and its Debtor Affiliates shall expire automatically and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. Consistent with the Plan, each of the Estates will vest in the Wind Down Estate effective as of the Effective Date and, thus, no individuals will serve as directors, officers, or voting trustees after the Effective Date for any Debtors.

21. **Preservation of Causes of Action.** In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article VIII of the Plan, the Wind Down Administrator shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, including any Retained Cause of Action; *provided that*, the Wind Down Estate will not retain any Causes of Action (including Avoidance Actions) that are assigned to the Purchaser as Transferred Assets in connection with the Sale Transaction or that may be included in the GUC Trust Assets and transferred to the GUC Trust. For the avoidance of doubt, Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser. The Wind Down Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. Except to the extent any such claim is

specifically satisfied, settled, and released herein, in accordance with and subject to any applicable law, the Debtor's inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtor or Estate may hold against any Person. Except to the extent any such claim is specifically satisfied, settled, and released herein, the Debtor intends to preserve those claims, demands, rights, or causes of action designated as Retained Causes of Action.

22. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as an indication that the Debtors or the Wind Down Estate, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Wind Down Estate, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity or Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, including pursuant to Article VIII of the Plan, the Debtors or the Wind Down Estate, as applicable, expressly reserve all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

23. **Substitution in Pending Legal Actions.** On the Effective Date, the Wind Down Estate or the Wind Down Administrator, as applicable, shall be deemed to be the same litigation party as the applicable Debtor(s) and are authorized to be substituted as the party to any litigation in which the Debtors are a party, including (but not limited to) (i) pending contested matters or adversary proceedings in the Bankruptcy Court or the CCAA Court, (ii) any appeals of orders of

the Bankruptcy Court and (iii) any state court or federal or state administrative proceedings or equivalent in Canada or any other applicable jurisdiction pending as of the Petition Date. The Wind Down Administrator and its professionals are not required to, but may, take such steps as are appropriate to provide notice of such substitution.

24. **Wind Down Estate**. On and after the Effective Date, the Wind Down Estate shall be empowered to: (a) perform all actions and execute all agreements, instruments, and other documents necessary to implement the Plan; (b) accept, preserve, receive, collect, manage, invest, sell, liquidate, transfer, supervise, prosecute, settle, and protect, as applicable, the Wind Down Estate Assets (directly or through its professionals or a Disbursing Agent), in accordance with the Plan; (c) review, reconcile, settle, or object to all such Claims (other than General Unsecured Claims) that are Disputed Claims as of the Effective Date pursuant to the procedures for allowing Claims prescribed in the Plan; (d) calculate and make distributions of the proceeds of the Wind Down Estate Assets to Holders of Allowed Claims (other than Holders of Allowed General Unsecured Claims) in accordance with the terms of the Plan and otherwise implementing the Plan; (e) subject to Article VIII of the Plan, pursue Retained Causes of Actions ; (f) retain, compensate, and employ professionals to represent the Wind Down Estate; (g) file appropriate tax returns and other reports on behalf of the Wind Down Estate and pay taxes or other obligations owed by the Wind Down Estate; (h) file, to the extent reasonably feasible, appropriate tax returns on behalf of the Debtor and pay taxes or other obligations arising in connection therewith; (i) exercise such other powers as may be vested in the Wind Down Estate under the Plan, or as deemed by the Wind Down Administrator to be necessary and proper to implement the provisions of the Plan; (j) take such actions as are necessary or appropriate to close the Debtors' chapter 11 cases; (k) dissolve the entities comprising the Wind Down Estate; and (l) undertake the Wind Down Transactions.

25. **Wind Down Administrator**. SierraConstellation Partners, LLC is hereby appointed to serve as the Wind Down Administrator for the Wind Down Estate in accordance with the terms of this Confirmation Order, and the Plan. The Wind Down Administrator shall be authorized to take all actions necessary to establish, maintain, and administer the Wind Down Estate pursuant to the terms of the Plan, and this Confirmation Order.

26. **GUC Trust Agreement**. The GUC Trust Agreement, substantially in the form filed with the Plan Supplement, is hereby approved in its entirety, and the Debtors are authorized to enter into the GUC Trust Agreement.

27. **GUC Trust**. On the Effective Date, the GUC Trust will be established with the purpose and authority set forth in the Plan and the GUC Trust Agreement.

28. **GUC Trustee**. Jiangang Ou is hereby appointed to serve as the GUC Trustee for the GUC Trust in accordance with the terms of this Confirmation Order, the Plan, and the GUC Trust Agreement. The GUC Trustee shall be authorized to take all actions necessary to establish, maintain, and administer the GUC Trust and any sub-trust of the GUC Trust pursuant to the terms of the GUC Trust Agreement, the Plan, and this Confirmation Order.

29. **Funding and Transfer of Assets Into the GUC Trust**. Except as otherwise provided in the Plan or the Confirmation Order, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all such assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. Except as set forth in the Plan, the GUC Trust Assets shall be transferred to the GUC Trust free and clear of all Claims, Liens, and encumbrances to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code. The act of transferring the GUC Trust Assets, as authorized by the Plan, shall not be

construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the GUC Trust as if the asset or right was still held by the Debtors.

30. **Settlement of Claims by the GUC Trustee**. Except as otherwise provided in the Plan or the GUC Trust Agreement, on and after the Effective Date, the GUC Trustee may compromise or settle any General Unsecured Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for GUC Trust Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

31. **Professional Compensation**. The provisions governing compensation of Professionals set forth in Article II.B of the Plan are approved in their entirety. All final requests for Professional Fee Claims through and including the Effective Date shall be Filed no later than 45 days after the Effective Date. Any objections to Professional Fee Claims shall be served and filed no later than 24 days after the filing of such final applications for payment of Professional Fee Claims.

32. **Payment of Professional Fee Claims**. On the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the "Professional Fee Reserve Amount" described in Article II.B.3 herein. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and the other professionals with Professional Fee Claims. The Debtors shall utilize the Funded Reserve Account (as defined in the DIP Approval Order) to fund the Professional Fee Escrow Account, *provided that* the Funded Reserve Account is not a limitation on the amount funded to the Professional Fee Escrow Account. The Professional Fee Escrow Account and funds therein shall not be considered property of the Estates

of the Debtors the Wind Down Estate, or the GUC Trust. The amount of Allowed Professional Fee Claims shall be paid in Cash to the Professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed, and the amount of all other Professional Fee Claims shall be paid in Cash to the applicable professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account on the Effective Date.

33. After all Professional Fee Claims have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be deemed Distributable Value and distributed to the holders of Prepetition Secured Party Claims without any further action or order of the Bankruptcy Court.

34. **Establishment of Appropriate Reserves**. In accordance with the terms of the Confirmation Order and the Plan, the Debtors shall establish the Post-Sale Reserve in the amount of $650,000 to fund the reasonably anticipated costs necessary for the wind down of the Wind Down Estate, including an estimated amount of reasonable fees and expenses that may be incurred by professionals for services rendered after the Effective Date and statutory fees, which cash reserve shall be funded into a segregated account on the Effective Date.

35. **Subordination.** The allowance, classification, and treatment of all Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, the Wind Down

Administrator, or the GUC Trustee (as applicable) reserve(s) the right to reclassify any Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

36. **Release of Liens.** Except for the Wind Down Claims, and as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date concurrently and consistent with the treatment provided for Claims and Interests in Article III, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate (including the Wind Down Estate and the GUC Trust) shall be deemed fully released and discharged. After the wind down of the Debtors and the Netherlands Wind Down is complete and after the proceeds of the Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate on account of the Wind Down Claims shall be deemed fully released and discharged. Notwithstanding anything contained herein to the contrary, until completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Plan shall not operate as a waiver of any right, power or remedy of the Prepetition Agent or Prepetition Lender, or constitute a waiver of any provision of the Prepetition Credit Agreement Documents in respect of any non-Debtor affiliate of the Debtors party thereto and the obligations of the non-Debtor affiliates thereunder shall remain in full force and effect.

37. **Indemnification**. Pursuant to Article V.G of the Plan, the Indemnification Obligations shall not be discharged or impaired by the Plan or entry of this Confirmation Order,

and the Indemnification Obligations are hereby deemed to be, and shall be treated as, Executory Contracts assumed by the Debtors and assigned to the Wind Down Estate under the Plan and shall continue as obligations of the Wind Down Estate.

38. **Insurance.** To the extent that any of the Debtors' insurance policies constitute Executory Contracts, such insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan and shall be assumed by the Debtors and assigned to the Wind Down Estate on the Effective Date. All other insurance policies (to the extent not deemed Executory Contracts) shall vest in the Wind Down Estate on the Effective Date.

39. **Rejection of Contracts and Leases.** On the Effective Date, except as otherwise provided herein or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the Plan shall serve as a motion under sections 365 and 1123(b)(2) of the Bankruptcy Code to assume, assume and assign, or reject Executory Contracts and Unexpired Leases, and all Executory Contracts or Unexpired Leases shall be rejected as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

40. **Distributions**. All distributions pursuant to the Plan shall be made in accordance with Article VI of the Plan, and such methods of distribution are approved.

41. **Compromise and Settlement of Claims, Interests, and Controversies**. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions, settlements, releases, and other benefits provided pursuant to the Plan, which distributions, settlements, releases, and other benefits shall be irrevocable and not subject to challenge upon the Effective Date, the provisions of the Plan, and the distributions, releases, and other benefits provided hereunder, shall constitute a good-faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan. The entry of this Confirmation Order constitutes approval of the compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that all such compromises and settlements are in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Wind Down Estate or the Wind Down Administrator (as applicable) and the GUC Trust or the GUC Trustee (as applicable, and solely with respect to General Unsecured Claims and GUC Trust Assets) may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

42. In accordance with Bankruptcy Rule 9019, the Plan constitutes the good-faith compromise and settlement among the Global Settlement Parties regarding the matters set forth in

the Global Settlement Term Sheet, and reflects and implements such compromise and settlement, including by the establishment and funding of the GUC Trust. Such compromise and settlement is made in exchange for consideration and is in the best interests of the Global Settlement Parties and the Holders of Allowed General Unsecured Claims, is within the reasonable range of possible litigation outcomes, is fair, equitable, and reasonable, and is an essential element of the resolution of these chapter 11 cases.

43. **Release, Discharge, Exculpation, and Injunction Provisions**. All discharge, injunction, release, and exculpation provisions set forth in the Plan, including but not limited to those contained in Articles VIII.B, VIII.C, VIII.D, VIII.E, VIII.F, VIII.G and VIII.H of the Plan, are approved and shall be effective and binding on all Persons and Entities to the extent provided therein. For the avoidance of doubt, the right of any party to object to any Estate Professional's fee application, subject to applicable objection deadlines, is preserved, notwithstanding the approval of the Releases herein.

44. **Tax Withholding**. Pursuant to the Plan, including Article VI.D thereof, to the extent applicable, the Debtors, the Wind Down Administrator, the GUC Trustee, the Disbursing Agent, and any applicable withholding agent shall comply with all applicable tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, such parties shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions until receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are

reasonable and appropriate. For these purposes, all distributions made on behalf of the Debtors pursuant to the Plan shall if applicable be first in satisfaction of the portion of Claims that are not subject to any withholding tax obligation. All Persons holding Claims against any Debtor shall be required to provide any additional information reasonably necessary for the Debtors, the Wind Down Administrator, the GUC Trustee, the Disbursing Agent, and any applicable withholding agent to comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, including an IRS Form W-8 or W-9, as applicable, and any other applicable tax forms. The Debtors, the Administrator on behalf of the Wind Down Estate, the GUC Trustee on behalf of the GUC Trust, and the Disbursing Agent (as applicable) reserve the right to allocate all distributions made under the Plan in a manner that complies with all other legal requirements, such as applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances. Any amounts withheld pursuant to the Plan shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim or Allowed Interest shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution.

45. **Payment of Statutory Fees**. Statutory Fees due and payable prior to, and that remain unpaid as of, the Effective Date shall be paid by the applicable Debtors on the Effective Date. No statutory fees shall be paid on the initial funding of the Post-Sale Reserve or the GUC Trust. Fees due and payable pursuant to 28 U.S.C. § 1930 shall only be paid on subsequent disbursement of Cash by the Wind Down Estate or the GUC Trust, as applicable. Any fees due and payable pursuant to 28 U.S.C. § 1930 that may be owed by the Debtors, the Wind Down

Estate, or the GUC Trust, as applicable, after the Confirmation Date related to the reduction to Cash of non-Cash assets shall be paid by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, until the case is closed, dismissed, or converted. If no disbursements are made by the Debtors, the Wind Down Estate, or the GUC Trust for any quarter post-confirmation, only the minimum statutory fee will be owed in accordance with 28 U.S.C. § 1930(a)(6). The Wind Down Estate and the GUC Trust shall file post-confirmation operating reports with respect to their respective operations and disbursements until these Chapter 11 Cases are closed, dismissed, or converted to cases under chapter 7 of the Bankruptcy Code.

46. **Documents, Mortgages and Instruments**. Each federal, state, local, foreign or other governmental agency is authorized to accept any and all documents, mortgages or instruments necessary or appropriate to effectuate, implement or consummate the Plan.

47. **Return of Deposits**. All utilities, including any Person who received a deposit or other form of "adequate assurance" of performance pursuant to section 366 of the Bankruptcy Code during these chapter 11 cases (collectively, the "***Deposits***"), whether pursuant to the *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief* [Docket No. 87] (the "***Utilities Order***") or otherwise, including, but not limited to, gas, electric, telephone, data, cable, trash, freight, and waste management services, are directed to return such Deposits to the Wind Down Estate within 15 days following the Effective Date. Such amounts returned shall constitute Distributable Value. Additionally, the Wind Down Estate or the Wind Down Administrator, as applicable, are hereby authorized to close

the Adequate Assurance Account (as defined in the Utilities Order) upon entry of the Confirmation Order.

48. **Distributable Value**. Any Distributable Value that is available for distribution after the Effective Date shall be promptly distributed by the Debtors or the Wind Down Estate (as applicable) to Holders of Allowed Prepetition Secured Party Claims. After the Effective Date, in lieu of conducting sales of liquidating its assets, with the consent of the Prepetition Secured Parties, the Wind Down Administrator may transfer any assets of the Wind Down Estate to the Prepetition Secured Parties free and clear of all Liens, Claims, and encumbrances. All payments, distributions, and transfers made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties pursuant to the Plan or this Confirmation Order shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery, or avoidance for any reason.

49. **Filing and Recording**. This Confirmation Order is binding upon and shall govern the acts of all Persons or Entities including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other Persons and Entities who may be required, by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any document or instrument. Each and every federal, state, and local government agency is hereby directed to accept any and all documents and instruments necessary, useful, or appropriate (including financing statements under the applicable uniform commercial code) to effectuate, implement, and consummate the transactions contemplated by the Plan and this Confirmation Order without payment of any stamp tax or similar tax imposed by state or local law.

50. **Continued Effect of Stays and Injunctions**. Unless otherwise provided in the Plan, the Confirmation Order, the Confirmation Recognition Order, the Sale Approval Order, or any other Final Order entered by the Bankruptcy Court, all injunctions or stays arising under or entered during the chapter 11 cases under section 362 of the Bankruptcy Code or otherwise, or ordered by the CCAA Court in the CCAA Recognition Proceedings, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date set forth in the order providing for such injunction or stay.

51. **Debtors' Actions Post-Confirmation Through the Effective Date**. During the period from the entry of this Confirmation Order through and until the Effective Date, each of the Debtors shall continue to operate its business as a debtor in possession, subject to the oversight of the Bankruptcy Court as provided under the Bankruptcy Code, the Bankruptcy Rules, and this Confirmation Order and any order of the Bankruptcy Court that is in full force and effect.

52. **Authorization to Consummate**. The Debtors are authorized to consummate the Plan and the Restructuring at any time after entry of this Confirmation Order subject to satisfaction, or waiver in accordance with Article IX.C of the Plan, of the conditions precedent to the Effective Date set forth in Article IX of the Plan.

53. **Conditions Precedent to the Effective Date**. The Plan shall not become effective unless and until the conditions set forth in Article IX.B of the Plan have been satisfied or waived pursuant to Article IX.C of the Plan.

54. **Nonseverability of Plan Provisions Upon Confirmation**. Each provision of the Plan is: (a) valid and enforceable in accordance with its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent (and subject to other consents and

consultation rights set forth in the Plan) in accordance with the terms set forth in the Plan; and (c) nonseverable and mutually dependent.

55. **Post-Confirmation Modifications**. Subject to the terms of the Plan and without need for further order or authorization of the Bankruptcy Court, the Debtors, the Wind Down Administrator, or the GUC Trustee (solely with respect to the GUC Trust Agreement) as applicable, are authorized and empowered to make any and all modifications to any and all Plan Documents that are necessary to effectuate the Plan that do not materially modify the terms of such documents and are consistent with the Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, the Wind Down Administrator, and the GUC Trustee (as applicable) reserve their respective rights prior to the Effective Date to withdraw, alter, amend, or modify materially the Plan with respect to such Debtor, Wind Down Estate, or GUC Trust, as applicable, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, or this Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article X.A of the Plan.

56. **Reversal/Stay/Modification/Vacatur of Confirmation Order**. Except as otherwise provided in this Confirmation Order, if any or all of the provisions of this Confirmation Order are hereafter reversed, modified, vacated, or stayed by subsequent order of this Court or any other court, such reversal, stay, modification, or vacatur shall not affect the validity or enforceability of any act, obligation, indebtedness, liability, priority, or Lien incurred or undertaken by the Debtors prior to the effective date of such reversal, stay, modification, or

vacatur. Notwithstanding any such reversal, stay, modification, or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, or in reliance on, this Confirmation Order prior to the effective date of such reversal, stay, modification, or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan or any amendments or modifications thereto.

57. **Applicable Non-Bankruptcy Law.** The provisions of this Confirmation Order, the Plan, and related documents, or any amendments or modifications thereto, shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law, rule, or regulation.

58. **Governmental Approvals Not Required**. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state, federal, or other governmental authority with respect to the implementation or consummation of the Plan, any certifications, documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to therein, or contemplated by, the Plan.

59. **Police and Regulatory**. Nothing in this Confirmation Order or the Plan discharges, releases, precludes, or enjoins: (i) any liability to any Governmental Unit that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Effective Date; (iii) any liability to a Governmental Unit under police and regulatory law that any Entity would be subject to as the owner or operator of property after the Effective Date; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors or the Wind Down Estate. Nor shall anything in this Confirmation Order or the Plan enjoin or otherwise bar any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence.

60. **Strouse Litigation.** Consistent with her decision to opt-out of the Plan's Releases, nothing in the Plan or this Order shall prejudice, release, or enjoin the ability of Phoebe Strouse

("***Strouse***") to litigate to final judgment or settlement, including any appeal, her claims pending against Solowave Design, Inc., Solowave Design Corp., and various non-debtor defendants, in Case No. 37-2022-00023823-CU-PL-CTL in the California Superior Court for San Diego County, styled as *Phoebe Strouse, a minor by and through her guardian ad litem, Ginger Strouse vs. Solowave Design, Inc. et al* (the "***Strouse State Court Case***"), for purposes of collection against non-debtor defendants and/or insurance policies, if any, providing coverage or being otherwise liable for such claims. Solowave Design, Inc. and Solowave Design Corp. reserve all rights and defenses with respect to the Strouse State Court Case as available under applicable law. The Plan Injunction shall remain in place for all other purposes, including, without limitation, to prevent the enforcement of any final judgment or settlement against Solowave Design, Inc. and Solowave Design Corp. other than from insurance coverage as available. Any recovery by Strouse with respect to Solowave Design, Inc. and Solowave Design Corp. other than from insurance coverage shall be solely pursuant to the terms of the Plan, and the foregoing paragraphs shall not be deemed to modify or improve the character, validity, or priority of any of Strouse's claims.

61. **Waiver of Filings**. Any requirement under section 521 of the Bankruptcy Code or Bankruptcy Rule 1007 obligating the Debtors to file any list, schedule, or statement with the Bankruptcy Court or the Office of the United States Trustee for the Northern District of Texas (the "***U.S. Trustee***") (except for monthly operating reports or any other post-confirmation reporting obligation to the U.S. Trustee) is hereby waived as to any such list, schedule, or statement not filed as of the Confirmation Date.

62. **Notice of Entry of the Confirmation Order and Effective Date**. In accordance with Bankruptcy Rules 2002 and 3020(c), as soon as reasonably practicable after the Effective Date, the Debtors shall serve notice of the entry of the Sale Approval Order, substantially in the

form annexed hereto as **Exhibit B**, and this Confirmation Order and notice of the Effective Date, substantially in the form annexed hereto as **Exhibit C**, to all parties who hold a Claim or Interest in these chapter 11 cases, the U.S. Trustee, and other parties in interest. Such notice is hereby approved in all respects and shall be deemed good and sufficient notice of confirmation of the Plan, entry of this Confirmation Order, and the occurrence of the Effective Date.

63. **Waiver of Stay.** The Confirmation Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. As set forth in the Sale Approval Order, time is of the essence in Closing the Sale. Accordingly, sufficient cause has been shown to waive the stays contemplated by Bankruptcy Rule 3020(e) or any other Bankruptcy Rule such as Bankruptcy Rules 6004 and 6006, in each and every case, to the extent applicable. Any party objecting to this Confirmation Order must exercise due diligence in filing an appeal, pursuing a stay, and obtaining a stay prior to the Closing or risk its appeal being foreclosed as moot.

64. **Substantial Consummation**. On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127 of the Bankruptcy Code.

65. **Termination of Restructuring Support Agreement**. On the Effective Date, the Restructuring Support Agreement will terminate automatically in accordance with Section 12 thereof.

66. **References to and Omissions of Particular Plan Provisions**. References to articles, sections, and provisions of the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan or this Confirmation Order. The failure to specifically describe, include, or refer to any particular article, section, or provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, it being the intent of the Bankruptcy Court that the Plan is confirmed in its

entirety, except as expressly modified herein, the Plan Documents are approved in their entirety, and all of the foregoing are incorporated herein by this reference.

67. **Headings.** Headings utilized herein are for convenience and reference only, and do not constitute a part of the Plan or this Confirmation Order for any other purpose.

68. **Effect of Conflict**. This Confirmation Order supersedes any Court order issued prior to the Confirmation Date that may be inconsistent with this Confirmation Order. If there is any inconsistency between the terms of the Plan and the terms of this Confirmation Order, then, solely to the extent of such inconsistency, the terms of this Confirmation Order govern and control.

69. **Final Order.** This Confirmation Order is a Final Order and the period in which an appeal must be filed shall commence upon the entry hereof.

70. **Retention of Jurisdiction**. Except as set forth in the Plan or this Confirmation Order, the Bankruptcy Court may properly, and, upon the Effective Date, shall retain jurisdiction over all matters arising out of, and related to, these chapter 11 cases, including the matters set forth in Article XI of the Plan and section 1142 of the Bankruptcy Code.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit A

Plan

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

DEBTORS' AMENDED JOINT PREPACKAGED CHAPTER 11 PLAN

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
VINSON & ELKINS LLP

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Dated: June 20, 2024

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

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INTRODUCTION

KidKraft and its affiliated debtors, as Debtors and debtors in possession in the above-captioned chapter 11 cases, jointly propose this prepackaged chapter 11 plan for the resolution of outstanding Claims against, and Interests in, the Debtors. Although proposed jointly for administrative purposes, the Plan constitutes a separate Plan for each Debtor for the resolution of outstanding Claims against, and Interests in, such Debtor. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in Article I.A of the Plan or the Bankruptcy Code or Bankruptcy Rules. Holders of Claims and Interests should refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, Assets, results of operations, and historical financial information, as well as a summary and description of the Plan. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS WHO ARE ELIGIBLE TO VOTE ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. *Defined Terms*

As used in the Plan, capitalized terms have the meanings set forth below.

1. "***363 Sale***" means the sale of the Transferred Assets pursuant to section 363 of the Bankruptcy Code in accordance with the terms of the Purchase Agreement and Sale Approval Order.

2. "***503(b)(9) Claim***" means a Claim pursuant to section 503(b)(9) of the Bankruptcy Code for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtors' business.

3. "***Adequate Protection Claim***" means any Claim for adequate protection within the meaning of section 361 of the Bankruptcy Code arising under applicable law or pursuant to Final Order of the Bankruptcy Court.

4. "***Administrative Expense Claim***" means any Claim (other than any Adequate Protection Claims or DIP Claims) for costs and expenses of administration of the Debtors' Estates pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (i) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Debtors' Estates and operating the Debtors' businesses, (ii) any Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code, and (iii) any Unpaid Employee Severance Obligations.

5. "***Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount***" means the amount set forth in the Approved Budget (or as otherwise agreed upon by the Debtors, the DIP Secured Parties, and the Purchaser), and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims; *provided that* in no event will the DIP Secured Parties' obligations to provide such funding exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount.

6. "***Administrative Expense Claims Bar Date***" means the deadline for Filing requests for payment of Administrative Expense Claims (other than 503(b)(9) Claims), which: (a) with respect to Administrative Expense Claims other than Professional Fee Claims, shall be 30 days after the Effective Date; and (b) with respect to Professional Fee Claims of Professionals, shall be 45 days after the Effective Date.

7. "***Affiliate***" shall have the meaning set forth in section 101(2) of the Bankruptcy Code when used in reference to a Debtor, and when used in reference to an Entity other than a Debtor, means any other Entity that controls, is controlled by, or is under common control with such Entity, other than a Debtor.

8. "***Allowed***" means with reference to any Claim or Interest, (i) any Claim or Interest arising on or before the Effective Date (a) as to which no objection to allowance has been interposed within the time period set forth in the Plan and such Claim or Interest is not Disputed or (b) as to which any objection has been determined by a Final Order of the Bankruptcy Court to the extent such objection is determined in favor of the respective Holder, (ii) any Claim or Interest as to which the liability of the Debtors and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court, or (iii) any Claim or Interest expressly allowed under the Plan; *provided*, *however*, that notwithstanding the foregoing, the Wind Down Estate (to the extent applicable) will retain all claims and defenses with respect to Allowed Claims that are Reinstated or otherwise Unimpaired pursuant to the Plan.

9. ***"Approved Budget"*** means the weekly budget, as defined in paragraph G(iv) of the DIP Approval Order.

10. "***Assets***" means all of the Debtors' property, rights, and interests that are property of the Estates pursuant to section 541 of the Bankruptcy Code.

11. "***Assigned Avoidance Actions***" means all Avoidance Actions other than those against (i) any parties identified on Schedule 1 to the Global Settlement Term Sheet, unless any such party makes a GUC Settlement Opt-In Election, (ii) any other "Designated Parties" (as that term is defined in the Purchase Agreement) under Section 2.1(k)(ii) through (iv) of the Purchase Agreement, and (iii) any Released Parties.

12. "***Assumed Liabilities***" shall have the meaning set forth in Section 2.3 of the Purchase Agreement.

13. "***Avoidance Actions***" means any and all actual or potential Claims and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtors arising under

chapter 5 of the Bankruptcy Code, including sections 502, 510, 544, 545, 547 through 553, and 724(a) of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer and preference laws.

14. "***Ballots***" means the ballots distributed to certain Holders of Impaired Claims entitled to vote on the Plan upon which such Holders shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process.

15. "***Bankruptcy Code***" means title 11 of the United States Code, as amended and in effect during the pendency of the Chapter 11 Cases.

16. "***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court, in each case, as amended from time to time.

17. "***Bankruptcy Court***" means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

18. "***Bar Date Order***" means the order entered by the Bankruptcy Court setting the Claims Bar Date and the Governmental Bar Date.

19. "***Bidder Protections***" means, collectively, the Break-Up Fee and Expense Reimbursement.

20. "***Break-Up Fee***" shall have the meaning set forth in Section 9.3(a) of the Purchase Agreement, as may be modified by a subsequent order of the Bankruptcy Court.

21. "***Business Day***" means any day other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

22. "***Canadian Debtors"*** means, collectively, the following Debtors: Solowave Design Holdings Limited, Solowave Design LP, Solowave Design Inc., and Solowave International Inc. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Canadian Debtors shall mean the Wind Down Estate to the extent context requires.

23. "***Canadian Property***" *means the assets, undertakings and property* of the Canadian Debtors and any other assets, undertakings and property of the Debtors that may be located in Canada.

24. "***Canadian Transferred Assets***" means the Transferred Assets of the Canadian Debtors and any other Transferred Assets of the Debtors that may be located in Canada.

25. "***Cash***" means cash in legal tender of the United States of America and cash equivalents, including bank deposits, checks, and other similar items.

26. "***Cause of Action***" means any action, claim, cause of action, controversy, third-party claim, dispute, demand, right, action, Lien, indemnity, contribution, guaranty, suit,

obligation, liability, loss, debt, fee or expense, damage, interest, judgment, account, defense, remedy, power, privilege, license, and franchise of any kind or character whatsoever, whether known, unknown, foreseen or unforeseen, existing or hereafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, Disputed or undisputed, Secured or Unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract, in tort, in law, or in equity or pursuant to any other theory of law. For the avoidance of doubt, a "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any Claim pursuant to section 362 or chapter 5 of the Bankruptcy Code (including Avoidance Actions); (d) any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim.

27. "***CCAA Court***" means the Ontario Superior Court of Justice (Commercial List).

28. "***CCAA Recognition Proceedings***" means the recognition proceedings commenced pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) in respect of the Chapter 11 Cases of KidKraft and the Canadian Debtors.

29. "***Chapter 11 Cases***" means each individual case or the jointly administered cases pending under chapter 11 of the Bankruptcy Code for each individual Debtor or the Debtors, as applicable, in the Bankruptcy Court.

30. "***Claim***" shall have the meaning set forth in section 101(5) of the Bankruptcy Code, against any Debtor.

31. "***Claims Bar Date***" means such time and date established pursuant to the Bar Date Order by which Proofs of Claim (other than for Administrative Expense Claims and Claims held by Governmental Units), including 503(b)(9) Claims, must be Filed.

32. "***Claims Objection Deadline***" means the deadline for objecting to a Claim against a Debtor, which shall be on the date that is the later of (a) 120 days after the Effective Date, subject to extension by order of the Bankruptcy Court, (b) 90 days after the Filing of a Proof of Claim, or (c) such other period of limitation as may be fixed by the Plan, the Confirmation Order, the Bankruptcy Rules, or a Final Order for objecting to a Claim.

33. "***Claims Register***" means the official register of Claims against and Interests in the Debtors maintained by the Noticing and Claims Agent.

34. "***Class***" means a category of Claims against or Interests in the Debtors as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

35. "***Committee***" means the official committee of unsecured creditors of the Debtors appointed by the U.S. Trustee in the Chapter 11 Cases on May 23, 2024, pursuant to section 1102 of the Bankruptcy Code.

36. "***Confirmation***" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

37. "***Confirmation Date***" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

38. "***Confirmation Hearing***" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1128(a) of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

39. "***Confirmation Order***" means the Order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which Order may include the Sale Approval Order.

40. ***"Confirmation Recognition Order"*** means an Order of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the Confirmation Order.

41. "***Consummation***" means the occurrence of the Effective Date.

42. "***Cure Claim***" means a monetary Claim based upon a Debtor's defaults under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed, or assumed and assigned by such Debtor pursuant to section 365 of the Bankruptcy Code.

43. "***Cure Notice***" means a notice of a proposed amount to be paid on account of a Cure Claim in connection with an Executory Contract or Unexpired Lease to be assumed under the Plan pursuant to section 365 of the Bankruptcy Code, which notice shall include (a) procedures for objecting to proposed assumptions of Executory Contracts and Unexpired Leases, (b) Cure Claims to be paid in connection therewith and (c) procedures for resolution by the Bankruptcy Court of any related disputes.

44. "***D&O Liability Insurance Policies***" means all unexpired directors', managers', and officers' liability insurance policies (including any "tail policy") maintained by any of the Debtors with respect to directors, managers, officers, and employees of the Debtors.

45. "***Debtors***" means, collectively, the following: KidKraft, Inc.; KidKraft Europe, LLC; KidKraft Intermediate Holdings, LLC; KidKraft International Holdings, Inc.; KidKraft International IP Holdings, LLC; KidKraft Partners, LLC; Solowave Design Corp.; Solowave Design Holdings Limited; Solowave Design Inc.; Solowave Design LP; and Solowave International Inc. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors shall mean the Wind Down Estate to the extent context requires.

46. "***Definitive Documentation***" means, without limitation, the following definitive documents and agreements: (a) this Plan and all exhibits hereto, including the Plan Supplement documents; (b) the Confirmation Order and Confirmation Recognition Order; (c) the Disclosure Statement; (d) the solicitation materials with respect to the Plan; (e) the Purchase Agreement, including the exhibits and schedules thereto; (f) the Sale Order, if not incorporated as part of the Confirmation Order and Confirmation Recognition Order, as applicable; (g) any documentation or budget related to the Post-Sale Reserve and Foreign Sale Reserve; (h) the DIP Order; (i) all "first day" motions, applications, and other documents that any Debtor intends to file with the

Bankruptcy Court and seeks to have heard on an expedited basis at the "first-day hearing" in the Chapter 11 Cases and any proposed orders related thereto; (j) all motions, applications, and other documents that any Debtor (including a foreign representative appointed by the Bankruptcy Court for any Debtor) or any Canadian Affiliates of Debtors intend to file with the CCAA Court in the CCAA Recognition Proceedings, and any proposed orders related thereto; (k) any provision in any documentation regarding (i) releases of Claims, causes of action, and avoidance actions or (ii) Assumed Liabilities or Transferred Contracts under the Purchase Agreement; (l) such other agreements, instruments, and documentation as may be necessary or reasonably desirable to consummate and document the Restructuring and Sale Transaction (including, without limitation, in connection with the CCAA Recognition Proceedings); and (m) to the extent not included, any motions and related proposed orders seeking approval of each of the above. For the avoidance of doubt, the Definitive Documentation shall be in form and substance acceptable to the Debtors, the Prepetition Secured Parties, the Purchaser, and with respect to MidOcean, solely with respect to any provision therein having a material effect on MidOcean or releasing Claims or causes of action by or against MidOcean or its affiliates thereunder.

47. "***De Minimis Assets***" means assets with a total transaction value, as calculated within the Debtors' or Wind Down Administrator's reasonable discretion, in consultation with the Prepetition Secured Parties, less than or equal to $50,000.

48. "***DIP Agent***" means GB Funding, LLC, in its capacity as administrative agent and collateral agent under the DIP Facility.

49. "***DIP Approval Order***" means the interim order entered by the Bankruptcy Court approving the DIP Facility and the Final DIP Approval Order.

50. "***DIP Claim***" means any Claim of the DIP Agent or any DIP Lender on account of or arising from, under or in connection with the DIP Facility.

51. "***DIP Facility***" means the senior secured superpriority debtor-in-possession financing facility to be provided by the DIP Lenders, all as set forth in, and consistent with and subject to, the terms and conditions of the DIP Facility Documents.

52. "***DIP Facility Documents***" means the DIP Facility Term Sheet, the DIP Credit Agreement (as applicable) and all other agreements, documents, instruments, and amendments related thereto, including any DIP Order, and any guaranty agreements, pledge and collateral agreements, UCC financing statements, or other perfection documents, subordination agreements, fee letters, and any other security agreements.

53. "***DIP Facility Term Sheet***" means that certain term sheet regarding the terms of debtor-in-possession financing between KidKraft, Inc., as borrower, certain of KidKraft's subsidiaries and affiliates, as guarantors, the DIP Agent, and the DIP Lender, attached as Exhibit A to the DIP Approval Order.

54. "***DIP Lender***" means 1903 Partners, LLC, in its capacity as lender under the DIP Facility.

55. "***DIP Liens***" mean the Liens granted to the DIP Agent under the DIP Order to secure the DIP Claims.

56. ***"DIP Order"*** means the DIP Approval Order and the DIP Recognition Order, as applicable.

57. ***"DIP Recognition Order"*** means one or more orders of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the DIP Approval Order, including the Final DIP Recognition Order.

58. "***DIP Secured Parties***" means collectively, the DIP Lender and the DIP Agent, in their respective capacities under the DIP Facility.

59. ***"DIP Secured Parties Advisors"*** means Katten Muchin Rosenman LLP, as counsel to the DIP Secured Parties and Fasken Martineau DuMoulin LLP as Canadian Counsel to the DIP Secured Parties.

60. "***Disallowed***" means, with respect to any Claim, or any portion thereof, that such Claim, or such portion thereof, is not Allowed; *provided, however*, that a Disputed Claim shall not be considered Disallowed until so determined by entry of a Final Order.

61. "***Disbursing Agent***" means the Debtors, the Wind Down Estate, the GUC Trust, or the Entity or Entities selected by the Debtors, the Wind Down Estate, or the GUC Trust as applicable, to make or facilitate distributions pursuant to the Plan.

62. "***Disclosure Statement***" means the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan*, dated as of May 8, 2024, as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

63. "***Disputed***" means, with respect to any Claim or Interest, that such Claim or Interest (a) is not yet Allowed, (b) is not Disallowed by the Plan, the Bankruptcy Code, or a Final Order, as applicable, (c) as to which a dispute is being adjudicated by a court of competent jurisdiction in accordance with non-bankruptcy law, or (d) is or is hereafter listed in the Schedules as contingent, unliquidated, or disputed and for which a Proof of Claim is or has been timely Filed in accordance with the Bar Date Order.

64. "***Dissolution Transactions***" means the transactions that the Debtors or Wind Down Administrator, with the consent of the Prepetition Secured Parties, determine to be necessary or appropriate to implement the terms of the Plan, and ultimately result in the dissolution or other termination of the corporate entities that comprise the Debtors.

65. "***Distributable Value***" means (a) the Purchase Price *plus* (b) any of the Debtors' cash on hand as of the Effective Date *plus* (c) proceeds of the monetization of any Excluded Assets of the Debtors, whenever received by the Debtors or the Wind Down Estates *plus* (d) surrender of collateral or proceeds of any other collateral securing the DIP Claims or Prepetition Secured Party Claims, whenever received by the Debtors or the Wind Down Estates; *minus* (e) amounts held-

back to secure any purchase price adjustments pursuant to the Purchase Agreement (unless and until distributed to the Debtors in accordance therewith); *minus* (f) amounts necessary to fund the Professional Fee Escrow Account in the Professional Fee Reserve Amount; *minus* (g) amounts necessary to satisfy Restructuring Expenses; *minus* (h) amounts necessary to fund the Post-Sale Reserve; *minus* (g) amounts necessary to fund the Foreign Sale Reserve; *provided that* any unused amounts remaining from the Professional Fee Escrow Account, the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount, and the Post-Sale Reserve shall be considered Distributable Value; *provided that*, for the avoidance of doubt, no GUC Trust Assets shall be included as Distributable Value.

66. "***Distribution Record Date***" means the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be the Confirmation Date or such other date as designated in an order of the Bankruptcy Court.

67. "***Effective Date***" means the date selected by the Debtors on which: (a) no stay of the Confirmation Order, Confirmation Recognition Order or Sale Order (if separately entered) is in effect; (b) all conditions precedent specified in Article IX have been satisfied or waived (in accordance with Article IX.C); and (c) the Plan becomes effective; *provided, however*, that if such date does not occur on a Business Day, the Effective Date shall be deemed to occur on the first Business Day after such date.

68. "***Entity***" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

69. "***Estate***" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

70. "***Excluded Assets***" shall have the meaning set forth in Section 2.2 of the Purchase Agreement.

71. "***Exculpated Party***" means each of the following solely in its capacity as such and to the maximum extent permitted by law: (a) the Debtors; (b) the Committee; and (c) the members of the Committee, solely in their capacities as such.

72. "***Executory Contract***" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

73. "***Expense Reimbursement***" shall have the meaning set forth in Section 9.3(a) of the Purchase Agreement, as may be modified by a subsequent order of the Bankruptcy Court.

74. "***Federal Judgment Rate***" means the federal judgment rate in effect as of the Petition Date, compounded annually.

75. "***File***," "***Filed***," or "***Filing***" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim, the Noticing and Claims Agent or the Bankruptcy Court through the PACER or CM/ECF website.

76. "***Final Decree***" means the decree contemplated under Bankruptcy Rule 3022.

77. "***Final DIP Approval Order***" means the Final Order entered by the Bankruptcy Court approving the DIP Facility.

78. "***Final DIP Recognition Order***" means the Final Order of the CCAA Court recognizing and giving effect in Canada to the Final DIP Approval Order.

79. "***Final Order***" means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired; provided, however, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be filed with respect to such order or judgment.

80. "***Foreign Sale Reserve***" means the amount of the Purchase Price allocated to the inventory transferred from the Netherlands Subsidiaries to facilitate the Sale Transaction, which amount will be distributed from Debtors to the Netherlands Subsidiaries pursuant to the Plan.

81. "***General Unsecured Claim***" means any Claim that is not secured, subordinated, or entitled to priority under the Bankruptcy Code or any Final Order of the Bankruptcy Court (other than an Intercompany Claim or a Subordinated Claim).

82. "***Global Settlement***" means the global settlement between the Global Settlement Parties pursuant to the term sheet (the "***Global Settlement Term Sheet***") attached to the *Notice of Filing Global Settlement Term Sheet* [Docket No. 195].

83. "***Global Settlement Parties***" means the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean.

84. "***Governmental Bar Date***" means such time and date established pursuant to the Bar Date Order by which Proofs of Claim of Governmental Units must be Filed.

85. "***Governmental Unit***" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

86. "***GUC Critical Vendor Cash***" means any amounts permitted to be paid under the *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* [Docket No. 200] that are unused as of the Effective Date (with the Debtors having sole discretion to pay amounts authorized under such order, except that any

Allowed Claims entitled to priority status under section 503(b)(9) of the Bankruptcy Code shall be paid in full to the Holders thereof).

87. "***GUC L/C Cash***" means 40% of any cash collateral recovered from the former prepetition agent pursuant to the Assignment and Assumption dated as of January 31, 2024 by and between (i) Antares AssetCo LP, Antares Capital LP, Antares Holdings LP, Antares CLO 2017-2, LTD., Antares CLO 2018-1, LTD., Fifth Third Bank, N.A., and PNC Bank, N.A., as assignors, and (ii) 1903 Partners, LLC, as assignee.

88. "***GUC Purchase Price Cash***" means (i) $350,000 if, on the Effective Date, the calculation of the Purchase Price Calculation is within a 0-5% variance of $39,322,916; (ii) $250,000 if, on the Effective Date, the Purchase Price Calculation is within a 6-10% variance of $39,322,916; (iii) $200,000 if, on the Effective Date, the Purchase Price Calculation is within a 11-20% variance of $39,322,916; or (iv) $150,000 if, on the Effective Date, the Purchase Price Calculation is a more than 20% variance of $39,322,916.

89. "***GUC Settlement Opt-In Election***" means the affirmative election by a Holder of a General Unsecured Claim to opt-in to the settlement under the Global Settlement Term Sheet and receive its Pro Rata share of 100% of the GUC Trust Interests.

90. "***GUC Settlement Opt-In Election Deadline***" means the date that is thirty (30) days after the Effective Date.

91. "***GUC Settlement Opt-In Form***" means the form by which a potential holder of a General Unsecured Claim may make a GUC Settlement Opt-In Election, which form shall be included in the Plan Supplement.

92. "***GUC Settlement Opt-In Procedures***" means the procedures set forth in the GUC Settlement Opt-In Form for a potential holder of an Allowed General Unsecured Claim to make a GUC Settlement Opt-In Election.

93. "***GUC Trust***" means the trust established pursuant to Article IV.C of the Plan to, among other things, hold and liquidate the GUC Trust Assets and make distributions to Holders of Allowed General Unsecured Claims that make a GUC Settlement Opt-In Election pursuant to the Plan.

94. "***GUC Trust Accounts***" means the bank accounts to be held in the name of the GUC Trustee that are created pursuant to Article IV.C of the Plan.

95. "***GUC Trust Agreement***" means the agreement establishing and governing the GUC Trust, which agreement shall be included in the Plan Supplement and executed as of the Effective Date, and which agreement shall be acceptable in form and substance to the Debtors, the Committee, and the Prepetition Secured Parties.

96. "***GUC Trust Assets***" means, in the aggregate, (i) the GUC Trust Expense Reserve; (ii) $125,000 in Cash; (iii) the Sponsor Cash Contribution; (iv) the GUC L/C Cash; (v) the GUC Purchase Price Cash; (vi) any unused amounts in the Approved Budget that are designated for fees and expenses of the Committee's professionals; (vii) the GUC Critical Vendor Cash, if any;

(viii) all commercial tort claims (as that term is defined in Article 9 of the Uniform Commercial Code) of the Debtors other than any such claims against any Released Party under the Plan; and (ix) the Assigned Avoidance Actions.

97. "***GUC Trust Assets Transfer***" means the assignment, conveyance, or other transfer of the GUC Trust Assets to the GUC Trust, which shall occur on the next Business Day following the GUC Settlement Opt-In Election Deadline.

98. "***GUC Trust Beneficiaries***" means any Holder of an Allowed General Unsecured Claim that has made a GUC Settlement Opt-In Election and thereby obtained one or more GUC Trust Interests and the Prepetition Secured Parties. For the avoidance of doubt, the Prepetition Secured Parties shall be deemed to have made a GUC Settlement Opt-In Election and shall be GUC Trust Beneficiaries without the need to submit any opt-in election or otherwise comply with the GUC Settlement Opt-In Procedures.

99. "***GUC Trust Expense Reserve***" means a reserve in the amount of $75,000 funded from Cash on hand of the U.S. Debtors to the GUC Trust on the Effective Date to allow the GUC Trustee to maintain and administer the GUC Trust Assets.

100. "***GUC Trust Interests***" means the beneficial interests in the GUC Trust.

101. "***GUC Trustee***" means the trustee appointed pursuant to Article IV.C of the Plan (or any successor trustee), in its capacity as the trustee of the GUC Trust, who shall be solely responsible for overseeing the reconciliation, objection, settlement, or other disposition of General Unsecured Claims asserted in these Chapter 11 Cases.

102. "***Holder***" means a Person or Entity holding a Claim against or Interest in a Debtor, as applicable.

103. "***Impaired***" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

104. "***Indemnification Obligations***" means each of the Debtors' indemnification obligations, whether in the bylaws, certificates of incorporation or formation, limited liability company agreements, other organizational or formation documents, board resolutions, management or indemnification agreements, or employment contracts, for the current and former directors and the officers of the Debtors.

105. "***Intercompany Claim***" means any Claim against a Debtor held by another Debtor.

106. "***Intercompany Interest***" means any Interest in a Debtor held by another Debtor.

107. "***Interest***" means any equity interest (as defined in section 101(16) of the Bankruptcy Code) in any Debtor, including all ordinary shares, units, common stock, preferred stock, membership interest, partnership interest, or other instrument, evidencing any fixed or contingent ownership interest in the Debtors, whether or not transferable, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest, that existed immediately before the Effective Date.

108. "***Internal Revenue Code***" means the Internal Revenue Code of 1986, as amended.

109. "***IRS***" means the Internal Revenue Service.

110. "***Judicial Code***" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

111. "***KidKraft***" means KidKraft, Inc.

112. "***Lien***" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

113. "***List of Retained Causes of Action***" means the schedule of certain Causes of Action of the Debtors which shall be included in the Plan Supplement.

114. "***Local Rules***" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Texas.

115. "***MidOcean***" means MidOcean Partners IV, L.P. in its capacity as the holder of Preferred A Units and Preferred C Units in KidKraft Group Holdings, LLC and party to that certain *Note Purchase Agreement* dated as of January 13, 2023, pursuant to which, KidKraft agreed to issue and sell to and MidOcean agreed to purchase, notes in the aggregate principal amount of up to $5,000,000 and MidOcean US Advisor, L.P. as party to that certain *Professional Services Agreement* dated as of July 15, 2015 by and among KidKraft Group Holdings, LLC, KidKraft, and MidOcean US Advisor, L.P., as amended by that First Amendment to the Professional Services Agreement dated as of September 30, 2016.

116. "***Netherlands Asset Sale***" has the meaning set forth in Article IV.A.3. of the Plan.

117. "***Netherlands Liquidation***" has the meaning set forth in Article IV.A.3. of the Plan.

118. "***Netherlands Subsidiaries***" means non-debtors KidKraft Netherlands C.V., KidKraft Holdings B.V., and KidKraft Netherlands B.V.

119. ***"Note Purchase Agreement Documents***" means that certain *Note Purchase Agreement* dated as of January 13, 2023 by and among certain of the Debtors and MidOcean and all other agreements, documents, instruments, and amendments related thereto.

120. "***Noticing and Claims Agent***" means Stretto Inc., the noticing, claims, and solicitation agent proposed to be retained by the Debtors in the Chapter 11 Cases.

121. "***Other Priority Claim***" means any Claim that is entitled to priority of payment under section 507(a) of the Bankruptcy Code other than an Administrative Expense Claim or a Priority Tax Claim.

122. "***Other Secured Claims***" means Secured Claims other than Priority Tax Claims, DIP Claims, or Prepetition Secured Party Claims.

123. "***Person***" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

124. "***Petition Date***" means the date on which each Debtor Filed its voluntary petition for relief commencing the Chapter 11 Cases.

125. "***Plan***" means this chapter 11 plan, as it may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the terms of the Plan, including the Plan Supplement and all exhibits, supplements, appendices, and schedules to the Plan, which shall be consistent with, and subject to the approvals and consents as to form and substance set forth in, the Restructuring Support Agreement.

126. "***Plan Supplement***" means, to the extent applicable, the compilation of documents and forms of documents, and all exhibits, attachments, schedules, agreements, documents and instruments referred to therein, ancillary or otherwise, including, without limitation, the Purchase Agreement, the Schedule of Assumed Executory Contracts and Unexpired Leases, the GUC Trust Agreement, the Global Settlement Term Sheet, the GUC Settlement Opt-In Form, the identity of the Wind Down Administrator, and the List of Retained Causes of Action all of which shall be incorporated by reference into, and are an integral part of, the Plan, as may be amended, modified, replaced and/or supplemented from time to time, subject to the consent of the Prepetition Secured Parties.

127. "***Post-Sale Reserve***" means a cash reserve in the amount of $650,000 to fund the reasonably anticipated costs necessary for the wind down of the Wind Down Estate, including an estimated amount of reasonable fees and expenses that may be incurred by professionals for services rendered after the Effective Date and statutory fees, which cash reserve shall be funded into a segregated account on the Effective Date.

128. "***Prepetition Credit Agreement***" means that certain *Amended and Restated First Lien Credit Agreement*, dated as of April 3, 2020 (as amended from time to time), by and among KidKraft, Inc. and KidKraft Netherlands B.V., jointly and severally, as borrowers, the guarantors thereto, GB Funding, LLC, as Prepetition Credit Agreement Agent, and 1903 Partners, LLC, as Lender.

129. "***Prepetition Credit Agreement Agent***" means GB Funding, LLC, in its capacity as Administrative Agent and Collateral Agent (as such terms are defined in the Prepetition Credit Agreement) under the Prepetition Credit Agreement.

130. "***Prepetition Credit Agreement Documents***" means the Prepetition Credit Agreement and all other agreements, documents, instruments, and amendments related thereto, including any guaranty agreements, pledge and collateral agreements, UCC financing statements, or other perfection documents, subordination agreements, fee letters, and any other security agreements.

131. "***Prepetition Secured Parties***" means GB Funding, LLC, as Administrative Agent and Collateral Agent, and 1903 Partners, LLC, as Lender, in their respective capacities under the Prepetition Credit Agreement.

132. "***Prepetition Secured Party Advisors***" means Katten Muchin Rosenman LLP, as counsel to the Prepetition Secured Parties and Fasken Martineau DuMoulin LLP as Canadian counsel to the Prepetition Secured Parties.

133. "***Prepetition Secured Party Claims***" means all Claims, including "Parallel Debts" (as defined in the Prepetition Credit Agreement Documents) held by the Prepetition Secured Parties on account of, arising under, or relating to their respective capacities as lender or agent under the Prepetition Credit Agreement Documents.

134. "***Prepetition Secured Parties' Deficiency Claims***" means the deficiency Claims held by the Prepetition Secured Parties. Solely for purposes of any distributions to be made from the GUC Trust Assets to GUC Trust Beneficiaries, the Prepetition Secured Parties' Deficiency Claims shall be capped at $55 million.

135. "***Prepetition Secured Party Liens***" means all Liens granted to the Prepetition Credit Agreement Agent to secure the Prepetition Secured Party Claims.

136. "***Priority Tax Claim***" means a Claim held by a Governmental Unit of the kind entitled to priority of payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

137. "***Pro Rata***" means the proportion that an Allowed Claim or an Allowed Interest bears to the aggregate amount of Allowed Claims, Allowed Interests, or other matter so referenced, as the context requires.

138. "***Professional***" means an Entity employed pursuant to a Bankruptcy Court order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code.

139. "***Professional Fee Claims***" means a Claim for the compensation of the Professionals and other professionals (including, for certainty, professionals to be compensated pursuant to the orders of the CCAA Court in the CCAA Recognition Proceedings) and the reimbursement of expenses incurred by such professionals through and including the Effective Date to the extent such fees and expenses have not been previously paid, including, for the avoidance of doubt, any costs, fees, expenses, or commissions (including with respect to any investment banking transaction fees or commissions) incurred in connection with the Restructuring; *provided that* to the extent a Debtor Professional (as defined in the DIP Approval Order) agrees with the DIP Lender to a modification to the Debtor Professional fees in accordance with Section 1.8 of the DIP Approval Order, the Claim as modified shall be included in the applicable Professional Fee Claim. Professional Fee Claims of the Committee's Professionals shall not exceed the aggregate amounts set forth in the Approved Budget, consistent with the Global Settlement Term Sheet.

140. "***Professional Fee Escrow Account***" means an interest-bearing account funded by the Debtors on the Effective Date in an amount equal to the Professional Fee Reserve Amount, pursuant to Article II.B.

141. "***Professional Fee Reserve Amount***" means the total amount of Professional Fee Claims estimated in accordance with Article II.B.

142. "***Professional Services Agreement Documents***" means that certain *Professional Services Agreement* dated as of July 15, 2015 by and among certain of the Debtors and MidOcean and all other agreements, documents, instruments, and amendments related thereto.

143. "***Proof of Claim***" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

144. "***Purchase Agreement***" means that certain Asset Purchase Agreement dated as of April 25, 2024, as amended, modified, or supplemented from time to time, among Purchaser and certain of the Debtors, including all schedules and exhibits thereto, which shall be Filed with the Plan Supplement.

145. "***Purchase Price***" shall have the meaning set forth in the Purchase Agreement.

146. "***Purchase Price Calculation***" means the calculation of the "Purchase Price at close" in accordance with Exhibit B of the Purchase Agreement.

147. "***Purchaser***" means Backyard Products, LLC, and permitted successors, assigns, and designees, as applicable.

148. "***Qualifying Alternative Transaction***" shall have the meaning set forth in the Purchase Agreement.

149. "***Reinstated***" or "***Reinstatement***" means, with respect to Claims and Interests, the treatment provided for in section 1124 of the Bankruptcy Code, which, in all instances, shall be acceptable to the Prepetition Secured Parties and the Purchaser in their sole and absolute discretion.

150. "***Released Party***" means each of the following solely in its capacity as such: (a) the Debtors; (b) the DIP Agent; (c) the DIP Lender; (d) MidOcean; (e) the Prepetition Secured Parties; (f) the Purchaser; (g) the Committee; and (h) with respect to each of the foregoing under (a) through (g) such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity Holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such.

151. "***Releasing Party***" means each of the following solely in its capacity as such: (a) all Released Parties; (b) all Holders of Claims who affirmatively cast a timely ballot to accept the Plan and did not affirmatively opt out of the releases set forth in Article VIII.F herein; (c) all Holders of Claims and Interests that were given notice of the opportunity to opt out of granting the releases set forth in Article VIII.F herein but did not otherwise affirmatively opt out of such releases; and (d) all GUC Trust Beneficiaries.

152. "***Restructuring***" means all actions that may be necessary or appropriate to effectuate the transactions described in, approved by, contemplated by, or necessary to effectuate, the Plan.

153. "***Restructuring Expenses***" means the reasonable and documented professional fees and expenses incurred by the DIP Secured Party Advisors, the DIP Secured Parties, the Prepetition Secured Party Advisors and the Prepetition Secured Parties, in each case, in connection with or arising as a result of the Restructuring, the Restructuring Support Agreement, Sale Transaction, the Plan, or the Chapter 11 Cases.

154. "***Restructuring Support Agreement***" means that certain *Restructuring Support Agreement*, dated April 25, 2024, by and among the Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, and MidOcean, as may be further amended, restated, modified, supplemented, or replaced from time to time in accordance with the terms thereof.

155. "***Retained Causes of Action***" means those Causes of Action identified on the List of Retained Causes of Action that are not released, waived, or transferred pursuant to the Plan or any Sale Transaction.

156. "***RSA Parties***" mean, collectively, the Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, and MidOcean.

157. "***Sale Approval Order***" means the order of the Bankruptcy Court approving the Purchase Agreement and the Sale Transaction, which order may be, but is not required to be, part of the Confirmation Order.

158. "***Sale Hearing***" means the hearing held by the Bankruptcy Court to consider Confirmation of the Sale Order, as such hearing may be adjourned or continued from time to time.

159. ***"Sale Order"*** means the Sale Approval Order and the Sale Recognition Order, as applicable.

160. ***"Sale Recognition Order"*** means an order of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the Sale Approval Order, which order may be, but is not required to be, part of the Confirmation Recognition Order.

161. "***Sales Process***" means the marketing and sales process for the Debtors' Assets.

162. "***Sale Transaction***" means the sale by the Debtors that are party to the Purchase Agreement of all of their respective right, title, and interest in, to and under the Transferred Assets to the Purchaser in accordance with the terms of the Purchase Agreement and the Sale Order.

163. "***Sale Transaction Documents***" means the Sale Order, the Purchase Agreement, and all other documents required to consummate the Sale Transaction (with respect to such other documents required to consummate the Sale Transaction, in form and substance acceptable to each party thereto).

164. "***Schedule of Assumed Executory Contracts and Unexpired Leases***" means the schedule of Executory Contracts and Unexpired Leases to be assumed and assigned to Purchaser pursuant to the Plan, as set forth in the Plan Supplement, as may be amended from time to time prior to the Effective Date.

165. "***Schedules***" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial conformance with the official bankruptcy forms, as the same may have been amended, modified, or supplemented from time to time.

166. **"*SEC*"** means the United States Securities and Exchange Commission.

167. "***Secured Claim***" means a Claim (i) secured by a lien on collateral to the extent of the value of such collateral as (a) set forth in the Plan, (b) agreed to by the Holder of such Claim and the Debtors, or (c) determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code, or (ii) secured by the amount of any right of setoff of the Holder thereof in accordance with section 553 of the Bankruptcy Code.

168. "***Security***" shall have the meaning set forth in section 101(49) of the Bankruptcy Code.

169. "***Special Committee***" means the Special Committee of the Board of Directors of KidKraft, Inc.

170. "***Sponsor Cash Contribution***" has the meaning set forth in Article IV.C.8 of the Plan.

171. "***Sponsor Claims Waiver***" has the meaning set forth in Article IV.C.8 of the Plan.

172. "***Subordinated Claim***" means any Claim against a Debtor arising from (a) rescission of a purchase or sale of a Security in any Debtor or an Affiliate of any Debtor, (b) purchase or sale of such a Security, or (c) reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

173. "***Transferred Assets***" shall have the meaning set forth in Section 2.1 of the Purchase Agreement, *provided, however,* the Assigned Avoidance Actions shall not be Transferred Assets.

174. "***Transferred Contracts***" shall have the meaning set forth in Section 2.1(e) of the Purchase Agreement.

175. "***Unclaimed Property***" means any distribution under the Plan on account of an Allowed Claim whose Holder has not: (a) accepted such distribution or, in the case of distributions made by check, negotiated such check; (b) given notice to the Wind Down Estate of an intent to accept such distribution; (c) responded to the Debtors', Wind Down Administrator's, or GUC Trustee's (as applicable) requests for information necessary to facilitate such distribution; or (d) taken any other action necessary to facilitate such distribution.

176. "***Unexpired Lease***" means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

177. "***Unimpaired***" means, with respect to a Class of Claims or Interests, a Class consisting of Claims or Interests that are not "impaired" within the meaning of section 1124 of the Bankruptcy Code, including through payment in full in Cash or Reinstatement.

178. "***Unpaid Employee Severance Obligations***" means those obligations owed to certain eligible employees who were terminated prior to the Petition Date and who executed a separation agreement after the Petition Date and prior to the Effective Date, which obligations shall be deemed to have been incurred after the Petition Date and treated as Administrative Expense Claims for purposes of this Plan.

179. "***Unsecured***" means, with respect to a Claim, not Secured.

180. "***U.S. Trustee***" means the Office of the United States Trustee for the Northern District of Texas.

181. "***U.S. Trustee Fees***" means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

182. "***Wind Down Administrator***" means the Person or Persons identified in the Plan Supplement (as determined by the Debtors), if known, and appointed on the Effective Date, who will serve as the trustee and administrator overseeing the Wind Down Estate and dissolution of the Debtors and their Estates in accordance with the Plan.

183. "***Wind Down Claims***" means the Prepetition Secured Party Claims that remain outstanding on the Effective Date, in an amount not to exceed $10,000,000, and the Prepetition Secured Party Liens securing such Prepetition Secured Party Claims, which Prepetition Secured Party Claims and Liens shall be automatically released and discharged following the orderly wind down of the Debtors and the other borrower and guarantors under the Prepetition Credit Agreement and after the proceeds of the Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan.

184. "***Wind Down Estate***" means, collectively, (i) the Estates of the Debtors and (ii) the Debtors' non-Debtor affiliates, as applicable, following the Effective Date.

185. "***Wind Down Estate Assets***" means (i) any Assets of the Debtors' Estates that are not GUC Trust Assets and not sold pursuant to the Sale Transaction, including, but not limited to, the Excluded Assets, Interests in the Debtors' non-Debtor affiliates, and any Cause of Action specifically enumerated in the List of Retained Causes of Action and (ii) Cash in the amount set forth in the Post-Sale Reserve; *provided that* proceeds of any Wind Down Estate Assets, including without limitation, Excluded Assets and such Retained Causes of Action shall become Distributable Value. For the avoidance of doubt, no GUC Trust Assets shall be Wind Down Estate Assets.

186. "***Wind Down Estate Expenses***" means any and all reasonable and documented fees, costs, and expenses incurred by the Wind Down Estate or the Wind Down Administrator (or any Person, entity, or professional engaged to assist the Wind Down Administrator) in connection with the Wind Down Transactions, including, without limitation, any reasonable and documented

administrative fees, attorneys' or other professionals' fees and expenses, insurance fees, taxes, escrow expenses and fees payable under 28 U.S.C. § 1930, costs associated with any maintenance of any going concern as part of the wind down of such going concern's business operations, or costs to maintain certain assets while they are held, in each case, in accordance with and subject to the Post-Sale Reserve.

187. "***Wind Down Transactions***" means the transactions that the Debtors or Wind Down Administrator, as applicable, with the consent of the Prepetition Secured Parties, determines to be necessary or appropriate to implement the terms of the Plan, and that ultimately result in the dissolution or other termination of KidKraft and its Affiliates.

B. *Rules of Interpretation*

For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) except as otherwise provided, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document, as previously amended, modified, or supplemented, if applicable, shall be substantially in that form or substantially on those terms and conditions; (3) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the terms of the Plan; (4) unless otherwise specified, all references herein to "Articles" are references to Articles of the Plan; (5) unless otherwise stated, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (6) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (7) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation;" (8) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (9) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; and (10) any docket number references in the Plan shall refer to the docket number of any document Filed with the Bankruptcy Court in the Chapter 11 Cases.

C. *Computation of Time*

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction, action, or event shall or may occur pursuant to the Plan is a day that is not a Business Day, then such transaction, action, or event shall instead occur on the next succeeding Business Day.

D. *Governing Law*

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of New York without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided that* the corporate or limited liability company governance matters relating to the Debtors shall be governed by the laws of the state of incorporation or formation (as applicable) of the applicable Debtor.

E. *Reference to Monetary Figures*

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

F. *Reference to the Debtors or the Wind Down Estate*

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Wind Down Estate shall mean the Debtors and the Wind Down Estate, as applicable, to the extent the context requires.

G. *Controlling Document*

In the event of an inconsistency between the Plan, the Disclosure Statement, or any other Final Order (other than the Confirmation Order or Sale Approval Order, as applicable) referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing, other than the Plan Supplement), the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order or Sale Approval Order and the Plan, the Confirmation Order or Sale Approval Order, as applicable, shall control.

ARTICLE II.
ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, DIP Claims, Adequate Protection Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

A. *Administrative Expense Claims*

Except (i) with respect to Administrative Expense Claims that are Professional Fee Claims and Bidder Protections, or (ii) to the extent that (x) an Administrative Expense Claim has already been paid during the Chapter 11 Cases or a Holder of an Allowed Administrative Expense Claim

and the applicable Debtor(s) or (y) Wind Down Administrator (as applicable) agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall be paid in full in Cash; on the latest of: (a) on or as soon as reasonably practicable after the Effective Date if such Administrative Expense Claim is Allowed as of the Effective Date; (b) on or as soon as reasonably practicable after the date such Administrative Expense Claim is Allowed; and (c) the date such Allowed Administrative Expense Claim becomes due and payable, or as soon thereafter as is reasonably practicable; *provided that* in no event shall the amount paid in the aggregate to Administrative Expense Claims (excluding Professional Fee Claims) in accordance with this Article II.A, Priority Tax Claims under Article II.E hereof, and Other Priority Claims under Article III.B hereof exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount. For the avoidance of doubt, the Bidder Protections shall be an Administrative Expense Claim in accordance with any applicable orders of the Bankruptcy Court.

Except as otherwise provided in this Article II.A of the Plan and except with respect to Administrative Expense Claims that are Professional Fee Claims, Unpaid Employee Severance Obligations, or Bidder Protection Claims, requests for allowance and payment of Administrative Expense Claims must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable), pursuant to the procedures specified in the Bar Date Order, the Confirmation Order, and the notice of entry of the Confirmation Order no later than the Administrative Expense Claims Bar Date. Holders of Administrative Expense Claims that are required to, but do not, File and serve on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) a request for allowance and payment of such Administrative Expense Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Debtors, the Wind Down Estate, or their respective assets or property and such Administrative Expense Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) and the requesting party no later than 90 days after the Effective Date or such other date fixed by the Bankruptcy Court. Notwithstanding the foregoing, no request for payment of an Administrative Expense Claim need be Filed with respect to an Administrative Expense Claim previously Allowed.

B. *Professional Compensation*

1. Final Fee Applications

All final requests for payment of Professional Fee Claims of Professionals, including such Professional Fee Claims incurred during the period from the Petition Date through and including the Effective Date, shall be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator, as applicable, no later than 45 days after the Effective Date. Each such final request will be subject to approval by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in the Chapter 11 Cases, and once approved by the Bankruptcy Court, such Allowed Professional Fee Claims shall be promptly paid in Cash from the Professional Fee Escrow Account up to its full Allowed amount.

Objections to any Professional Fee Claim of Professionals must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator, as applicable, and the

applicable Professional no later than 24 days after such Professional Fee Claim is Filed with the Bankruptcy Court.

2. Professional Fee Escrow Account

On the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the "Professional Fee Reserve Amount" described in Article II.B.3 herein. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and the other professionals with Professional Fee Claims. The Debtors shall utilize the Funded Reserve Account (as defined in the DIP Approval Order) to fund the Professional Fee Escrow Account, *provided that* the Funded Reserve Account is not a limitation on the amount funded to the Professional Fee Escrow Account. The Professional Fee Escrow Account and funds therein shall not be considered property of the Estates of the Debtors or the Wind Down Estate. The amount of Allowed Professional Fee Claims shall be paid in Cash to the Professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed, and the amount of all other Professional Fee Claims shall be paid in Cash to the applicable professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account on the Effective Date. After all such Professional Fee Claims have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be distributed to the Wind Down Estate and deemed Distributable Value and distributed to the holders of Prepetition Secured Party Claims without any further action or order of the Bankruptcy Court.

3. Professional Fee Reserve Amount

No later than five Business Days prior to the Effective Date, the Debtors shall solicit Professionals and the other professionals with Professional Fee Claims for estimates of their unpaid Professional Fee Claims before and as of the Effective Date, and such Professionals and other professionals shall deliver such estimate to the Debtors in writing via email two Business Days prior to the Effective Date; *provided*, *however*, that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of any such professional's final request for payment of Professional Fee Claims. If any professional does not timely provide an estimate, the Debtors may estimate the unpaid and unbilled fees and expenses of such professional.

4. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Disbursing Agent, the Wind Down Estate, or the Wind Down Administrator (as applicable) shall, in the ordinary course of business and without any further notice or application to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable, actual, and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred on or after the Effective Date by the Professionals and other professionals (including any fees related to the preparation of Professional fee applications). Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) may employ and pay any Professional or other professional for fees and expenses

incurred after the Effective Date in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court. Notwithstanding the foregoing, in no circumstances shall the payment of any post-Effective Date fees and/or expenses and other Wind Down Estate Expenses exceed the amount of the Post-Sale Reserve.

C. *DIP Claims*

Notwithstanding anything to the contrary herein, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of all DIP Claims, on the Effective Date, the DIP Claims shall: (i) be indefeasibly paid in Cash in full, or (ii) receive such other treatment as agreed by the Debtors and the applicable Holder of a DIP Claim.

D. *Adequate Protection Claims*

On the Effective Date, the Adequate Protection Claims shall (i) be paid in Cash in full or (ii) receive such other treatment as agreed by (a) to the extent such Adequate Protection Claims are held by the Prepetition Secured Parties, the Debtors and the Prepetition Secured Parties or (b) to the extent such Adequate Protection Claims are not held by a Prepetition Secured Party, the Debtors and the applicable Holder of such Adequate Protection Claims.

E. *Priority Tax Claims*

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall receive Cash in an amount equal to such Allowed Priority Tax Claim on the Effective Date or as soon as practicable thereafter or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

F. *Statutory Fees*

All Statutory Fees due and payable prior to, and that remain unpaid as of, the Effective Date shall be paid by the applicable Debtors on the Effective Date. No statutory fees shall be paid on the initial funding of the Post-Sale Reserve or the GUC Trust. Statutory fees shall only be paid on subsequent disbursement of Cash by the Wind Down Estate or the GUC Trust, as applicable. Any Statutory Fees that may be owed by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, after the Confirmation Date related to the reduction to Cash of non-Cash assets shall be paid by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, until the case is closed, dismissed, or converted. If no disbursements are made by the Debtors, the Wind Down Estate, or the GUC Trust for any quarter post-confirmation, only the minimum statutory fee will be owed in accordance with 28 U.S.C. § 1930(a)(6). The Wind Down Estate and the GUC Trust shall file post-confirmation operating reports with respect to their respective operations and disbursements until these Chapter 11 Cases are closed, dismissed, or converted to cases under chapter 7 of the Bankruptcy Code.

G. *Restructuring Expenses*

The Debtors will promptly pay in full in Cash any Restructuring Expenses in accordance with the terms of the Restructuring Support Agreement and the DIP Approval Order. To the extent any Restructuring Expenses remain unpaid on the Effective Date, such Restructuring Expenses shall constitute Allowed Administrative Expense Claims and shall be paid in full in Cash, subject to the Restructuring Support Agreement and the DIP Approval Order without the need to file a proof of such Claim and without further order of the Court. On the Effective Date, the Disbursing Agent or the Wind Down Estate, as applicable, shall pay the Restructuring Expenses that have accrued and are unpaid as of the Effective Date.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. *Classification of Claims*

The Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest fits within the description of that Class and is classified in other Class(es) to the extent that any portion of the Claim or Interest fits within the description of such other Class(es). A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Presumed to Accept
2	Other Secured Claims	Unimpaired	Presumed to Accept
3	Prepetition Secured Party Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Deemed to Reject
5	Intercompany Claims	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
6	Intercompany Interests	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
7	KidKraft Intermediate Holdings, LLC Interests	Impaired	Deemed to Reject

B. *Treatment of Claims and Interests*

1. Class 1 — Other Priority Claims

a. *Classification*: Class 1 consists of all Other Priority Claims.

b. *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, in full and final satisfaction of such Allowed Other Priority Claim, each Holder of an Allowed Other Priority Claim will, (i) be paid in full in Cash or (ii) otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code, payable on the later of the Effective Date and the date that is 10 business days after the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, in each case, or as soon as reasonably practicable thereafter; *provided that* in no event shall the amount paid in the aggregate for Administrative Expense Claims (excluding Professional Fee Claims) in accordance with Article II.A hereof, Priority Tax Claims under Article II.E hereof, and Other Priority Claims under this Article III.B exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount.

c. *Voting*: Class 1 is Unimpaired under the Plan. Holders of Class 1 Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 — Other Secured Claims

a. *Classification*: Class 2 consists of all Other Secured Claims.

b. *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, in full and final satisfaction of such Allowed Other Secured Claim, at the option of Debtors or the Wind Down Estate, as applicable, each Holder shall receive either (i) cash equal to the full allowed amount of its claim, (ii) reinstatement of such holder's claim, (iii) the return to or abandonment of the collateral securing such holder's claim, or (iv) such other treatment as may otherwise be agreed to by such Holder and the Debtors.

c. *Voting*: Class 2 is Unimpaired under the Plan. Holders of Class 2 Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 — Prepetition Secured Party Claims

a. *Classification*: Class 3 consists of all Prepetition Secured Party Claims.

b. *Treatment*: Except to the extent that the Holder of Prepetition Secured Party Claims agrees to less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Prepetition Secured Party Claim (which satisfaction, settlement, release, and discharge shall occur (i) on the Effective Date for all Prepetition Secured Party Claims other than the Wind Down Claims, and (ii) after the orderly wind down of the Debtors and other borrower and guarantors under the Prepetition Credit Agreement for all Wind Down Claims), each Holder of an Allowed Prepetition Secured Party Claim shall receive the remaining Distributable Value following payment of Administrative Expense Claims and Priority Tax Claims, DIP Claims, Other Priority Claims, Other Secured Claims, (which amount may be paid directly by the Purchaser on the Effective Date), and GUC Trust Interests (subject to the terms of the Global Settlement) on the Effective Date and any Distributable Value that is available for distribution after the Effective Date shall be promptly distributed by the Debtors or Wind Down Estate to holders of Prepetition Secured Party Claims.

c. *Voting*: Class 3 is Impaired under the Plan. Holders of Class 3 Secured Party Claims will be entitled to vote to accept or reject the Plan.

4. Class 4 — General Unsecured Claims

a. *Classification*: Class 4 consists of all General Unsecured Claims.

b. *Treatment*: On the Effective Date, all General Unsecured Claims will be canceled, released, extinguished and discharged, and Holders of General Unsecured Claims will receive no recovery or distribution on account of such claims; *provided*, *however*, that any Holder of Allowed General Unsecured Claims who timely makes a GUC Settlement Opt-In Election in compliance with the GUC Settlement Opt-In Procedures shall receive its Pro Rata share of 100% of the GUC Trust Interests.

c. *Voting*: Class 4 is Impaired under the Plan. Holders of Class 4 General Unsecured Claims will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders will not be entitled to vote to accept or reject the Plan.

5. Class 5 — Intercompany Claims

a. *Classification*: Class 5 consists of all Intercompany Claims.

b. *Treatment*: All Intercompany Claims will be unaltered and otherwise unaffected by the Plan, or canceled on the Effective Date, in the Debtors' discretion, with the consent of Purchaser.

c. *Voting*: Class 5 is Unimpaired/Impaired under the Plan. Holders of Class 5 Intercompany Claims are proponents of the Plan within the meaning of

section 1129 of the Bankruptcy Code. Therefore, the vote of such Holders to accept or reject the Plan will not be solicited.

6. Class 6 — Intercompany Interests

a. *Classification*: Class 6 consists of all Intercompany Interests.

b. *Treatment*: All Intercompany Interests shall be maintained under the Plan, solely for purposes of administrative convenience or canceled on the Effective Date, in the Debtors' discretion, subject to the consent of the Prepetition Secured Parties and the Purchaser.

c. *Voting*: Class 6 is Unimpaired/Impaired under the Plan. Holders of a Class 6 Intercompany Interests are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Therefore, the vote of such Holders to accept or reject the Plan will not be solicited.

7. Class 7 — KidKraft Intermediate Holdings, LLC Interests

a. *Classification*: Class 7 consists of all KidKraft Intermediate Holdings, LLC Interests.

b. *Treatment*: All prepetition Interests in KidKraft Intermediate Holdings, LLC will be canceled on the Effective Date and Holders shall receive no recovery or distribution on account of their Interests.

c. *Voting*: Class 7 is Impaired under the Plan. For purposes of solicitation, it is presumed that Holders of Class 7 KidKraft Intermediate Holdings, LLC Interests shall not receive any distribution on account of such KidKraft Intermediate Holdings, LLC Interests and will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders will not be entitled to vote to accept or reject the Plan.

C. *Special Provision Governing Unimpaired or Reinstated Claims*

Nothing under the Plan shall affect the Debtors', the Wind Down Estate's, or the Wind Down Administrator's (as applicable) claims, Causes of Action, rights, or defenses in respect of any Unimpaired Claims or Reinstated Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims or Reinstated Claims.

D. *Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code*

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article III.B of the Plan. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a

Class of Claims or Interests to render such Class of Claims or Interests Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

E. *Elimination of Vacant Classes*

Any Class of Claims that does not contain an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court for voting purposes as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

F. *Voting Classes*; *Presumed Acceptance by Non-Voting Classes*

If a Class contains Claims eligible to vote and no Holder of Claims eligible to vote in such Class votes to accept or reject the Plan, the Plan shall be presumed accepted by such Class.

G. *Controversy Concerning Impairment*

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date

H. *Subordinated Claims*

The allowance, classification, and treatment of all Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) reserve(s) the right to reclassify any Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. *Means for Implementation*

1. Sale Transaction

On the Effective Date, the applicable Debtors shall consummate the Sale Transaction and the Transferred Assets shall vest in the Purchaser free and clear of all Liens, Claims, charges, or encumbrances pursuant to section 1123 of the Bankruptcy Code and the CCAA and the Sale Transaction Documents; *provided*, that, the conditions precedent set forth in the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof. Upon entry of the Sale Approval Order by the Bankruptcy Court and the Sale Recognition Order by the CCAA Court, all matters provided for under the Purchase Agreement and the other Sale Transaction

Documents will be deemed authorized and approved without any requirement of further act or action by the Debtors or the Debtors' governing bodies. The applicable Debtors are authorized to execute and deliver, and to consummate the transactions contemplated by the Sale Transaction Documents, as well as to execute, deliver, file, record and issue any documents, or agreements in connection therewith, without further notice to or order of the Bankruptcy Court or the CCAA Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

In the alternative, the Plan shall serve as a motion under section 363 of the Bankruptcy Code to authorize the sale of the Transferred Assets pursuant to the terms of the Sale Transaction Documents. Section 363(f) of the Bankruptcy Code provides that the Debtors' assets may be sold free and clear of any and all liens, claims, interests, and encumbrances with any such liens, claims, interests, and encumbrances attaching to the proceeds of the Sale Transaction. The Debtors submit that the Sale Transaction satisfies the requirements of section 363(f) of the Bankruptcy Code. To the extent a party objects to Sale Transaction on the basis that it holds a lien or encumbrance on the Transferred Assets, the Debtors believe that any such party could be compelled to accept a monetary satisfaction of such claims under section 365(f)(5) of the Bankruptcy Code and the CCAA. In addition, to the extent the Debtors discover any party may hold a lien on all, or a portion of, the Assets, the Debtors have provided such party with notice of, and an opportunity to object to, the Sale Transaction. Absent objection, each such party will be deemed to have consented to the sale of the Transferred Assets.

Except as otherwise expressly provided in the Sale Transaction Documents, (a) the Purchaser and all of its Affiliates shall not be liable for any Claims against the Debtors or any of their predecessors or direct or indirect subsidiaries, and (b) neither the Purchaser nor any of its affiliates shall have successor or vicarious liabilities of any kind or character, including under any theory of successor or transferee liability, labor, employment, tort, products liability, or benefits law, whether known or unknown as of the closing, then existing or hereafter arising, whether fixed or contingent, asserted or unasserted, liquidated or unliquidated, in each case, with respect to the Debtors or any obligations of the Debtors arising prior to the closing, including liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of the Debtors prior to the closing (except as otherwise expressly provided in the Sale Transaction Documents). For the avoidance of doubt, any Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser.

The transactions contemplated by the Sale Transaction Documents are undertaken by the applicable Debtors and the Purchaser without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided therein to consummate the Sale Transaction shall not affect the validity of such sale, unless such authorization and consummation of such sale are duly stayed pending such appeal. The Purchaser is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

2. Break-Up Fee and Expense Reimbursement

Consistent with the Sale Transaction Documents, the payment of the Break-Up Fee and Expense Reimbursement for the Purchaser are hereby authorized in the event: (i) the Debtors that are party to the Purchase Agreement consummate or enter into a Qualifying Alternative Transaction and the Purchase Agreement is terminated in connection therewith; (ii) the Debtors that are party to the Purchase Agreement publicly announce or support any plan of reorganization or plan of liquidation other than the Plan and other than a plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay consummation of the Closing (as defined in the Purchase Agreement) in accordance with the terms of the Purchase Agreement; or (iii) the board of directors or board of managers, as applicable, of any Debtor that is party to the Purchase Agreement determines, in good faith based upon advice of outside legal counsel, that proceeding with the Purchase Agreement or the transactions contemplated thereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law, and the Purchase Agreement is terminated in connection therewith (in each of the foregoing cases as further set forth in and subject to the terms of the Purchase Agreement). The potential remedy of the Break-Up Fee and Expense Reimbursement was a condition of the Purchaser entering into the Purchase Agreement, which is the best option for the Debtors to maximize the value of their estates. The Break-Up Fee and Expense Reimbursement are the product of arm's-length, good faith negotiations among the Debtors and the Purchaser, and as a result, the Debtors believe that the agreement to pay such fees to the Purchaser (if and when the same become due to the Purchaser pursuant to, and in accordance with the terms and conditions in, the Purchase Agreement) is a valid exercise of their business judgment and should be approved if required under the Sale Transaction Documents.

3. Transactions with Netherlands Affiliates

On or prior to the closing of the transactions contemplated by the Purchase Agreement, the assets of the Netherlands Subsidiaries that would otherwise be Transferred Assets under the Purchase Agreement if such assets were owned by a Seller (as defined in the Purchase Agreement) shall be sold to KidKraft, or another Debtor designated by KidKraft, in exchange for the portion of the Purchase Price attributable to such assets (the "***Netherlands Asset Sale***"). The transactions contemplated by the Netherlands Asset Sale are undertaken by the Netherlands Subsidiaries and the Debtors without collusion and in good faith. The Netherlands Subsidiaries' assets that do not become Transferred Assets shall be liquidated with the consent of the Prepetition Secured Parties and the Netherlands Subsidiaries (the "***Netherlands Liquidation***"). The Netherlands Subsidiaries will create a right of pledge in favor of the Prepetition Secured Parties over the proceeds of the Netherlands Asset Sale and the proceeds of the Netherlands Liquidation.

The proceeds of the Netherlands Asset Sale (i.e. the Foreign Sale Reserve) and proceeds of the Netherlands Liquidation, in each case with the consent of the Prepetition Secured Parties, shall be used to implement the orderly out-of-court wind down of the Netherlands Subsidiaries (the "***Netherlands Wind Down***," collectively, with the Netherlands Asset Sale and Netherlands Liquidation, the "***Netherlands Transactions***").

To the extent proceeds of the Netherlands Asset Sale (i.e. the Foreign Sale Reserve) or Netherlands Liquidation remain, after the Netherlands Wind Down is complete, such proceeds shall be distributed to the Prepetition Secured Parties in a manner to be determined by the Prepetition Secured Parties, the Debtors, and the Wind Down Administrator, as applicable, and the Netherlands Subsidiaries. Following the distribution of such proceeds, the Prepetition Secured Parties and the Netherlands Subsidiaries shall execute a mutual release of all Claims and Causes of Action.

Upon the Bankruptcy Court entering the Sale Approval Order, the Netherlands Asset Sale will be deemed authorized and approved without any requirement or further act or action by the Debtors or the Debtors' governing bodies.

4. Vesting of Wind Down Estate Assets in the Wind Down Estate

Except as otherwise provided in the Plan, the Plan Supplement, or the Confirmation Order, on the Effective Date, all Wind Down Estate Assets (including all interests, rights, and privileges related thereto) and all GUC Trust Assets (solely until the GUC Trust Assets Transfer occurs) in each Estate and all Causes of Action that are retained under the Plan shall vest in the Wind Down Estate, to be administered by the Wind Down Administrator in accordance with the Plan, free and clear of all Claims, Liens, and encumbrances (except for the Wind Down Claims) to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code; *provided that*, for the avoidance of doubt, no Assets that are, or shall be, transferred to Purchaser as Transferred Assets before or after the Effective Date in accordance with the Purchase Agreement and the Sale Approval Order shall vest in the Wind Down Estate.

The vesting of the Wind Down Estate Assets, as authorized by the Plan, shall not be construed to destroy or limit any such Assets or rights or be construed as a waiver of any right, and such rights may be asserted by the Wind Down Estate as if such Asset or right was still held by the Debtors.

On the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer.

5. Wind Down Administrator

The Wind Down Administrator shall be selected by the Debtors, with the consent of the Prepetition Secured Parties and the DIP Secured Parties. The Wind Down Administrator shall be the successor to and representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights, and responsibilities of the Wind Down Administrator shall include the authority and responsibility to fulfill the obligations of the Plan consistent with the Confirmation Order.

On the Effective Date, the authority, power, and incumbency of the Persons acting as managers, directors, and officers of the Debtor entities comprising the Wind Down Estate shall vest in the Wind Down Administrator. The Wind Down Administrator shall be appointed the sole manager, sole director, and sole officer of the Debtor entities comprising the Wind Down Estate, as applicable, and shall succeed to the powers of the Debtors' managers, directors, and officers. From and after the Effective Date, the Wind Down Administrator shall be the sole Representative

of the Wind Down Estate and shall have the authority to sell, liquidate, or otherwise dispose of any and all of the Wind Down Estate Assets without any additional notice to or approval from the Bankruptcy Court.

In the event the Wind Down Administrator becomes incapacitated or unable to continue serving in such role for any reason, the Prepetition Secured Parties shall select a suitable replacement Wind Down Administrator as promptly as possible without the need for any further action or order of the Bankruptcy Court.

6. Wind Down Transactions

The Wind Down Administrator shall retain the authority to take all necessary actions to wind down the operations of the Wind Down Estate and dissolve the entities comprising the Wind Down Estate, to the extent required by applicable law. Subject in all respects to the terms of this Plan, the Wind Down Administrator shall have the power and authority to take any action necessary to dissolve the entities comprising the Wind Down Estate, and may: (i) file a certificate of dissolution for the Wind Down Estate, together with all other necessary corporate and company documents, to effect the dissolution of the Wind Down Estate under applicable laws; (ii) complete and file all final or otherwise required federal, state, and local tax returns and pay all required taxes, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of the Debtors, their respective Estates, or the entities comprising the Wind Down Estate for any tax incurred during the administration of these Chapter 11 Cases, as determined under applicable tax laws; and (iii) represent the interests of the Debtors, their respective Estates, and entities comprising the Wind Down Estate before any taxing authority in all tax matters, including any action, suit, proceeding, or audit.

Any applicable filing by the Wind Down Administrator of any certificates of dissolution (or similar documentation) of the entities comprising the Wind Down Estate shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholder, members, officers, board of directors, or board of managers of the Debtors or any of their respective Affiliates. As the entities comprising the Wind Down Estate will be dissolved upon completion of the administration of this Plan, no new corporate organizational documents will be executed by the Wind Down Administrator.

For the avoidance of doubt, the Wind Down Administrator shall not be empowered to perform any actions designated to the GUC Trust or the GUC Trustee under the Plan or the GUC Trust Agreement.

7. Fees and Expenses of the Wind Down Administrator

The Wind Down Estate Expenses shall be paid after the Effective Date solely using the Post-Sale Reserve. The Wind Down Administrator, on behalf of the Wind Down Estate, may employ, without further order of the Bankruptcy Court, professionals (including professionals previously employed by the Debtors) to assist in carrying out duties for the Wind Down Estate and may compensate and reimburse the expenses of such professionals in the ordinary course, without further order of the Bankruptcy Court, subject to the Post-Sale Reserve.

8. Settlement of Claims

Except as otherwise provided in the Plan, on and after the Effective Date, the Wind Down Administrator may compromise or settle any Claims related to the Wind Down Estate Assets without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for Wind Down Estate Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

9. Sales of Assets by the Wind Down Estate

The Wind Down Administrator may conduct any sales or liquidations of De Minimis Assets on any terms it deems reasonable, subject to the consent of the Prepetition Secured Parties (with such consent not to be unreasonably withheld), without further order of the Bankruptcy Court. In lieu of conducting sales or liquidating its assets, with the consent of the Prepetition Secured Parties, the Wind Down Administrator may transfer any Wind Down Estate Assets to the Prepetition Secured Parties free and clear of all liens, claims, and encumbrances after the Effective Date.

10. Abandonment of Assets by the Wind Down Estate

The Wind Down Administrator may, with the consent of the Prepetition Secured Parties, on no less than 14 days' written notice to the U.S. Trustee, abandon any Wind Down Estate Assets which the Wind Down Administrator determines are burdensome to the Wind Down Estate, including any pending adversary proceeding or other legal action commenced or commenceable by any Debtor prior to the Effective Date; *provided that* if the U.S. Trustee provides a written objection to the Wind Down Administrator prior to the expiration of such 14 day period with respect to the proposed abandonment of any Wind Down Estate Asset, then such property may be abandoned only pursuant to an order by the Bankruptcy Court.

11. Plan Distributions

a. Sources of Consideration for Plan Distributions

On the Effective Date, the Debtors will fund the Debtors' distributions under the Plan with (i) the proceeds of the Sale Transaction, subject in all respects to amounts held-back in accordance with the Purchase Agreement, (ii) the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount, (iii) the Debtors' available Cash on hand, and (iv) with the consent of the DIP Secured Parties, the proceeds of the DIP Facility. After the Effective Date, other than with respect to funds held in the Professional Fee Escrow Account, the Post-Sale Reserve shall be held in a separate account from any other funds held by the Wind Down Estate.

b. Professional Fee Escrow Account

The Professional Fee Reserve Amount shall be held in trust in a segregated Professional Fee Escrow Account by the Wind Down Administrator for distributions or payment in accordance with the terms of Article II of the Plan.

12. Corporate Existence

On or after the Effective Date, each of the Debtors will be subject to a Dissolution Transaction. The equity or membership interests of each Debtor entity that is not subject to a Dissolution Transaction on the Effective Date will vest in the Wind Down Estate pursuant to this Plan. For the avoidance of doubt, the Debtor entities that are not subject to a Dissolution Transaction on the Effective Date will continue to exist after the Effective Date for the limited purpose of completing the GUC Trust Assets Transfer and the Wind Down Transactions. Promptly after completing the Wind Down Transactions, such entities shall be dissolved by the Wind Down Administrator.

13. Dissolution Transactions

On or after the Effective Date, the Debtors or the Wind Down Administrator will enter into such Dissolution Transactions and will take such actions as may be necessary or appropriate to merge, dissolve, or otherwise terminate the corporate existence of the Debtors. The actions to effect the Dissolution Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which these entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as these entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, continuance, or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that the Wind Down Administrator determines to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Dissolution Transactions.

14. Recourse Solely to Wind Down Estate Assets

All Claims against the Debtors and against the GUC Trust are deemed satisfied, waived, and released as to the Debtors and the GUC Trust, as applicable, in exchange for the treatment of such Claims under the Plan or the distributions made from the GUC Trust, and Holders of Allowed Claims against any Debtor will have recourse solely to the Wind Down Estate Assets (and, in the case of the Prepetition Secured Parties, to the unused amounts, if any, of the Post-Sale Reserve and Professional Fee Escrow Account) for the payment of their Allowed Claims in accordance with the terms of the Plan. There will be no recourse for claims other than as to non-Debtors.

15. Cancellation of Existing Securities and Agreements

On the Effective Date, except to the extent otherwise expressly provided in the Plan (including with respect to the Prepetition Credit Agreement Documents), (i) all notes, bonds, debentures, instruments, certificates, credit agreements, indentures, collateral documents, guarantees, filings, recordings, registrations, and other documents and instruments evidencing, securing, or governing Claims or Interests, and any Interests that are not represented by certificates or other instruments, shall be canceled, terminated, released, and surrendered automatically

without any action on the part of any party, (ii) all Liens of any nature or any assets of any Debtor securing, or purporting to secure, such Claims shall be fully, finally, and irrevocably released and extinguished automatically without any action on the part of any party (and (x) the Debtors are hereby irrevocably authorized to make such filings, recordings, registrations, and notifications, and take such other actions, as the Debtors shall deem necessary or advisable to carry out such release and extinguishment and (y) the holders of such Claims shall take such actions and execute such instruments as the Debtors may reasonably request to carry out such release and extinguishment) and (iii) the obligations of the Debtors in respect of such Claims or in any way related thereto or arising therefrom (except with respect to any Indemnification Obligations, which obligations shall be assumed and assigned as set forth in Article V.G of the Plan) shall be deemed satisfied in full, terminated, canceled, released, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person. Holders of or parties to such canceled instruments, Securities, and other documentation will have no rights arising from or relating to such instruments, Securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan. To the extent applicable, the Debtors' corporate charters shall be deemed amended by the Confirmation Order to provide that no nonvoting equity securities will be issued and to otherwise comply with the requirements of section 1123(a)(6) of the Bankruptcy Code.

Notwithstanding anything to the contrary herein, but subject to any applicable provisions of Articles IV and VI of the Plan, the Prepetition Credit Agreement Documents shall continue in effect as between all Debtors and the non-Debtors party thereto until the wind down of the Debtors and the Netherlands Wind Down is complete. Following completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Prepetition Credit Agreement Documents shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full, canceled, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person. Except as provided in the Plan (including Article VI of the Plan), on the Effective Date, the Prepetition Credit Agreement Agent, its respective agents, successors, and assigns shall be automatically and fully discharged of all of their duties and obligations associated with the Prepetition Credit Agreement Documents (as applicable). The commitments and obligations (if any) of the Prepetition Credit Agreement Lenders to extend any further or future credit or financial accommodations to any of the Debtors, any of their respective subsidiaries, including, any non-Debtors, or any of their respective successors or assigns under the Prepetition Credit Agreement Documents shall fully terminate and be of no further force or effect on the Effective Date.

16. Release of Liens

Except for the Wind Down Claims (which include the Prepetition Secured Party Liens securing such Claims), and as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date concurrently and consistent with the treatment provided for Claims and Interests in Article III, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate shall be deemed fully released and discharged. After the wind down of the Debtors and the Netherlands Wind Down is complete and after the proceeds of the

Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate on account of the Wind Down Claims shall be deemed fully released and discharged. Notwithstanding anything contained herein to the contrary, until completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Plan shall not operate as a waiver of any right, power or remedy of the Prepetition Agent or Prepetition Lenders, or constitute a waiver of any provision of the Prepetition Credit Agreement Documents in respect of any non-Debtor affiliate of the Debtors party thereto and the obligations of the non-Debtor affiliates thereunder shall remain in full force and effect.

17. Corporate Governance, Directors and Officers.

a. Certificates of Incorporation and Bylaws

Consistent with the Plan, all existing certificates of incorporation and by-laws will be canceled; accordingly, no new certificates of incorporation and by-laws will be necessary for any Debtors. Certain of the Debtor entities comprising the Wind Down Estate will continue to exist after the Effective Date for the purpose of completing the GUC Trust Assets Transfer and the Wind Down Transactions.

b. Directors and Officers

As of the Effective Date, the term of the current members of the boards of directors or boards of managers, as applicable, of KidKraft and its Debtor Affiliates shall expire automatically and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. Consistent with the Plan, each of the Estates will vest in the Wind Down Estate effective as of the Effective Date and, thus, no individuals will serve as directors, officers, or voting trustees after the Effective Date for any Debtors. The Wind Down Administrator will be the sole member, manager, director, officer, or other governing body or controlling authority of each Debtor entity that is not subject to a Dissolution Transaction on the Effective Date.

18. Insurance Policies

To the extent that any of the Debtors' insurance policies constitute Executory Contracts, such insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan and shall be assumed by the Debtors and assigned to the Wind Down Estate on the Effective Date. All other insurance policies shall vest in the Wind Down Estate.

19. D&O Liability Insurance Policies

Notwithstanding anything in the Plan to the contrary, as of the Effective Date, the Debtors shall be deemed to assume and vest in the Wind Down Estate all D&O Liability Insurance Policies (including tail coverage liability insurance) pursuant to section 365(a) of the Bankruptcy Code, to the extent they are Executory Contracts. Entry of the Confirmation Order will constitute the

Bankruptcy Court's approval of the Debtors' assumption of each of the D&O Liability Insurance Policies, to the extent they are Executory Contracts. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed, and shall survive the Effective Date. On the Effective Date, all D&O Liability Insurance Policies shall vest in the Wind Down Estate consistent with the Confirmation Order without further order of the Bankruptcy Court.

20. Preservation of Causes of Action

Except as provided in the Plan, or in any contract, instrument, release, or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Wind Down Estate will retain and may enforce any claims, demands, rights, and causes of action that any Estate may hold against any Person to the extent not satisfied, settled, and released under the Plan or otherwise, including the Retained Causes of Action; *provided that*, the Wind Down Estate will not retain any Causes of Action (including Avoidance Actions) that are assigned to Purchaser as Transferred Assets in connection with the Sale Transaction that may be included in the GUC Trust Assets and transferred to the GUC Trust or are transferred to the GUC Trust in accordance with the Plan. The Wind Down Administrator may pursue any such retained claims, demands, rights, or causes of action, as appropriate, in accordance with the best interests of the Wind Down Estate. Except to the extent any such claim is specifically satisfied, settled, and released herein, in accordance with and subject to any applicable law, the Debtor's inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtor or Estate may hold against any Person. Except to the extent any such claim is specifically satisfied, settled, and released herein, the Debtor intends to preserve those claims, demands, rights, or causes of action designated as Retained Causes of Action. For the avoidance of doubt, in no instance will any Cause of Action preserved pursuant to this Article IV.A.20 include any claim or Cause of Action with respect to, or against, a Released Party.

21. Substitution in Pending Legal Actions

On the Effective Date, the Wind Down Estate or the Wind Down Administrator, as applicable, shall be deemed to be substituted as the party to any litigation in which the Debtors are a party, including (but not limited to) (i) pending contested matters or adversary proceedings in the Bankruptcy Court or the CCAA Court, (ii) any appeals of orders of the Bankruptcy Court, and (iii) any state court or federal or state administrative proceedings or equivalent in Canada or any other applicable jurisdiction pending as of the Petition Date. The Wind Down Administrator and its professionals are not required to, but may, take such steps as are appropriate to provide notice of such substitution.

22. Effectuating Documents; Further Transactions

The Debtors (prior to the Effective Date) and the Wind Down Administrator (on or after the Effective Date) are authorized to and may issue, execute, deliver, file, or record such contracts,

securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and evidence the terms and conditions of the Plan, the Purchase Agreement, and the Dissolution Transactions, in each case, in the name of and on behalf of any Debtor or the Wind Down Estate, as applicable, without the need for any approvals, authorizations, or consents except those expressly required pursuant to the Plan.

Pursuant to section 1146(a) of the Bankruptcy Code, the following will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, real estate transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee or other similar tax or governmental assessment: (a) any transfer made by the Debtors to the Wind Down Estate; (b) any transfer made by the Debtors and, if applicable, the Wind Down Estate to the Purchaser pursuant to the Plan, the Purchase Agreement, and/or the Sale Order; (c) any sales made by the Wind Down Estate to liquidate such assets in the trust and convert such assets into Cash; (d) the making or assignment of any lease or sublease; (e) any Dissolution Transaction; and (f) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, or assignments executed in connection with any of the foregoing or pursuant to the Plan.

B. *Restructuring Support Agreement*

Upon the later of (i) the Effective Date or (ii) the consummation of the Sale Transaction, any surviving obligations under the Restructuring Support Agreement shall terminate on a final basis.

C. *Global Settlement*

1. GUC Trust

On the Effective Date, the GUC Trust will be established with the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their Allowed General Unsecured Claims.

Subject to and to the extent set forth in the Plan, the Confirmation Order, the GUC Trust Agreement, or any other order of the Bankruptcy Court entered in connection therewith, the GUC Trust shall be empowered to: (a) perform all actions and execute all agreements, instruments, and other documents necessary to implement the terms of the Plan to the extent applicable to the GUC Trust; (b) establish, maintain, and administer the GUC Trust Accounts; (c) accept, preserve, receive, collect, manage, invest, sell, liquidate, transfer, supervise, and protect, as applicable, the GUC Trust Assets (directly or through its professionals or a Disbursing Agent), in accordance with the Plan; (d) subject to the GUC Trust Agreement, the Plan, and the Confirmation Order, as applicable, review, reconcile, settle, or object to all General Unsecured Claims that are not Allowed Claims as of the Effective Date pursuant to the procedures for allowing or disputing Claims prescribed in the Plan; (e) calculate and make distributions of the proceeds of the GUC Trust Assets to Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries in accordance with the terms of the Plan and the GUC Trust Agreement and otherwise implement the terms of

the Plan to the extent applicable to the GUC Trust; (f) retain, compensate, and employ professionals to represent or advise the GUC Trust; (g) file, in accordance with the GUC Trust Agreement, appropriate tax returns on behalf of the GUC Trust and pay any and all taxes or other obligations arising in connection therewith; (h) exercise such other powers as may be vested in the GUC Trust under the GUC Trust Agreement and the Plan, or as are deemed by the GUC Trustee to be necessary and proper to implement the provisions of the Plan and the GUC Trust Agreement; and (i) terminate the GUC Trust in accordance with the terms of the GUC Trust Agreement. For the avoidance of doubt, the GUC Trust shall not be empowered with performing any actions designated to the Wind Down Estate created pursuant to Article IV.A of the Plan and shall have no authority to pursue any Claims or Causes of Action against Released Parties or Exculpated Parties.

Notwithstanding anything to the contrary in this Article IV.C, the GUC Trust shall have no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the GUC Trust's purpose as described herein and in the GUC Trust Agreement and as may be reasonably necessary to conserve and protect the GUC Trust Assets and provide for the orderly liquidation and distribution thereof. Accordingly, the GUC Trustee shall, in an orderly manner, liquidate the GUC Trust Assets and make timely distributions pursuant to the Plan and not unduly prolong the duration of the GUC Trust.

The GUC Trust Beneficiaries, who will be treated as grantors and deemed owners for federal income tax purposes, will be holders of GUC Trust Interests. The GUC Trust shall file federal income tax returns for the GUC Trust as a grantor trust pursuant to Section 671 of the Tax Code and the Treasury Regulations promulgated thereunder. The parties shall not take any position on their respective tax returns with respect to any other matter related to taxes that is inconsistent with treating the GUC Trust as a "liquidating trust" within the meaning of Treasury Regulation Section 301.7701-4(d), unless any party receives definitive guidance from the Internal Revenue Service.

The GUC Trust shall be responsible for paying any (i) U.S. Trustee fees accruing in relation to disbursements by the GUC Trust and (ii) taxes related to the GUC Trust Assets or the liquidation thereof. Any professionals hired by the GUC Trustee will be compensated for services in such capacity solely from the GUC Trust Assets or proceeds thereof.

2. Funding of and Transfer of Assets into the GUC Trust

Except as otherwise provided in the Plan or the Confirmation Order, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all such assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. Except as set forth in the Plan, the GUC Trust Assets shall be transferred to the GUC Trust free and clear of all Claims, Liens, and encumbrances to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code. All Cash amounts funded into the GUC Trust from the Debtors shall be funded by the U.S. Debtors.

For all federal and applicable state and local income tax purposes, all Persons (including without limitation the Debtors, the GUC Trustee and the GUC Trust Beneficiaries) will treat the

transfers and assignment of the GUC Trust Assets to the GUC Trust for the benefit of the GUC Trust Beneficiaries as (a) a transfer of the GUC Trust Assets directly to the GUC Trust Beneficiaries followed by (b) the transfer of the GUC Trust Assets by the GUC Trust Beneficiaries to the GUC Trust. The GUC Trust will be treated as a grantor trust for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The GUC Trust Beneficiaries will be treated as the grantors and deemed owners of their allocable portion of the GUC Trust Assets for federal income tax purposes.

The fair market value of the portion of the GUC Trust Assets that is treated for U.S. federal income tax purposes as having been transferred to each GUC Trust Beneficiary will be determined by the GUC Trustee, and all parties (including, without limitation, the GUC Trustee and the GUC Trustee Beneficiaries) must utilize such fair market values determined by the GUC Trustee for federal and applicable state and local income tax purposes.

The GUC Trust's taxable income, gain, loss, deduction or credit will be allocated to the GUC Trust Beneficiaries in accordance with their relative beneficial interests in the GUC Trust during the applicable taxable period. Such allocation will be binding on all parties for federal and applicable state and local income tax purposes, and the parties will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

The act of transferring the GUC Trust Assets, as authorized by the Plan, shall not be construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the GUC Trust as if the asset or right was still held by the Debtors.

3. GUC Trustee

Solely with respect to the GUC Trust Assets and the administration of General Unsecured Claims, the GUC Trustee shall be the successor to and representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights, and responsibilities of the GUC Trustee shall be specified in the GUC Trust Agreement and shall include the authority and responsibility to fulfill the items identified in the Plan. Other rights and duties of the GUC Trustee and the GUC Trust Beneficiaries shall be as set forth in the GUC Trust Agreement.

The Committee shall select the GUC Trustee, subject to the consent, not to be unreasonably withheld, of the Debtors and the Prepetition Secured Parties.

4. GUC Trust Agreement

The GUC Trust Agreement will contain certain provisions to comply with Internal Revenue Service guidance for trusts treated as liquidating trusts. Among other things, the GUC Trust Agreement will require that the GUC Trust terminate no later than three years from the Effective Date; *provided, however*, that the Bankruptcy Court, upon motion by the GUC Trustee, may extend the term of the GUC Trust for a reasonable finite period if (a) such extension is necessary to the purpose of the GUC Trust, (b) the GUC Trustee receives an opinion of counsel or a ruling from the IRS stating that such an extension would not adversely affect the status of the GUC Trust as a liquidating trust for federal income tax purposes, and (c) such an extension is obtained within the six (6) month period prior to the GUC Trust's third (3rd) anniversary or the

end of the immediately preceding extension period, as applicable; *provided, however*, each finite extension may be no more than six months (and such extension shall not exceed a total of four extensions unless the GUC Trustee received a favorable ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the GUC Trust as a grantor trust for U.S. federal income tax purposes. The GUC Trust Agreement generally will also provide for, among other things: (i) the payment of reasonable and documented compensation to the GUC Trustee; (ii) the payment of other expenses of the GUC Trust; (iii) the retention of counsel, accountants, financial advisors, or other professionals and the payment of their compensation; (iv) the investment of Cash by the GUC Trustee within certain limitations; (v) the preparation and filing of appropriate tax returns and other reports on behalf of the GUC Trust and the Debtors and the payment of taxes or other obligations owed by the GUC Trust, if any; (vi) the distribution at least annually to the GUC Trust Beneficiaries the GUC Trust's net Cash income and all other Cash proceeds received by the GUC Trust in excess of an amount reasonably necessary to meet Claims and contingent liabilities and to maintain the value of the GUC Trust Assets; (vii) the orderly liquidation of the GUC Trust Assets; and (viii) any reconciliation, administration, objection, resolution, and distribution on account of General Unsecured Claims. For the avoidance of doubt, any payments to be made by the GUC Trust shall be paid solely from the GUC Trust Assets or the proceeds thereof.

Additional terms of the GUC Trust and Obligations of the GUC Trustee, if any, will be addressed in the Plan Supplement or GUC Trust Agreement, as applicable.

5. Settlement of Claims and Causes of Action

Except as otherwise provided in the Plan or the GUC Trust Agreement, on and after the Effective Date, the GUC Trustee may compromise or settle any General Unsecured Claims or any Causes of Action that are GUC Trust Assets without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for GUC Trust Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

6. Recourse Solely to GUC Trust Assets

All Claims against the Debtors are deemed satisfied, waived, and released as to the Debtors in exchange for the treatment of such Claims under the Plan, and Holders of Allowed General Unsecured Claims against any Debtor will have recourse solely to the GUC Trust Assets for the payment of their Allowed General Unsecured Claims, and only if such Holder made a GUC Settlement Opt-In Election, all in accordance with the terms of the Plan and the GUC Trust Agreement. A Holder of Allowed General Unsecured Claims that does not make a GUC Settlement Opt-In Election will receive no recovery or distribution on account of such claims, as set forth in Article III.B.4 of the Plan.

Potential Avoidance Actions against a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet will (i) be purchased by the Purchaser as part of the Sale Transaction, subject to the occurrence of the GUC Settlement Election Opt-In Deadline, (ii) be held by the Wind Down Administrator pending the occurrence of the GUC Settlement

Election Opt-In Deadline, (iii) to the extent any such Holder does not make a GUC Settlement Opt-In Election, will be conveyed to the Purchaser on the next Business Day following the GUC Settlement Opt-In Election Deadline, and (iv) will not be pursued by the Purchaser. **For the avoidance of doubt, if a Holder of General Unsecured Claims that is listed on Schedule 1 makes a GUC Settlement Opt-In Election, any potential Avoidance Actions against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets, and such potential Avoidance Actions may be pursued against such Holder.**

7. Distribution of GUC Trust Assets

The GUC Trust Assets, including any proceeds received by the GUC Trust on account of the prosecution or settlement of any commercial tort claims or Avoidance Actions that are GUC Trust Assets, net of any GUC Trust expenses (including professional fees) not covered by the GUC Trust Expense Reserve, shall be distributed at least annually as follows:

(i) Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries other than the Prepetition Secured Parties and/or DIP Secured Parties shall receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and

(ii) thereafter, all Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries (including the Prepetition Secured Parties' Deficiency Claims) shall receive their Pro Rata share of 100% of the GUC Trust Assets.

8. MidOcean Waiver of Claims and Cash Contribution

On the Effective Date, MidOcean will (i) contribute $100,000 in Cash to the GUC Trust (the "***Sponsor Cash Contribution***") and (ii) waive any General Unsecured Claims it may have against the Debtors, including any claims under the subordinated note and services agreement (the "***Sponsor Claims Waiver***"); *provided*, *however*, that nothing in the foregoing shall result in any of the Debtors' directors that are MidOcean designees waiving or releasing any rights to assert indemnification claims against the Debtors or any of its insurance carriers or any rights as beneficiaries of any insurance policies.

MidOcean is a Released Party under the Plan and has provided valuable consideration to the Estates in the form of the Sponsor Cash Contribution and the Sponsor Claims Waiver. Accordingly, notwithstanding anything set forth in the Plan, neither the GUC Trust nor the Debtors (nor any entity on behalf of the Debtors' Estates, including the Wind Down Estate) shall bring or be entitled to bring any claims or Causes of Action against (i) the Debtors' current and former directors and officers appointed and/or designated by MidOcean or (ii) MidOcean or any of its current and former Affiliates or it or its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such, and all such claims shall be deemed and hereby are waived and released, and each of the foregoing Persons shall be a "Released Party" for purposes of the Plan.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Assumption and Rejection of Executory Contracts and Unexpired Leases*

On the Effective Date, except as otherwise provided herein or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the Plan shall serve as a motion under sections 365 and 1123(b)(2) of the Bankruptcy Code to assume, assume and assign, or reject Executory Contracts and Unexpired Leases, and all Executory Contracts or Unexpired Leases shall be rejected as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

Entry of the Confirmation Order and/or Sale Approval Order, as applicable, shall constitute the Bankruptcy Court's order approving the assumptions, assumptions and assignments, or rejections, as applicable, of Executory Contracts or Unexpired Leases as set forth in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease comprising a Transferred Contract shall re-vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to, with the consent of the Purchaser, alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases at any time prior to the Effective Date on no less than two business days' notice to the applicable non-Debtor counterparties.

Unless otherwise indicated, assumptions, assumptions and assignments, or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Any motions to reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date.

B. *Claims Based on Rejection of Executory Contracts or Unexpired Leases*

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court in accordance with the Bar Date Order. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Wind Down Estate, the Estates, or their property (as applicable), without the need for any objection by the Wind Down Estate or Wind Down Administrator (as**

applicable), or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied and released, notwithstanding anything in the Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B of the Plan.

C. *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases*

Any monetary defaults under an Executory Contract or Unexpired Lease, as reflected on the applicable Cure Notice, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the proposed cure amount (if any) in Cash by the Debtors, the Wind Down Estate, or for the Transferred Contracts, by the Purchaser, as applicable, on the Effective Date or as soon as reasonably practicable thereafter, subject to the limitations described below or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

1. Cure of Defaults for Transferred Contracts Under the Purchase Agreement

Consistent with the Purchase Agreement and subject to the terms and conditions therein, within three business days after the Petition Date the Debtors shall deliver a Cure Notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment and proposed cure of the Transferred Contracts to the applicable counterparty (each a "***Contract Counterparty***"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Purchaser as a Transferred Contract in connection with the Sale Transactions; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any. Such Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be Filed with the Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (Central Time) on the date that is 21 days after the date the Debtors delivered the Cure Notice (the "***Cure Notice Objection Deadline***"); (iv) be served, so such objection is actually received on or before the Cure Notice Objection Deadline on counsel to the Debtors, counsel to the DIP Secured Parties, counsel to the Purchaser, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Confirmation Hearing or such other date determined by the U.S. Bankruptcy Court.

2. Cure of Defaults for Other Assumed Executory Contracts and Unexpired Leases

For all other Executory Contracts or Unexpired Leases not deemed "Transferred Contracts," at least 14 days before the Confirmation Hearing, the Debtors shall distribute, or cause to be distributed, Cure Notices of proposed assumption and proposed cure amounts to the applicable third parties. Unless otherwise agreed upon in writing by the parties to the applicable Executory Contract or Unexpired Lease, any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount paid or proposed to be paid by the Debtors or the Wind Down Estate to such counterparty must be filed with the Bankruptcy Court and served on and actually received by the Debtors at least 7 days before the Confirmation Hearing. **Any counterparty that fails to timely object to the proposed assumption or proposed cure amount shall be deemed to have assented to such assumption and cure amount, and any such objection shall be Disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable against the Debtors or the Wind Down Estate, without the need for any objection by the Wind Down Estate or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court.**

Any Cure Claim shall be deemed fully satisfied, released, and discharged upon payment by the Debtors or the Wind Down Estate of the amount set forth in the applicable Cure Notice or, if the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is determined by a Final Order to be greater than the applicable amount set forth in the Cure Notice, the amount of such Allowed Cure Claim; *provided*, *however*, that following entry of a Final Order resolving any such dispute, the applicable Debtor shall, with the consent of the Purchaser, have the right to reject any Executory Contract or Unexpired Lease within thirty (30) days of such resolution; *provided further, however*, that nothing herein shall prevent the Wind Down Estate from paying any Cure Claim despite the failure of the relevant counterparty to file such request for payment of such Cure Claim. The Wind Down Estate also may settle any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

If there is any dispute regarding any Cure Claim, the ability of the Wind Down Estate or any assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of the Cure Claim shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors or the Wind Down Estate, as applicable, and the counterparty to the Executory Contract or Unexpired Lease, in each case with the consent of the Purchaser. Notwithstanding the foregoing, to the extent the dispute relates solely to any Cure Claims, the applicable Debtor may, with the consent of the Purchaser, assume the Executory Contract or Unexpired Lease prior to the resolution of any such dispute; *provided*, *however*, that the Debtor reserves Cash in an amount sufficient to pay the full amount reasonably asserted as the required Cure Claim by the contract counterparty; *provided further*, *however*, that following entry of a Final Order resolving any such dispute, the applicable Debtor shall, with the consent of the Purchaser, have the right to reject any Executory Contract or Unexpired Lease within 30 days of such resolution.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or

ownership interest composition or other bankruptcy or insolvency-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the date that the Debtors assume such Executory Contract or Unexpired Lease. Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed, including pursuant to the Confirmation Order, shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

D. *Modifications*, *Amendments*, *Supplements*, *Restatements*, *or Other Agreements*

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed or assumed and assigned shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and Executory Contracts and Unexpired Leases related thereto, if any, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

E. *Reservation of Rights*

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases, nor anything contained in the Plan or the Sale Transaction Documents, shall constitute an admission by the Debtors, the Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Debtor, Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, or, after the Effective Date, the Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

F. *Nonoccurrence of Effective Date*

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

G. *Indemnification Obligations*

All Indemnification Obligations shall not be discharged or impaired by Confirmation of the Plan or entry of the Confirmation Order and shall be assumed by the Wind Down Estate and remain intact, irrevocable, and shall survive the entry of the Confirmation Order and Effective Date of the Plan on terms no less favorable to such current and former directors, officers, managers,

equity holders, employees, attorneys, accountants, investment bankers, and other professionals of any of the Debtors and such current and former directors', officers', and managers' respective Affiliates than the Indemnification Obligations in place prior to the Petition Date, and to the extent any such Indemnification Obligations are obligations of a non-Debtor Affiliate of any of the Debtors, such Indemnification Obligations shall be assigned on the Effective Date to the Wind Down Estate.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. *Timing and Calculation of Amounts to Be Distributed*

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim, including any portion of a Claim that is an Allowed Claim notwithstanding that other portions of such Claim are a Disputed Claim, shall receive the full amount of the distributions that the Plan provides for Allowed Claims in each applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. *Disbursing Agent.*

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Wind Down Estate or the GUC Trust (as applicable).

a. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

b. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable and documented fees and expenses incurred by the Disbursing Agent on or after the Effective Date,

and any reasonable and documented compensation and expense reimbursement claims (including reasonable and documented attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Purchaser, the Wind Down Estate, or the Wind Down Administrator (as applicable).

c. No Liability

Except on account of gross negligence, fraud, or willful misconduct, the Disbursing Agent shall have no (a) liability to any party for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or (b) obligation or liability to any party who does not hold a Claim against the Debtors as of the Distribution Record Date or any other date on which a distribution is made or who does not otherwise comply with the terms of the Plan.

C. *Delivery of Distributions and Undeliverable or Unclaimed Property*

1. Delivery of Distributions

a. Distribution Record Date

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims and Interests maintained by the Debtors, or their respective agents, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Claims and Interests. The Disbursing Agent shall have no obligation to recognize any transfer of the Claims or Interests occurring on or after the Distribution Record Date.

b. Delivery of Distributions in General

Except as otherwise provided herein, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Interests as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Debtors, the Purchaser, the Wind Down Administrator, or the GUC Trustee (as applicable).

c. Delivery of Distributions on Secured Party Claims.

The Prepetition Credit Agreement Agent shall be deemed to be the Holder of all Secured Party Claims for purposes of distributions to be made hereunder, and all distributions on account of such Allowed Claims shall be made to the Prepetition Credit Agreement Agent. As soon as practicable following compliance with the requirements set forth in Article VI of the Plan, the Prepetition Credit Agreement Agent shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of Allowed Secured Party Claims in accordance with the terms of the Prepetition Credit Agreement Documents, subject to any modifications to such distributions in accordance with the terms of the Plan.

d. Delivery of Distributions on DIP Claims

The DIP Agent shall be deemed to be the Holder of all DIP Claims for purposes of distributions to be made hereunder, and all distributions on account of such DIP Claims shall be made to the DIP Agent. As soon as practicable following compliance with the requirements set forth in Article VI of the Plan, the DIP Agent shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of DIP Claims in accordance with the terms of the DIP Facility Documents, subject to any modifications to such distributions in accordance with the terms of the Plan.

e. Minimum Distributions

No Distribution shall be made by the Disbursing Agent on account of an Allowed Claim if the amount to be distributed to the Holder of such Claim on the applicable Distribution Date has an economic value of less than $250.

2. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtors or the Wind Down Estate, as applicable, shall have determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided that* such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall be redistributed Pro Rata (it being understood that, for purposes of this Article VI.C, "Pro Rata" shall be determined as if the Claim underlying such unclaimed distribution had been Disallowed) without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

D. *Compliance with Tax Requirements*

In connection with the Plan, to the extent applicable, the Debtors, Wind Down Administrator, GUC Trustee, Disbursing Agent, and any applicable withholding agent shall comply with all applicable tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, such parties shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions until receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. For these purposes, all distributions made on behalf of the Debtors pursuant to the Plan shall if applicable be first in satisfaction of the portion of Claims that are not subject to any withholding tax obligation. All Persons holding Claims against any Debtor shall be required to provide any additional information reasonably necessary for the Debtors, Wind Down Administrator, GUC Trustee, Disbursing Agent, and any applicable withholding agent to comply with all tax

withholding and reporting requirements imposed on them by any Governmental Unit, including an IRS Form W-8 or W-9, as applicable, and any other applicable tax forms. The Debtors, Wind Down Estate, Wind Down Administrator, GUC Trustee, and Disbursing Agent (as applicable) reserve the right to allocate all distributions made under the Plan in a manner that complies with all other legal requirements, such as applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances. Any amounts withheld pursuant to the Plan shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim or Allowed Interest shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution.

E. *Foreign Currency Exchange Rate*

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Effective Date.

F. *Surrender of Cancelled Instruments or Securities*

As a condition precedent to receiving any distribution on account of its Allowed Claim, each Holder of a Claim shall be deemed to have surrendered the certificates or other documentation underlying each such Claim, and all such surrendered certificates and other documentation shall be deemed to be cancelled pursuant to Article IV of the Plan, except to the extent otherwise provided in the Plan.

G. *Allocations*

The aggregate consideration to be distributed to each Holder of an Allowed Claim will be allocated first to the principal amount of such Allowed Claim, with any excess allocated to unpaid interest that accrued on such Allowed Claims, if any.

H. *No Postpetition Interest on Claims*

Unless otherwise specifically provided for in an order of the Bankruptcy Court, the Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Interests and no Holder of a Claim or Interest shall be entitled to interest accruing on or after the Petition Date on any such Claim.

I. *Setoffs and Recoupment*

The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), may, but shall not be required to, set off against, or recoup from, any Allowed Claim (other than an Allowed General Unsecured Claim) against a Debtor of any nature whatsoever that the applicable Debtor, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable) may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim against a Debtor hereunder shall constitute a

waiver or release by the applicable Debtor, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable) of any such Claim it may have against the Holder of such Allowed Claim.

J. *Claims Paid or Payable by Third Parties*

1. Claims Paid by Third Parties

The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), shall reduce in full an Allowed Claim (including any applicable Cure Claim of a Transferred Contract paid by the Purchaser), and such Claim shall be Disallowed without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor, Wind Down Estate, the Wind Down Administrator, GUC Trust, or the GUC Trustee (as applicable); *provided that* the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) shall provide 21 days' notice to the Holder prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Bankruptcy Court. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and thereafter receives payment from a party that is not a Debtor, Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the Petition Date. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Insurers

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim, then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without an objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court; *provided that* the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), shall provide 21 days' notice to the Holder of such Claim prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Bankruptcy Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. *Allowance of Claims*

On or after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) shall have and retain any and all rights and defenses that the Debtors had with respect to any Claim immediately prior to the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim. All settlements of Claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Rule 9019, or otherwise shall be binding on all parties.

B. *Claims and Interests Administration Responsibilities*

Except as otherwise specifically provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), by order of the Bankruptcy Court, shall together have the sole authority to: (1) File, withdraw, or litigate to judgment objections to Claims or Interests; (2) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. In any action or proceeding to determine the existence, validity, or amount of any General Unsecured Claim, any and all claims or defenses that could have been asserted by the applicable Debtor(s) or the Entity holding such General Unsecured Claim are preserved as if the Chapter 11 Cases had not been commenced.

C. *Adjustment to Claims or Interests Without Objection*

Any duplicate Claim or Interest or any Claim or Interest that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register without the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) having to File an application, motion, complaint, objection, or any

other legal proceeding seeking to object to such Claim or Interest and without any further notice to or action, order, or approval of the Bankruptcy Court.

D. *Time to File Objections to Claims*

Any objections to Claims, which, prior to the Effective Date, may be Filed by any party, shall be Filed on or before the Claims Objection Deadline.

E. *Disallowance of Claims*

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action (other than Causes of Action that constitute a Transferred Asset under the Purchase Agreement) against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors, the Wind Down Estate or the Wind Down Administrator (as applicable).

ANY CLAIM THAT HAS BEEN LISTED IN THE SCHEDULES AS DISPUTED, CONTINGENT, OR UNLIQUIDATED, AND FOR WHICH NO PROOF OF CLAIM HAS BEEN TIMELY FILED, SHALL BE DEEMED DISALLOWED AND SHALL BE EXPUNGED WITHOUT FURTHER ACTION AND WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT.

EXCEPT AS PROVIDED HEREIN, IN AN ORDER OF THE BANKRUPTCY COURT, OR OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS AT OR PRIOR TO THE CONFIRMATION HEARING SUCH LATE CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

F. *Amendments to Claims*

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further action, order, or approval of the Bankruptcy Court.

G. *No Distributions Pending Allowance*

Notwithstanding any other provision of this Plan to the contrary, no payment or distribution of any kind or nature provided under the Plan shall be made to the extent that all or any portion of any Claim is a Disputed Claim, including if an objection to a Claim or portion thereof is Filed as

set forth in Article VII, unless and until such Disputed Claim becomes an Allowed Claim; *provided that* any portion of a Claim that is an Allowed Claim shall receive the payment or distribution provided under the Plan thereon notwithstanding that any other portion of such Claim is a Disputed Claim.

H. *Single Satisfaction of Claims*

Holders of Allowed Claims may assert such Claims against each Debtor obligated with respect to such Claim, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against each obligated Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of any Allowed Claim exceed 100% of such Allowed Claim.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. *Compromise and Settlement of Claims*, *Interests*, *and Controversies*

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions, releases, and other benefits provided pursuant to the Plan, which distributions, releases, and other benefits shall be irrevocable and not subject to challenge upon the Effective Date, the provisions of the Plan, and the distributions, releases, and other benefits provided hereunder, shall constitute a good-faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan.

The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that all such compromises and settlements are in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

In accordance with Bankruptcy Rule 9019, the Plan constitutes the good-faith compromise and settlement among the Global Settlement Parties regarding the matters set forth in the Global Settlement Term Sheet, and reflects and implements such compromise and settlement, including by the establishment and funding of the GUC Trust. Such compromise and settlement is made in exchange for consideration and is in the best interests of the Global Settlement Parties and the Holders of General Unsecured Claims, is within the reasonable range of possible litigation outcomes, is fair, equitable, and reasonable, and is an essential element of the resolution of these Chapter 11 Cases.

B. *Discharge of Claims and Termination of Interests*

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Sale Order, the Plan and/or the Plan Supplement, the distributions, rights, and treatment that are provided in the Sale Order or the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Wind Down Estate or the Wind Down Administrator, as applicable), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, regardless of whether any property, including, without limitation, the Transferred Assets, shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default or "event of default" by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately before or on account of the Filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

C. *Term of Injunctions or Stays*

Unless otherwise provided herein, the Confirmation Order, the Confirmation Recognition Order or in a Final Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 362 of the Bankruptcy Code or otherwise, or ordered by the CCAA Court in the CCAA Recognition Proceeding, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date set forth in the order providing for such injunction or stay.

D. *Release of Liens*

Except as otherwise specifically provided in the Sale Order (solely with respect to any Permitted Encumbrances and Assumed Liabilities), the Plan, and/or the Plan Supplement, on the Effective Date and concurrently with the applicable distributions or other treatment made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates, including, without limitation, the Transferred Assets, shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Wind Down Estate or the GUC Trust and its successors and assigns, in each case, without any further approval or order of the Bankruptcy Court or the CCAA Court and without any action or Filing being required to be made by the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable).

E. *Releases by the Debtors*

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is hereby released and discharged by the Debtors, their Estates, and the Wind Down Estate (as applicable) from any and all Claims, Causes of Action, Avoidance Actions, obligations, suits, judgments, damages, demands, losses, liabilities, and remedies whatsoever (including any derivative claims, asserted or assertable on behalf of the Debtors, their Estates, or the Wind Down Estate), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, accrued or unaccrued, existing or hereinafter arising, in law, equity, contract, tort, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their Estates, the Wind Down Estate, the Debtors' in- or out-of-court restructuring efforts, the Debtors' intercompany transactions, the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, the DIP Facility Documents (and any payments or transfers in connection therewith), the Sale Transaction, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the formulation, preparation, dissemination, negotiation, or Filing of the Restructuring Support Agreement, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, or any Restructuring, contract, instrument, document, release, or other agreement or document (including any legal opinion regarding any such transaction, contract, instrument, document, release, or other agreement or the reliance by any Released Party on the Sale Order, the Plan, the Confirmation Order, or Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, the Plan, the Plan Supplement, the DIP Facility, the DIP Facility Documents, the Sale Transaction, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, the pursuit of Confirmation, the pursuit of Consummation, the solicitation of votes with respect to the Plan, the administration and implementation of the Plan and the Sales Process, including the issuance or distribution of any property pursuant to the Plan and the Sales Process, the Definitive Documentation, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth in this Article VIII.E do not release any post-Effective Date obligations of any party or Entity under the Plan, including any such obligations created in connection with the Restructuring or the assumption of the Indemnification Obligations as set forth in the Plan; (ii) nothing in this Article VIII.E shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action arising from any obligations of any party under the Purchase Agreement; (iii) nothing in this Article VIII.E shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action that are found, pursuant to a Final Order, to be the result of such Released Party's gross negligence, fraud or willful misconduct; (iv) nothing in this

Article VIII.E shall, nor shall it be deemed to, release any Causes of Action specifically enumerated in the List of Retained Causes of Action.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases by the Debtors set forth in this Article VIII.E, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtors and their Estates; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or their Estates asserting any Claim or Cause of Action released pursuant to such releases.

F. *Releases by Releasing Parties*

As of the Effective Date, each Releasing Party hereby releases and discharges each Debtor, Estate, Wind Down Estate, and Released Party from any and all Claims, Causes of Action, Avoidance Actions, obligations, suits, judgments, damages, demands, losses, liabilities, and remedies whatsoever (including any derivative claims, asserted or assertable on behalf of the Debtors, the Wind Down Estate, or their Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, accrued or unaccrued, existing or hereinafter arising, in law, equity, contract, tort, or otherwise, that such Releasing Party or its estate, heirs, executors, administrators, successors, or assigns would have been legally entitled to assert in his, her, or its own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their Estates, the Wind Down Estate, the Debtors' in- or out-of-court restructuring efforts, the Debtors' intercompany transactions, the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, the DIP Facility Documents (and any payments or transfers in connection therewith), the Sale Transaction, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Releasing Party, the formulation, preparation, dissemination, negotiation, or Filing of the Restructuring Support Agreement, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, or any Restructuring, contract, instrument, document, release, or other agreement or document (including any legal opinion regarding any such transaction, contract, instrument, document, release, or other agreement or the reliance by any Releasing Party on the Sale Order, the Plan, the Confirmation Order, or the Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, the Plan, the Plan Supplement, the DIP Facility, the DIP Facility Documents, the related agreements, instruments, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, the pursuit of

Confirmation, the pursuit of Consummation, the solicitation of votes with respect to the Plan, the administration and implementation of the Plan and the Sales Process, including the issuance or distribution of any property pursuant to the Plan and the Sales Process, the Definitive Documentation, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing; *provided*, *however*, that except as expressly provided under the Plan, the foregoing releases shall not release obligations of the Debtors on account of any Allowed Claims that are treated under the Plan. Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth in this Article VIII.F do not release any post-Effective Date obligations of any party or Entity under the Plan, including any such obligations created in connection with the Restructuring or the Global Settlement or the assumption of the Indemnification Obligations as set forth in the Plan; (ii) nothing in this Article VIII.F shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action arising from any obligations of any party under the Purchase Agreement; (iii) nothing in this Article VIII.F shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action that are found, pursuant to a Final Order, to be the result of such Released Party's gross negligence, fraud, or willful misconduct; and (iv) nothing herein shall, nor shall it be deemed to, release any of the non-Debtor Affiliates of the Released Parties party to the Prepetition Credit Agreement Documents from the Wind Down Claims. For the avoidance of doubt, nothing in this Article VIII.F shall, nor shall it be deemed to, release any Causes of Action specifically enumerated in the List of Retained Causes of Action.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases by Holders of Claims and Interests set forth in this Article VIII.F, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtors and their Estates; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; (6) an essential component of the Plan and the Restructuring; and (7) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to such releases.

G. *Exculpation*

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby exculpated from, any Claim, Cause of Action, obligation, suit, judgment, damage, demand, loss, or liability for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, Filing, or termination of the Restructuring Support Agreement and related prepetition transactions, the Disclosure Statement, the Plan, the Sale Process, the Sale Transaction, the related agreements, instruments, and other documents (including the Definitive Documentation), the solicitation of votes with respect to the Plan, or the Restructuring, or any related contract, instrument, release or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement

contemplated by the Plan or the reliance by any Person on the Plan or the Confirmation Order or Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Debtors' in or out-of-court restructuring efforts, the Sale Process, the Disclosure Statement, the Plan, the Restructuring Support Agreement, the related agreements, instruments, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, solicitation of votes with respect to the Plan, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan and the Sales Process, including the issuance of or distribution of any property pursuant to the Plan and the Sales Process, the related agreements, instruments, and other documents (including the Definitive Documentation), or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related to the foregoing, except for claims related to any act or omission that is determined in a Final Order to have constituted fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Confirmation Order shall provide that the Exculpated Parties (to the extent applicable) have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. For the avoidance of doubt, nothing in this Article VIII.G shall, nor shall it be deemed to, exculpate any Exculpated Party from any Causes of Action (i) arising from any obligations of any party under the Purchase Agreement; or (ii) specifically enumerated in the List of Retained Causes of Action.

H. *Injunction*

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, or Causes of Action that have been released pursuant to Article VIII.E or Article VIII.F, discharged pursuant to Article VIII.B, or are subject to exculpation pursuant to Article VIII.G, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Wind Down Estate, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; (c) creating, perfecting, or enforcing any Lien or encumbrance of any kind against such Entities or the property, including, without limitation, the Transferred Assets, or the estates of such Entities on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; or (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of

or in connection with or with respect to any such Claims, Interests, or Causes of Action. Notwithstanding anything to the contrary in the foregoing, this injunction does not enjoin any party under the Plan or under any document, instrument, or agreement (including the Disclosure Statement or set forth in the Plan Supplement, to the extent finalized) executed to implement the Plan from bringing an action in the Bankruptcy Court to enforce the terms of the Plan or such document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement, to the extent finalized) executed to implement the Plan. Subject in all respects to Article XI, no entity or person may commence or pursue a Claim or Cause of Action of any kind against any Released Party or Exculpated Party that arose or arises from, in whole or in part, the Chapter 11 Cases, the CCAA Recognition Proceedings, the Debtors, the Wind Down Estate, the Plan, the Plan Supplement, the Disclosure Statement, the Restructuring Support Agreement, the Sale Process, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Cases, the CCAA Recognition Proceedings, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim or Cause of Action of any kind, including negligence, bad faith, criminal misconduct, willful misconduct, fraud, or gross negligence against a Released Party or Exculpated Party and (ii) specifically authorizing such entity or person to bring such Claim or Cause of Action against any such Released Party or Exculpated Party. The Bankruptcy Court shall have sole and exclusive jurisdiction to determine whether a Claim or Cause of Action is colorable and, only to the extent legally permissible and as provided for in Article XI, shall have jurisdiction to adjudicate the underlying colorable Claim or Cause of Action.

I. *Protection Against Discriminatory Treatment*

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Wind Down Estate or the Wind Down Administrator (as applicable) or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Wind Down Estate or the Wind Down Administrator (as applicable), or another Entity with whom the Wind Down Estate or the Wind Down Administrator (as applicable) have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

J. *Recoupment*

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, or Cause of Action of the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on

or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

K. *Subordination Rights*

Any distributions under the Plan shall be received and retained free from any obligations to hold or transfer the same to any other Holder and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

L. *Reimbursement or Contribution*

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

M. *Document Retention.*

On and after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Wind Down Estate or the Wind Down Administrator (as applicable).

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. *Conditions Precedent to Confirmation*

It shall be a condition to Confirmation of the Plan that the following conditions, as determined by the Debtors with the consent of the DIP Agent, the Prepetition Secured Parties, and the Purchaser shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Restructuring Support Agreement shall not have been breached or terminated and shall be in full force and effect;

2. the Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code;

3. a Final DIP Approval Order shall have been entered by the Bankruptcy Court and the Final DIP Recognition Order shall have been entered by the CCAA Court, and each shall not have been breached or terminated, shall be in full force and effect, and no stay thereof shall be in effect;

4. the Purchase Agreement shall have been executed by the parties thereto, shall not have been breached or terminated and shall be in full force and effect;

5. all provisions, terms, and conditions hereof shall have been approved in the Confirmation Order;

6. the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount shall have been funded by cash on hand of the Debtors and the proceeds of the DIP Facility into a reserve account and shall be added to the outstanding obligations under the DIP Facility (less cash on hand);

7. the Special Committee's investigation shall have concluded; and

8. a motion (including any exhibits, schedules, amendments, modifications or supplements thereto) shall have been filed in the CCAA Recognition Proceedings seeking the issuance of the Sale Recognition Order pursuant the Purchase Agreement and consistent with the terms of the Restructuring Support Agreement and the Restructuring Support Agreement Documentation.

B. *Conditions Precedent to the Effective Date*

It shall be a condition to the occurrence of the Effective Date that the following conditions, as determined by the Debtors with the consent of the DIP Agent, the Prepetition Secured Parties, and the Purchaser shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Restructuring Support Agreement shall not have been breached or terminated and shall be in full force and effect;

2. the Confirmation Order and Confirmation Recognition Order shall have been entered and neither the Confirmation Order nor the Confirmation Recognition Order shall have been stayed, modified, or vacated on appeal;

3. the Sale Order shall have been entered (whether or not included as a part of the Confirmation Order and Confirmation Recognition Order, as applicable), and shall not have been stayed, modified, or vacated on appeal;

4. the Sale Transaction (including with respect to the sale of the Canadian Transferred Assets to Purchaser pursuant to the CCAA Recognition Proceedings) shall have been consummated in accordance with the terms of the Purchase Agreement;

5. a Final DIP Approval Order shall have been entered by the Bankruptcy Court and Final DIP Recognition Order shall have been entered by the CCAA Court, and each shall not have been breached or terminated, shall be in full force and effect, and no stay thereof shall be in effect;

6. the Professional Fee Escrow Account shall be funded using cash on hand of the Debtors, proceeds of the DIP Facility, or proceeds of the Sale Transaction, as applicable, in an amount equal to the Professional Fee Reserve Amount;

7. all required governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in the Plan shall have been obtained, shall not be subject to unfulfilled conditions, and shall be in full force and effect, and all applicable waiting periods shall have expired without any action having been taken by any competent authority that would restrain or prevent such transactions;

8. all documents and agreements necessary to implement the Plan and the Restructuring shall have been (a) tendered for delivery and (b) effected or executed by all Entities party thereto, and all conditions precedent to the effectiveness of such documents and agreements (other than any conditions related to the occurrence of the Effective Date) shall have been satisfied or waived pursuant to the terms of such documents or agreements;

9. the Bankruptcy Court shall have approved the Plan's releases and such approval shall have been recognized and given effect in Canada by the CCAA Court;

10. all Restructuring Expenses shall have been paid in Cash in full;

11. the GUC Trust shall have been created and funded in accordance with the Plan;

12. the Post-Sale Reserve shall have been funded using cash on hand of the Debtors, proceeds of the DIP Facility, or the Sale Transaction proceeds, as applicable; and

13. the Foreign Sale Reserve shall have been funded using Sale Transaction proceeds and distributed to the Netherlands Subsidiaries.

C. *Waiver of Conditions*

The conditions precedent to Confirmation of the Plan and to the Effective Date of the Plan set forth in Article IX.A and Article IX.B may be amended, modified, supplemented, or waived in writing by mutual agreement of the Debtors, the DIP Secured Parties, the Prepetition Secured Parties, and the Purchaser without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. *Modification and Amendments*

Subject to the limitations contained herein, in the Global Settlement, and in the Restructuring Support Agreement, the Debtors reserve the right to alter, amend, or modify the

Plan, subject to the consent of the Prepetition Secured Parties, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the restrictions on modifications set forth in the Plan and the Restructuring Support Agreement, the Debtors expressly reserve their rights to alter, amend, or modify the Plan, one or more times, after Confirmation, and, to the extent necessary, initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary to carry out the purposes and intent of the Plan.

B. *Effect of Confirmation on Modifications*

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and shall constitute a finding that such modifications or amendments to the Plan do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. *Revocation or Withdrawal of the Plan*

Subject to the conditions and limitations set forth in the Restructuring Support Agreement, the Debtors reserve the right to revoke or withdraw the Plan with respect to any or all Debtors prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation and Consummation do not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (3) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Debtors or any other Entity, including the Holders of Claims; (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity; or (iv) be used by the Debtors or any other Entity as evidence (or in any other way) in any litigation, including with regard to the strengths or weaknesses of any of the parties' positions, arguments, or claims; *provided that*, the foregoing reservation of rights shall not in any way amend, nullify, or void any action, act, or right ratified upon the Bankruptcy Court's entry of the Sale Approval Order.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, Secured, Unsecured, or subordinated status, or amount of any Claim or Interest, including the

resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections relating to any of the foregoing;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cures pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims or Interests are accomplished pursuant to the provisions of the Plan;

5. consider any modifications of the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code, the Confirmation Order, the Sale Approval Order or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, the Confirmation Order, or the Sale Approval Order in each case, to remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, the Sale Approval Order, or any contract, instrument, release, or other agreement or document entered into, delivered, or created in connection with the Plan, the Disclosure Statement, the Confirmation Order, or the Sale Approval Order in such manner as may be necessary or appropriate to consummate the Plan;

6. adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

7. adjudicate, decide, or resolve any and all matters related to Causes of Action by or against a Debtor, the GUC Trust, or GUC Trustee;

8. adjudicate, decide, or resolve any and all matters related to sections 1141, 1145, and 1146 of the Bankruptcy Code;

9. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan;

10. enter and enforce any order for the sale of property pursuant to sections 363 or 1123 of the Bankruptcy Code, including for the avoidance of doubt the Sale Approval Order;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. adjudicate, decide, or resolve any dispute and all matters related to the Sale Transaction and Sale Transaction Documents;

13. adjudicate, decide, or resolve any dispute and all matters arising under the GUC Trust Agreement;

14. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

15. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, discharges, releases, injunctions, exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

16. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VII of the Plan;

17. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

18. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Supplement, or the Sale Approval Order;

19. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein, including any Restructuring Transactions;

20. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine matters concerning state, local, and U.S. federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine matters concerning section 1145 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute or matter relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

24. enforce all orders previously entered by the Bankruptcy Court;

25. enter a final decree concluding or closing the Chapter 11 Cases;

26. enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan;

27. hear any other matter not inconsistent with the Bankruptcy Code; and

28. the CCAA Court shall retain jurisdiction over the CCAA Recognition Proceedings and all matters, arising out of, or related to, the CCAA Recognition Proceedings including the orders of the CCAA Court.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. *Immediate Binding Effect*

Subject to Article IX.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan, the final versions of the documents contained in the Plan Supplement, the Confirmation Order, and the Sale Approval Order shall be immediately effective and enforceable and deemed binding upon the Debtors or the Wind Down Estate, as applicable, and any and all Holders of Claims or Interests (regardless of whether the Holders of such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions provided for in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases. All Claims and debts shall be fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. *Additional Documents*

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. *Reservation of Rights*

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order shall have no force or effect unless the Effective Date occurs. Prior to the Effective Date, neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests.

D. *Successors and Assigns*

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor,

administrator, successor or assign, Affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

E. *Service of Documents*

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee as applicable, shall be served on:

Debtors or the Wind Down Estate	**KidKraft Inc.** 4630 Olin Road Dallas, TX 75244 Attn: Geoffrey Walker
Attorneys to the Debtors	**Vinson & Elkins LLP** 2001 Ross Avenue, Suite 3900 Dallas, TX 75201 Attn: William L. Wallander Matthew D. Struble Kiran Vakamudi and **Vinson & Elkins LLP** 1114 Avenue of the Americas, 32nd Floor New York, NY 10036 Attn: David S. Meyer Lauren R. Kanzer
Wind Down Administrator	**SierraConstellation Partners, LLC** 3090 Olive St., 3rd Floor Dallas, TX 75219 Attn: Carl Moore
GUC Trustee	**Jiangang Ou, Esq.** 1222 Howard Lane Bellaire, Texas 77401
United States Trustee	**Office of the United States Trustee for the Northern District of Texas** Earle Cabell Federal Building 1100 Commerce Street, Room 976 Attn: Meredyth Kippes
Prepetition Credit Agreement Agent and DIP Agent	**GB Funding, LLC** 101 Huntington Avenue, Suite 1100 Boston, Massachusetts 02199

Attn: David Braun
Kyle Shonak

Counsel to the Prepetition Credit Agreement Agent and DIP Agent	**Katten Muchin Rosenman LLP** 50 Rockefeller Plaza New York, NY 10020 Attn: Cindi M. Giglio Lucy F. Kweskin
Purchaser	**Backyard Products LLC** 317 S. Main Street Ann Arbor, MI 48104 Attn: Thomas van der Meulen
Counsel to Purchaser	**King & Spalding LLP** 1185 6th Avenue New York, NY 10036 Attn: Spencer Stockdale Michael Fishel Jeff Dutson
MidOcean	**MidOcean Partners** 245 Park Avenue 38th Floor New York, NY 10167 Attn: Daniel Penn
Counsel to MidOcean	**Gibson Dunn & Crutcher LLP** 200 Park Avenue New York, NY 10166 Attn: Andrew Herman

F. *Term of Injunctions or Stays*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court or the CCAA Court, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan, the Confirmation Order, the Confirmation Recognition Order or the Sale Order shall remain in full force and effect in accordance with their terms.

G. *Entire Agreement*

Except as otherwise indicated, and without limiting the effectiveness of the Global Settlement and the Restructuring Support Agreement and any related agreements thereto, on the Effective Date, the Plan, the Plan Supplement, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

H. *Exhibits*

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://www.stretto.com/kidkraft or the Bankruptcy Court's website at https://www.txnb.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

I. *Nonseverability of Plan Provisions*

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such terms or provision shall then be applicable as altered or interpreted, *provided that* any such alteration or interpretation shall be acceptable to the Debtors, the DIP Agent, the Prepetition Secured Parties, and the Purchaser. Notwithstanding any such alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors', the Prepetition Secured Parties', and the Purchaser's consent; and (3) nonseverable and mutually dependent.

J. *Votes Solicited in Good Faith*

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities (if any) offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals nor the Wind Down Estate or Wind Down Administrator (as applicable) will have any liability for the violation

of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities (if any) offered and sold under the Plan and any previous plan.

K. *Request for Expedited Determination of Taxes*

The Debtors, the Wind Down Estate, the Wind Down Administrator, or the GUC Trustee, as the case may be, shall have the right to request an expedited determination under section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date through the Effective Date.

L. *Closing of Chapter 11 Cases*

The Wind Down Estate or the Wind Down Administrator (as applicable) shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to issue a final decree closing the Chapter 11 Cases and file materials with the CCAA Court to terminate the CCAA Recognition Proceedings.

M. *No Stay of Confirmation Order*

The Confirmation Order and Confirmation Recognition Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Bankruptcy Rules 3020(e) and 7062.

N. *Waiver or Estoppel*

Each Holder of a Claim or Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement or the Debtors,' Wind Down Estate's, or the Wind Down Administrator's (as applicable) right to enter into settlements was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court or the Noticing and Claims Agent prior to the Confirmation Date.

O. *Dissolution of Statutory Committees*

On the Effective Date, any statutory committee formed in connection with the Chapter 11 Cases shall dissolve automatically and all members thereof (solely in their capacities as such) shall be released and discharged from all rights, duties, and responsibilities arising from, or related to, the Chapter 11 Cases.

* * * *

Respectfully submitted, as of the date first set forth below,

Dated: June 20, 2024
Dallas, Texas

KIDKRAFT, INC.
on behalf of itself and all other Debtors

/s/ Geoffrey Walker
Geoffrey Walker
President & Chief Executive Officer

Exhibit B

Sale Approval Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 28, 29, 54, 220**

ORDER (I) AUTHORIZING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §§ 105 AND 363, (II) APPROVING THE PURCHASE AGREEMENT, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the *Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as it may be amended, altered, modified, or supplemented, and including all exhibits and supplements thereto, the "***Plan***")[2] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), which contemplates entry of an order (this "***Sale Order***"): (a) authorizing and approving the applicable Debtors' proposed sale of all of their respective right, title, and interest in, to, and under the Transferred Assets to Backyard Products, LLC, a Delaware limited liability company ("***Backyard***") or, as applicable, any Designated Buyer designated in accordance with the Purchase Agreement (Backyard or such Designated Buyer, as applicable, the "***Buyer***") free and clear of all Liens, Claims, Interests (each as defined herein), and Encumbrances (as defined in the Purchase Agreement) (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), in accordance with the terms and conditions contained in that certain Asset Purchase Agreement, dated as of April 25, 2024, by and among certain of the Debtors and Backyard, substantially in the form attached hereto as **Exhibit 1** (as may be amended or otherwise modified from time to time and including all related documents, exhibits, schedules, and agreements thereto, collectively, the "***Purchase Agreement***," and the proposed sale contemplated thereunder, the "***Sale***") and the other transactions contemplated thereby; (b) approving the Purchase Agreement and the other Sale Transaction Documents; (c) authorizing the assumption and assignment to the Buyer of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date; and (d) granting related relief; and the Court having reviewed and considered the Plan and all relief related thereto and any objections thereto; and upon the full record in support of the relief requested by the Debtors in the Plan; and the Court having found that the relief requested in the Plan is in the best interests of the Debtors'

[2] Capitalized terms utilized herein but not otherwise defined shall have the meanings ascribed to them in the Plan or the Purchase Agreement (as defined herein), as the context makes applicable.

Estates, their creditors, and all other parties in interest; and the Court having heard the statements in support of the relief requested in the Plan at a hearing before this Court on June 21, 2024 (the "***Combined Hearing***"); and the Court having confirmed the Plan and entered the *Findings of Fact, and Conclusions of Law, and Order Confirming the Debtors' Joint Prepackaged Chapter 11 Plan* substantially contemporaneously herewith (the "***Confirmation Order***"); and the Court having determined that the legal and factual bases set forth in the Plan, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], and the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Transaction and (II) the Bid Protections* [Docket No. 188], and at the Combined Hearing, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:

A. General. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to rule 7052 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), made applicable to these chapter 11 cases pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The matters addressed in this Sale Order constitute a "core" proceeding pursuant to 28 U.S.C. § 157(b).

C. Bases for Relief. The statutory and other legal bases for the relief provided herein are sections 105(a), 363, 365, 503, 507, 1123, 1129, and 1146 of title 11 of the United States Code (the "***Bankruptcy Code***"), Bankruptcy Rules 3020(e) (to the extent applicable), 6004, 6006, 9007, 9008, and 9014, the Plan and the Confirmation Order. The consummation of the Sale and the other transactions contemplated by the Purchase Agreement and this Sale Order is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Local Rules***"), and the *General Order Regarding Procedures for Complex Chapter 11 Cases* (the "***Complex Case Procedures***"), and the Debtors and the Buyer have complied with all of the applicable requirements of such sections and rules in respect of such transactions.

D. Marketing and Sale Process. The sale of the Transferred Assets to the Buyer pursuant to the Purchase Agreement is duly authorized under sections 363(b)(1), 363(f), 1123 and 1129 of the Bankruptcy Code, Bankruptcy Rule 6004(f), Bankruptcy Local Rule 2002-1, and the Confirmation Order. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Combined Hearing and (ii) the representations of counsel made on the record at the Combined Hearing, the Debtors and their professionals, agents, and other representatives engaged in a robust and extensive marketing and sale process for the Transferred Assets and conducted all aspects of the sale process in good faith. The marketing process undertaken by the Debtors and their professionals, agents, and other representatives with respect to the Transferred Assets has

been adequate and appropriate and reasonably calculated to maximize value for the benefit the Debtors' Estates and all stakeholders.

E. Corporate Authority. The Debtors are the sole and lawful owners of the Transferred Assets. The Transferred Assets constitute property of the Debtors' Estates and title thereto is vested in the Debtors' Estates within the meaning of section 541 of the Bankruptcy Code. The Debtors (i) have full corporate power and authority to execute the Purchase Agreement, and the Sale of the Transferred Assets to the Buyer has been duly and validly authorized by all necessary corporate action, (ii) have all of the corporate power and authority necessary to consummate the Sale and all transactions contemplated by the Purchase Agreement and the other Sale Transaction Documents, including this Sale Order, (iii) have taken all corporate action necessary to authorize and approve the Purchase Agreement, and the consummation by the Debtors of the Sale and all other transactions contemplated by this Sale Order, the Purchase Agreement, or the other Sale Transaction Documents, and (iv) require no further consents or approvals, other than those expressly provided for in the Purchase Agreement, to consummate such transactions.

F. Highest and Best Offer; Business Judgment. The Debtors have demonstrated a sufficient basis to enter into the Purchase Agreement, sell the Transferred Assets on the terms outlined therein, and assume and assign the Transferred Contracts to the Buyer under sections 363 and 365 of the Bankruptcy Code and assign any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement. All such actions are appropriate exercises of the Debtors' business judgment and in the best interests of the Debtors, their Estate, their creditors, and other parties in interest. Approval of the Sale on the terms set forth in the Purchase Agreement at this time is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest.

G. The offer of the Buyer, on the terms and conditions set forth in the Purchase Agreement, including the total consideration to be realized by the Debtors thereunder, (i) is the highest and best offer received by the Debtors after extensive marketing, (ii) is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest, and (iii) is fair and reasonable and constitutes reasonably equivalent value, fair and adequate consideration, and fair value for the Transferred Assets under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Voidable Transactions Act, and all other applicable laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing. Taking into consideration all relevant factors and circumstances, no other Person or entity has offered to purchase the Transferred Assets for greater value to the Debtors and their Estates.

H. The Debtors and the Buyer have not entered into the Purchase Agreement, or proposed to consummate the Sale: (i) for the purposes of hindering, delaying, or defrauding the Debtors' present or future creditors, or (ii) fraudulently, for the purpose of statutory or common law fraudulent conveyance and fraudulent transfer claims, whether under the Bankruptcy Code or under the laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing.

I. Good and sufficient reasons for approval of the Purchase Agreement and the Sale have been articulated by the Debtors. The Debtors have demonstrated compelling circumstances for the Sale outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code and in accordance with the Plan, in that, among other things, the immediate consummation of the Sale of the Transferred Assets to the Buyer is necessary and appropriate to preserve and to maximize the value of the Debtors' Estates. To maximize the value to the Estates of the Sale of

the Transferred Assets, it is essential that the consummation of the Sale and the other transactions provided for under the Purchase Agreement occur promptly following confirmation of the Plan.

J. Opportunity to Object. A reasonable opportunity to object or be heard with respect to the Sale (and all transactions contemplated in connection therewith), the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer pursuant to the Purchase Agreement, the Identified Cure Amounts (defined below), the Combined Hearing, and all deadlines related thereto has been afforded to all interested persons and entities, including, without limitation: (i) the United States Trustee for the Northern District of Texas; (ii) counsel to Prepetition Secured Parties and the DIP Secured Parties; (iii) counsel to the official committee of unsecured creditors; (iv) the United States Attorney's Office for the Northern District of Texas; (v) the Internal Revenue Service; (vi) the state attorneys general for states in which the Debtors conduct business; (vii) all known holders of Liens, Claims, Interests, and Encumbrances secured by the Transferred Assets; (viii) each landlord of the Debtors' warehouses and/or other premises; (ix) each governmental agency that is an interested party with respect to the Sale and the other transactions contemplated in the Purchase Agreement; (x) all other applicable government agencies to the extent required by the Bankruptcy Rules or the Bankruptcy Local Rules, and (xi) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

K. Good Faith Buyer; Arm's Length Sales. The Purchase Agreement was negotiated, proposed, and entered into by the applicable Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transactions contemplated in the

Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

L. The Buyer is a good faith Buyer under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. In particular, (i) the Buyer recognizes that the Debtors were free to deal with any other party interested in purchasing the Transferred Assets; (ii) the Buyer did not in any way induce or cause the filing of the Chapter 11 Cases by the Debtors; (iii) the Buyer did not violate section 363(n) of the Bankruptcy Code by any action or inaction; (iv) no common identity of directors, officers, or controlling stakeholders exists between the Buyer and any of the Debtors; and (v) the Buyer did not act in a collusive manner with any person and the Purchase Price was not controlled by any undisclosed agreement among third parties.

M. Free and Clear Transfer Required by the Buyer. The Buyer would not have entered into the Purchase Agreement, and would not have consummated the Sale contemplated thereby, thus adversely affecting the Debtors, their Estates, and their creditors, if each of the Sale (and the other transactions contemplated by the Purchase Agreement) and the assumption and assignment of the Transferred Contracts to the Buyer thereof, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, were not free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) as more fully set forth in Paragraph V.7 of this Sale Order, or if the Buyer would, or in the future could, be liable for any encumbrances, obligations, or liabilities other than the Permitted Encumbrances and Assumed Liabilities. Except as otherwise expressly provided in the Plan, the Confirmation Order, or this

Sale Order, the Buyer shall not have any responsibility whatsoever with respect to the Excluded Liabilities, which shall remain the sole responsibility of the Debtors before, on, and after Closing.

N. As of the Closing, pursuant and subject to the applicable terms of the Purchase Agreement, the Sale will effect a legal, valid, enforceable, and effective transfer of the Transferred Assets under the Purchase Agreement and will vest the Buyer with all of the applicable Debtors' respective rights, title, and interests in such Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), including, without limitation, (i) liens, mortgages, deeds of trust, pledges, charges, security interests, rights of first refusal, options, hypothecations, encumbrances, easements, servitudes, leases or subleases, rights-of-way, encroachments, restrictive covenants, restrictions on transferability or other similar restrictions, rights of offset or recoupment, rights of use or possession, subleases, leases, conditional sale arrangements, or other title retention arrangements, other liens (including mechanic's, materialman's, possessory, and other consensual and non-consensual liens and statutory liens), judgments, charges of any kind or nature, if any, including any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership, or any rights that purport to give any party a right of first refusal, option, or consent with respect to the Debtors' interests in the Transferred Assets or any similar rights; (ii) all claims as defined in Bankruptcy Code section 101(5), including all rights or causes of action (whether in law or in equity), proceedings, warranties, guarantees, indemnities, rights of recovery, setoff, recoupment, indemnity or contribution, obligations, demands, restrictions, indemnification claims or liabilities relating to any act or omission of the Debtors or any other person, consent rights, options, contract rights, covenants, claims for reimbursement, exoneration, products liability, alter-ego,

environmental, or tax, decrees of any court or foreign or domestic governmental entity, indentures, loan agreements, and interests of any kind or nature whatsoever (known or unknown, matured or unmatured, accrued or contingent, and regardless of whether currently exercisable), whether arising prior to or subsequent to the commencement of these Chapter 11 Cases, and whether imposed by agreement, understanding, law, equity or otherwise; (iii) all debts, liabilities, obligations, contractual rights and claims, labor, employment, tort, products liability, and pension claims, and debts arising in any way in connection with any agreements, acts, or failures to act, in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or un-matured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these Chapter 11 Cases and whether imposed by agreement, understanding, law, equity or otherwise; (iv) any rights based on any products, successor or transferee liability, (v) any rights that purport to give any party a right or option to effect any forfeiture, modification, right of first offer or first refusal, or consents, or termination of the Debtors' or the Buyer's interest in the Transferred Assets or any similar rights; (vi) any rights under labor or employment agreements; (vii) any rights under mortgages, deeds of trust, and security interests; (viii) any rights related to intercompany loans and receivables between the Debtors that are party to the Purchase Agreement and any Debtor or non-Debtor subsidiary or affiliate; (ix) any rights under any pension, multiemployer plan (as such term is defined in Section 3(37) or Section 4001(a)(3) of the Employee Retirement Income Security Act of 1974 (as amended, "***ERISA***")), health or welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plans of the Debtors or any multiemployer plan to which the

Debtors have at any time contributed to or had any liability or potential liability; (x) any other employee claims related to worker's compensation, occupational disease or unemployment, or temporary disability, including, without limitation, claims that might otherwise arise under or pursuant to (a) ERISA, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Age Discrimination and Employment Act of 1967 and Age Discrimination in Employment Act, as amended, (g) the Americans with Disabilities Act of 1990, (h) the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including, without limitation, the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Internal Revenue Code and of any similar state law (collectively, "***COBRA***"), (i) state discrimination laws, (j) state unemployment compensation laws or any other similar state laws, (k) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors; (l) the WARN Act (29 U.S.C. §§ 2101 et seq.) (the "***WARN Act***") and any state law equivalents; (xi) any bulk sales or similar law; (xii) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and any taxes arising under or out of, in connection with, or in any way relating to the operation of the Transferred Assets prior to the Closing, including, without limitation, any ad valorem taxes assessed by any applicable taxing authority; (xiii) any unexpired lease or executory contract to which a Debtor is a party that is not a Transferred Contract that will be assumed and assigned pursuant to this Sale Order and the Purchase Agreement; and (xiv) any other Excluded Liabilities as provided in the Purchase Agreement. Notwithstanding the foregoing, the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General

Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

O. Satisfaction of Section 363(f). The Debtors may sell the Transferred Assets free and clear of any and all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever, including any rights or claims based on any putative successor or transferee liability, as set forth herein, because, in each case, one or more of the standards set forth in sections 363(f)(1)–(5) of the Bankruptcy Code has or have been satisfied. All parties in interest, including, without limitation, any holders of Liens, Claims, Interests, and Encumbrances and any contract counterparty to the Transferred Contracts who did not object or who withdrew their objection to the Sale, the assumption and assignment, or the assignment of the applicable Transferred Contract, or the associated Cure Claims, are deemed to have consented to the relief granted herein pursuant to section 363(f)(2) and 1141 of the Bankruptcy Code. Those (i) holders of Liens, Claims, Interests, or Encumbrances and (ii) non-Debtor parties to Transferred Contracts that did not object are adequately protected by having their Liens, Claims, Interests, or Encumbrances, if any, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims and defenses the Debtors or their Estates may possess with respect thereto.

P. No Successorship. Neither the Buyer nor any of its respective affiliates are successors to the Debtors or their Estates by reason of any theory of law or equity, and neither the Buyer nor any of its respective affiliates shall assume or in any way be responsible for any liability

or obligation of any of the Debtors and/or their Estates, except as otherwise expressly provided in the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order. The Buyer: (i) has not, *de facto* or otherwise, merged with or into one or more of the Debtors, (ii) is not a continuation or substantial continuation, and is not holding itself out as a mere continuation, of any of the Debtors or of their respective Estates, businesses, or operations or any enterprise of the Debtors, and (iii) does not have a common identity of incorporators, directors, or equity holders with any of the Debtors.

Q. The Transferred Contracts. The Debtors have demonstrated that (i) it is an exercise of their sound business judgment to assume and assign the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer in each case in connection with the consummation of the Sale and (ii) the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest. The Transferred Contracts being assumed and assigned or assigned to the Buyer are an integral part of the Transferred Assets being purchased by the Buyer, and, accordingly, such assumption, assignment, and cure of any defaults, as applicable, under the Transferred Contracts are reasonable and enhance the value of the Debtors' Estates. Any contract counterparty to a Transferred Contract that has not actually filed with the Court an objection to such assumption and assignment or assignment in accordance with the terms of the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* entered substantially contemporaneously herewith (the "***Bidder Protections Order***") is deemed to have consented to such assumption and assignment and the monetary amounts required

to cure any existing defaults arising under such Transferred Contracts pursuant to section 365(b)(1) of the Bankruptcy Code as identified on a Contract Notice (as defined in the Bidder Protections Order) or the Schedule of Assumed Executory Contracts and Unexpired Leases filed with the Court as part of the Plan Supplement (as defined in the Plan) (such amounts, the "***Identified Cure Amounts***").

R. Cure Claims and Adequate Assurance. The Debtors and the Buyer have, including by way of entering into the Purchase Agreement and agreeing to the provisions relating to the Transferred Contracts therein, (i) cured, or provided adequate assurance of cure, of any default existing prior to the date hereof under any of the applicable Transferred Contracts within the meaning of section 365(b)(1)(A) of the Bankruptcy Code and (ii) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Transferred Contracts within the meaning of section 365(b)(1)(B) of the Bankruptcy Code, and the Buyer has, based upon the record of these proceedings, including the evidence proffered by the Debtors at the Combined Hearing, provided adequate assurance of its future performance of and under the Transferred Contracts pursuant to sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code. The Buyer's promise under the Purchase Agreement to perform the obligations under the Transferred Contracts after the Closing shall constitute adequate assurance of future performance under the Transferred Contracts being assigned to the Buyer within the meaning of sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. The Identified Cure Amounts are hereby deemed to be the sole amounts necessary to cure any and all defaults under the applicable Transferred Contracts under section 365(b) of the Bankruptcy Code.

S. Final Order. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a).

T. Time Is of the Essence; Waiver of Stay. Time is of the essence in consummating the Sale. In order to maximize the value of the Transferred Assets, it is essential that the Sale and the assignment of the Transferred Assets occur within the time constraints set forth in the Purchase Agreement, and there is no just reason for delay in the implementation of this Sale Order. Accordingly, there is cause to waive the stays contemplated by Bankruptcy Rules 6004(h) and 6006(d) and, to the extent applicable, Bankruptcy Rule 3020(e).

U. Confirmation of the Plan. The Sale of the Transferred Assets is authorized in connection with confirmation of the Plan and is thus entitled to the full benefits and protections provided under section 1146 of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

I. The Sale is Approved.

1. The Sale of the Transferred Assets contemplated by the Purchase Agreement is hereby approved, as set forth herein.

II. Approval of the Purchase Agreement.

2. The Purchase Agreement, the Sale Transaction Documents, and all other ancillary documents and all of the terms and conditions thereof are hereby approved. Pursuant to sections 105, 363, 365, and 1123 of the Bankruptcy Code, the Debtors are authorized and directed to take any and all actions necessary to fulfill their obligations under, and comply with the terms of, the Purchase Agreement and to consummate the Sale pursuant to and in accordance with the terms and conditions of the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order without further leave of the Court.

3. The Debtors are authorized to execute and deliver, and are empowered to perform under, consummate, and implement, the Purchase Agreement, together with all additional instruments, documents, and other agreements that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably requested by the Buyer for the purpose of assigning, transferring, granting, conveying, and conferring to the Buyer or reducing to possession, the Transferred Assets, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

III. Binding Effect of Order.

4. This Sale Order, the Plan, the Confirmation Order, and the Purchase Agreement shall each be binding upon all creditors of, and equity holders in, the Debtors and any and all other parties in interest, including, without limitation, any and all holders of Liens, Claims, Interests, and Encumbrances (including holders of any rights or claims based on any putative products, successor, or transferee liability) of any kind or nature whatsoever, all contract counterparties to the Transferred Contracts, the Buyer, all successors and assigns of the Buyer, the Debtors, and their respective affiliates and subsidiaries, and any trustee or successor trustee appointed in these Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code.

IV. Amendments to the Purchase Agreement.

5. Subject to the terms and conditions of the Purchase Agreement, the Debtors and the Buyer, as the context makes applicable, may amend, modify, supplement, or waive any provision of the Purchase Agreement (an "***Amendment***") without further approval or order of the Court, so long as (a) such Amendment is not material and is undertaken in good faith by the Buyer and the Debtors; (b) the Debtors provide prior written notice of the Amendment (the "***Amendment Notice***") to the U.S. Trustee, counsel to the Prepetition Secured Parties and DIP Secured Parties, and, counsel to the official committee of unsecured creditors (collectively, the "***Notice Parties***"),

and (c) the Debtors file the Amendment Notice with the Court; *provided*, *however*, that neither consent of the Notice Parties nor approval of the Court will be necessary to effectuate any such Amendment. Any material Amendment must be approved by the Court to be effective.

6. Section 2.1(k)(i) of the Purchase Agreement is hereby amended as follows:

"(i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing that is listed on **Schedule 1** of the Global Settlement Term Sheet (as defined in the Plan) (the "***Go-Forward Vendors Schedule***"); *provided* that to the extent any vendor, supplier, customer or trade creditor not previously identified on the Sellers' bankruptcy schedules is identified after entry of the U.S. Sale Order, the Buyer shall have 30 days to add such party to the Go-Forward Vendors Schedule, and such party shall be deemed to have been a Designated Party hereunder as of the Closing."

V. Transfer of the Transferred Assets Free and Clear.

7. The Buyer shall assume and be liable for the Assumed Liabilities expressly assumed pursuant to the Purchase Agreement, this Sale Order, and the Confirmation Order, and, for the avoidance of doubt, shall not assume or be liable for any Excluded Liabilities. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Sale Order, pursuant to sections 105(a), 363(b), 363(f), 365(b), 365(f), 1123, 1141, and 1146 of the Bankruptcy Code, upon the Closing, the Transferred Assets shall be transferred to the Buyer free and clear of any and all Liens, Claims, Interests, and Encumbrances (as defined in the Purchase Agreement) of any kind or nature whatsoever with the sole exception of any Permitted Encumbrances and Assumed Liabilities. For purposes of this Sale Order, "Liens," "Claims," and "Interests," as used herein, shall have the respective meanings set forth below:

a. any and all charges, liens (statutory or otherwise), claims, mortgages, leases, subleases, hypothecations, deeds of trust, pledges, security interests, options, rights of use or possession, rights of first offer or first refusal (or any other type of preferential arrangement), options, rights of consent, rights of setoff, successor and products liability, easements, servitudes, restrictive covenants, interests or rights under any operating agreement, encroachments, encumbrances, third-party interests, or any other restrictions or limitations of any kind with respect to the Transferred Assets including all the restrictions or limitations set forth in this Paragraph 6 (collectively, "***Liens***");

b. any and all claims as defined in section 101(5) of the Bankruptcy Code and jurisprudence interpreting the Bankruptcy Code, including, without limitation, (i) any and all claims or causes of action based on or arising under any labor, employment, or pension laws, (ii) any and all claims or causes of action based upon or relating to any putative successor or transferee liability, and (iii) any and all other claims, causes of action, rights, remedies, obligations, liabilities, counterclaims, cross-claims, third party claims, demands, restrictions, responsibilities, or contribution, reimbursement, subrogation, or indemnification claims or liabilities based on or relating to any act or omission of any kind or nature whatsoever asserted against any of the Debtors or any of their respective affiliates, subsidiaries, directors, officers, agents, successors, or assigns in connection with or relating to the Debtors, their operations, their business, their liabilities, the marketing and bidding process with respect to the Transferred Assets, the Transferred Contracts, or the transactions contemplated by the Purchase Agreement, including all the claims set forth in this Paragraph 6 (collectively, "***Claims***"); and

c. any and all equity or other interests of any kind or nature whatsoever in or with respect to (i) any of the Debtors or their respective affiliates, subsidiaries, successors, or assigns, (ii) the Transferred Assets, or (iii) the Transferred Contracts, including all the interests set forth in this Paragraph 6 (collectively, "***Interests***");

in each case, whether in law or in equity, known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, direct or indirect, and whether arising by agreement, understanding, law, equity, or otherwise, and whether occurring or arising before, on, or after the Petition Date or occurring or arising prior to the Closing. Any and all such Liens, Claims, Interests, and Encumbrances shall attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of

their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. At Closing, the Buyer shall take title to and possession of the Transferred Assets subject only to any Permitted Encumbrances and Assumed Liabilities; *provided, however*, that the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

VI. Vesting of Transferred Assets in the Buyer.

8. The transfer of the Transferred Assets to the Buyer pursuant to the Purchase Agreement shall constitute a legal, valid, and effective transfer of the Transferred Assets on the Closing, and, subject to the proviso in decretal paragraph 7 above, shall vest the Buyer with all of the Debtors' rights, title, and interests in the Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities).

VII. Release of Liens.

9. The Debtors are authorized and directed to execute such documents as may be necessary to release any Liens, Claims, Interests, and Encumbrances (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) of any kind against the Transferred Assets as such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) may have been recorded or may otherwise exist. If any person or entity that

has filed financing statements, lis pendens, or other documents or agreements evidencing Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against or in the Transferred Assets shall not have delivered to the Debtors prior to the Closing Date of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) that the person or entity has with respect to the Transferred Assets, (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Transferred Assets; (b) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against the Buyer and the applicable Transferred Assets; (c) the Debtors' creditors and the holders of any Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) are authorized and directed to execute such documents and take all other actions as may be necessary to terminate, discharge, or release their Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) in the Transferred Assets; and (d) the Buyer may seek in this Court or any other court of competent jurisdiction to compel appropriate parties to execute termination statements, instruments of satisfaction, and releases of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) with respect to the Transferred Assets. This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office, and such agencies,

departments, and offices are authorized to accept this Sale Order for filing or recording. Notwithstanding the foregoing, the provisions of this Sale Order authorizing the sale and assignment of the Transferred Assets free and clear of Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) shall be self-executing, and none of the Debtors or the Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Sale Order.

VIII. Assumption and Assignment of Transferred Contracts.

10. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, and subject to and conditioned upon the Closing, the Debtors' assumption and assignment to the Buyer of the Transferred Contracts is hereby approved, and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied. Pursuant to the Purchase Agreement, the Debtors' assignment of any Transferred Contracts that were entered into after the Petition Date is hereby approved.

11. The Debtors are hereby authorized, in accordance with the Purchase Agreement, and in accordance with sections 105(a) and 365 of the Bankruptcy Code, to (i) assume and assign to the Buyer the Transferred Contracts, effective upon and subject to the occurrence of the Closing, free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), which Transferred Contracts, by operation of this Sale Order, shall be deemed assumed and assigned to the Buyer effective as of the Closing, (ii) assignment to the Buyer any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement, and (iii) execute and deliver to the Buyer such documents or other instruments as the Buyer may deem necessary to assign and transfer the Transferred Contracts to the Buyer.

12. Subject to Paragraph 12 hereof:

a. The Debtors are authorized to and may assume all of the Transferred Contracts in accordance with section 365 of the Bankruptcy Code.

b. The Debtors are authorized to and may assign each Transferred Contract to the Buyer in accordance with sections 363 and 365 of the Bankruptcy Code, and any provisions in any Transferred Contract that prohibit or condition the assignment of such Transferred Contract on the consent of the counterparty thereto or allow the non-Debtor party to such Transferred Contract to terminate, recapture, impose any fee or penalty, condition, renewal, or extension limitations, or modify any term or condition upon the assignment of such Transferred Contract shall constitute unenforceable anti-assignment provisions which are expressly preempted under section 365 of the Bankruptcy Code and void and of no force and effect.

c. All requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption and assignment of the Transferred Contracts by the Debtors to the Buyer have been satisfied.

d. Upon the Closing, the Transferred Contracts shall be transferred and assigned to, and remain in full force and effect for the benefit of, the Buyer in accordance with their respective terms, notwithstanding any provision in any such Transferred Contract (including those of the type described in sections 365(b)(2), 365(e)(1), and 365(f) of the Bankruptcy Code) that prohibits, restricts, limits, or conditions such assignment or transfer.

13. All defaults of the Debtors under the Transferred Contracts occurring or arising prior to the assignment thereof to the Buyer at Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be deemed cured or satisfied by the payment of the Identified Cure Amount, if any, to cure all monetary defaults, if any, under each Transferred Contract in the amounts set forth on the schedule of Identified Cure Amounts attached to the Schedule of Assumed Executory Contracts and Unexpired Leases or any supplement thereto (or any other cure cost reached by agreement after an objection to the proposed cure cost by a counterparty to a Transferred Contract), which was served in compliance with the Bidder Protections Order, and as set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, and which Identified Cure Amounts were satisfied, or shall be satisfied as soon as practicable, by the Buyer as provided in the Purchase

Agreement. For all Transferred Contracts set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, the Buyer is authorized and directed to pay all Identified Cure Amounts required to be paid in accordance with the Purchase Agreement upon the later of (a) the Closing, (b) for any Transferred Contracts for which an objection has been filed to the assumption and assignment of such agreement or the Identified Cure Amounts relating thereto and such objection remains pending as of the date of this Sale Order, the resolution of such objection by settlement or order of this Court, and (c) the Effective Date of the Plan for any Transferred Contract designated by the Buyer after the Closing.

14. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their Estates shall be relieved from any liability for any breach of or obligations under any Transferred Contract following the effective date of such assumption and assignment to the Buyer.

IX. Release of Liens by Creditors; Collection of Transferred Assets.

15. Except as expressly provided to the contrary in this Sale Order or the Purchase Agreement, as applicable, the holder of any valid Lien, Claim, Interest, or Encumbrance in the Transferred Assets, shall, as of the Closing, be deemed to have waived and released such Lien, Claim, Interest, or Encumbrance, without regard to whether such holder has executed or filed any applicable release, and such Lien, Claim, Interest, or Encumbrance shall automatically, and with no further action by any party, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. Notwithstanding the foregoing, any such holder of such a Lien, Claim, Interest, or Encumbrance is authorized and directed to execute and deliver any waivers, releases, or other related documentation, as reasonably requested by the Buyer or the Debtors.

16. All persons and entities that are in possession of some or all of the Transferred Assets as of the Closing are directed to surrender possession of such Transferred Assets to the Buyer in accordance with the Purchase Agreement as of the Closing or at such time thereafter as the Buyer may request. As of the Closing, the Buyer and its respective successors and assigns shall be designated and appointed as the Debtors' true and lawful attorney with full power of substitution in the Debtors' name and stead on behalf of and for the benefit of the Buyer and its respective successors and assigns, for the following sole and limited purposes: to have the power to demand and receive any and all of the Transferred Assets and to give receipts and releases for and in respect of the Transferred Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Buyer and its respective successors and assigns, as their interests may appear, proceedings at law, in equity, or otherwise, which the Buyer and its respective successors and assigns, as their interests may appear, may deem proper for the collection or reduction to possession of any of the Transferred Assets.

X. Effect of Recordation of Order.

17. The entry of this Sale Order (a) shall be effective as a conclusive determination that, upon the Closing, all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) existing as to the Transferred Assets prior to the Closing have been unconditionally released, discharged, and terminated and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all persons and entities including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, notaries, protonotaries, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to

accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to, the Transferred Assets. Each and every federal, state, local, or foreign government or governmental or regulatory authority, agency, board, bureau, commission, court, department, or other governmental entity is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement, including, without limitation, recordation of this Sale Order.

XI. Section 1146 Exemption.

18. To the fullest extent permitted by section 1146(a) of the Bankruptcy Code and applicable law, any transfers (whether from a Debtor to the Wind Down Estate or to any other Person or Entity) of property under the Plan or this Sale Order pursuant to: (1) the Sale, including the sale and transfer by the Debtors of the Transferred Assets; (2) the sale and liquidation of the Excluded Assets (as defined in the Plan); (3) the issuance, distribution, transfer, or exchange of any debt or equity Security, or other interest in the Debtors; (4) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (5) the making, assignment, or recording of any lease or sublease; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, personal property transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation

Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146 of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

XII. Prohibition of Actions Against the Buyer.

19. Except for any Permitted Encumbrances and Assumed Liabilities or as expressly permitted or otherwise specifically provided for in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, neither the Buyer, nor any of its respective affiliates shall have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Transferred Assets or otherwise, and upon Closing all entities or persons are permanently and forever prohibited, barred, estopped, and enjoined from asserting against the Buyer and its permitted successors, designees, and assigns, or property, or the Transferred Assets conveyed in accordance with the Purchase Agreement, any Lien, Claim, Interest, or Encumbrance of any kind whatsoever arising prior to Closing including, without limitation, under any theory of successor or transferee liability, *de facto* merger or continuity liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated. Without limiting the generality of the foregoing, and except as otherwise specifically provided in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, the Buyer and its respective affiliates shall not be liable for any claims against the Debtors or any of their predecessors or affiliates, and neither the Buyer nor its affiliates shall have

any successor or vicarious liabilities of any kind or character, including but not limited to any liability pertaining to any theory of antitrust, warranty, products liability, environmental, successor, or transferee liability, labor law, ERISA, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent, liquidated or unliquidated, with respect to the Debtors or any obligations of the Debtors, including, but not limited to, liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the Closing or any claims under the WARN Act or any state law equivalents, or any claims related to wages, benefits, severance, or vacation pay owed to employees or former employees of the Debtors.

20. The Buyer may elect, as of the Closing or any time thereafter, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Transferred Assets, except to the extent not permitted by applicable law.

XIII. Distribution of Proceeds.

21. All proceeds of the Sale shall be distributed in accordance with the Plan.

XIV. No Interference.

22. Following the Closing, no holder of a Lien, Claim, Interest, or Encumbrance in or against the Debtors or the Transferred Assets shall interfere with the Buyer's title to or use and enjoyment of the Transferred Assets based on or related to such Lien, Claim, Interest, or Encumbrance or any actions that the Debtors may take in these Chapter 11 Cases or any successor cases.

XV. Retention of Jurisdiction.

23. This Court retains jurisdiction to, among other things, interpret, enforce and implement the terms and provisions of this Sale Order, the Confirmation Order, the Plan, and the

Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to: (a) compel delivery of the Transferred Assets or performance of other obligations owed to the Buyer; (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Sale Order; and (e) protect the Buyer and its affiliates against (i) any Liens, Claims, Interests, and Encumbrances in or against the Debtors or the Transferred Assets of any kind or nature whatsoever and (ii) any creditors or other parties in interest regarding the turnover of the Transferred Assets that may be in their possession.

XVI. Final Order; No Stay of Order.

24. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to the extent applicable 3020(e), this Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close the Sale under the Purchase Agreement at any time pursuant to the terms thereof.

XVII. Good Faith.

25. The transactions contemplated by the Purchase Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the subject transactions shall not affect the validity of the sales to the Buyer (including the assumption and assignment or assignment by the Debtors of any of the Transferred Contracts),

unless such authorization is duly stayed pending such appeal. The Buyer is a good faith Buyer and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

XVIII. No Collusion.

26. The transactions contemplated by the Purchase Agreement were negotiated, proposed, and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transaction contemplated in the Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

XIX. Inconsistencies with Prior Orders, Pleadings or Agreements.

27. To the extent of any conflict between the Purchase Agreement, the Confirmation Order, the Plan, and this Sale Order, the terms of this Sale Order shall govern with respect to the Sale and the Purchase Agreement. To the extent this Sale Order is inconsistent or conflicts with any prior order or pleading in these Chapter 11 Cases, the terms of this Sale Order shall govern and any prior orders shall be deemed amended or otherwise modified to the extent required to permit consummation of the Sale.

XX. Failure to Specify Provisions.

28. The failure to specifically reference any particular provisions of the Purchase Agreement, the Confirmation Order, the Plan, or other related documents in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement and other related documents be authorized and approved.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit C

Proposed Notice of Effective Date

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	

NOTICE OF (I) ENTRY OF ORDER CONFIRMING THE DEBTORS' AMENDED JOINT CHAPTER 11 PLAN, (II) OCCURRENCE OF THE EFFECTIVE DATE, (III) OPPORTUNITY FOR HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS TO MAKE A GUC SETTLEMENT OPT-IN ELECTION, AND (IV) ADMINISTRATIVE EXPENSE CLAIMS BAR DATE

PLEASE TAKE NOTICE that on June 21, 2024, the Honorable Michelle V. Larson, United States Bankruptcy Judge for the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Court***"), entered the order [Docket No. __] (the "***Confirmation Order***") confirming the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as amended, modified, or supplemented, the "***Plan***").[2]

PLEASE TAKE FURTHER NOTICE that the Effective Date of the Plan occurred on **_____, 2024**.

PLEASE TAKE FURTHER NOTICE that copies of Confirmation Order and the Plan, as well as other documents filed in these chapter 11 cases can be found on the docket of these chapter 11 cases and can also be downloaded free of charge from the website of the Debtors' noticing and claims agent, Stretto, at https://cases.stretto.com/kidkraft.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has approved certain release, exculpation, injunction, and related provisions in Article VIII of the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan and Confirmation Order, and the provisions thereof, are binding on the Debtors, the Wind Down Estate, the GUC Trust, any Holder

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1 The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

2 Unless otherwise defined in this notice, capitalized terms used in this notice shall have the meanings ascribed to them in the Plan and the Confirmation Order.

of a Claim against or Interest in the Debtors and such Holder's respective successors, assigns, and designees, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder or entity voted to accept the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Confirmation Order, the deadline for filing requests for payment of Administrative Expense Claims shall be _____, 2024, and the deadline for filing requests for payment of Professional Fee Claims shall be _____, 2024.[3]

PLEASE TAKE FURTHER NOTICE that the Bar Date for filing claims based on the rejection of Executory Contracts or Unexpired Leases is the later of: (i) the General Bar Date or the Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (Central Time) on the date that is 30 days following service of an order (including the Confirmation Order) approving the rejection of any executory contract or unexpired lease of the Debtors. To the extent any executory contract or unexpired lease is rejected pursuant to the terms of the Plan, the Rejection Damages Bar Date shall be 30 days after service of this *Notice of (I) Entry of Order Confirming the Debtors' Amended Joint Chapter 11 Plan, (II) Occurrence of the Effective Date, and (III) Administrative Expense Claims Bar Date*.

PLEASE TAKE FURTHER NOTICE that all Holders of Allowed General Unsecured Claims may elect to participate in any distributions from the GUC Trust by timely submitting a GUC Settlement Opt-In Election in accordance with the procedures set forth in the GUC Settlement Opt-In Form, which is attached as **Exhibit A** to the GUC Settlement Opt-In Notice, attached hereto as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE that from and after this date, if you wish to receive notice of filings in this case, you must request such notice with the clerk of the Bankruptcy Court and serve a copy of such request for notice on counsel to the Wind Down Estate. You must do this even if you filed such a notice prior to the Effective Date.

PLEASE TAKE FURTHER NOTICE that the Plan and the Confirmation Order contain other provisions that may affect your rights. You are encouraged to review the Plan and the Confirmation Order in their entirety.

[3] The deadline for filing requests for payment of Administrative Expense Claims shall be: (a) for Administrative Expense Claims that are not Professional Fee Claims, 30 days after the Effective Date; and (b) for Administrative Expense Claims that are Professional Fee Claims, 45 days after the Effective Date.

Dated: _____, 2024
Dallas, Texas

/s/_____

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit 1

GUC Settlement Opt-In Notice

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com
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VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. ___**

NOTICE OF (I) GLOBAL SETTLEMENT,
(II) OPTION TO OPT-IN TO PARTICIPATION
IN THE GUC TRUST, AND (III) OTHER RELEVANT INFORMATION

PLEASE TAKE NOTICE THAT on May 10, 2024 (the "***Petition Date***"), KidKraft, Inc. and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "***Debtors***") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***").

PLEASE TAKE FURTHER NOTICE THAT on May 23, 2024, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "***Committee***") pursuant to section 1102 of the Bankruptcy Code. *See* Docket No. 120.

PLEASE TAKE FURTHER NOTICE THAT on June 17, 2024, the Debtors filed a *Notice of Filing Global Settlement Term Sheet* [Docket No. 195] that attaches a copy of a Global

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Settlement Term Sheet thereto as Exhibit A (the "***Global Settlement Term Sheet***"), by and between the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean.

PLEASE TAKE FURTHER NOTICE THAT on June 21, 2024, the Bankruptcy Court entered its *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "***Confirmation Order***") [Docket No. __], which, *inter alia*, confirmed the Debtors' *Amended Joint Prepackaged Chapter 11 Plan* (the "***Plan***") [Docket No. 220]. The Plan incorporates and implements the terms of the Global Settlement Term Sheet, including provisions related to the creation of a trust (the "***GUC Trust***") to be funded with certain assets (as further described in the Plan, the "***GUC Trust Assets***"), for the benefit of the Holders of Allowed General Unsecured Claims (as defined in the Plan) who elect to "opt in" to receiving their Pro Rata share of 100% of the beneficial interests in the GUC Trust by **[●], 2024** (the "***GUC Settlement Opt-In Election Deadline***," and such affirmative election, the "***GUC Settlement Opt-In Election***"), all as further set forth in Article IV.C of the Plan. Holders of Allowed General Unsecured Claims desiring to make a GUC Settlement Opt-In Election must timely complete and return the form attached hereto as **Exhibit A** (the "***GUC Settlement Opt-In Form***") pursuant to the instructions and procedures set forth therein.

IMPORTANTLY, THE PLAN PROVIDES THAT ANY CREDITOR WHO MAKES A GUC SETTLEMENT OPT-IN ELECTION AGREES THAT ANY AVOIDANCE ACTION AGAINST IT THAT WOULD HAVE OTHERWISE BEEN A TRANSFERRED ASSET PURCHASED BY THE PURCHASER WILL NOT BE INCLUDED IN THE TRANSFERRED ASSETS, AND SUCH CREDITOR MAKING THE GUC SETTLEMENT OPT-IN ELECTION IS POTENTIALLY SUBJECT TO BEING SUED FOR AN AVOIDANCE ACTION.

All Holders of Allowed General Claims are advised to review and consider the description of certain tax considerations related to the GUC Trust attached hereto as Exhibit B (the "*GUC Trust Tax Disclosures*").

Copies of the Global Settlement Term Sheet, the Plan, and the Confirmation Order may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 1100 Commerce Street, Dallas, TX 75242 where they are available for review during normal operating hours. The Global Settlement Term Sheet, the Plan, and the Confirmation Order also are available for inspection on the Bankruptcy Court's website at https://www.txnb.uscourts.gov or for review and download free of charge on the Debtors' restructuring website at https://www.cases.stretto.com/kidkraft.[2] Copies of other documents filed in these chapter 11 cases may be obtained free of charge by contacting Stretto, Inc., the Debtors' claims, noticing, and solicitation agent ("***Stretto***") via (i) telephone at (855) 469-

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan. The statements contained herein are summaries of the provisions contained in the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan, the Plan shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement or the Plan.

1713 (Toll-Free) or (714) 886-6210 (International) (ii) email at TeamKidKraft@stretto.com (with "KidKraft Opt-In" in the subject line).

ANY PERSON WHO MAKES THE GUC SETTLEMENT OPT-IN ELECTION SPECIFIED HEREIN HEREBY AGREES AND UNDERSTANDS THAT ANY AVOIDANCE ACTION AGAINST IT THAT OTHERWISE WOULD BE PURCHASED BY THE PURCHASER AND NOT PROSECUTED BY THE PURCHASER WILL BE REMOVED FROM THE LIST OF AVOIDANCE ACTIONS PURCHASED BY THE PURCHASER, AND SUCH CREDITOR MAY BE SUED FOR ANY APPLICABLE AVOIDANCE ACTIONS.

任何做出此处指定的 GUC 和解选择参与者，特此同意并理解：任何针对其而采取的个别清偿无效之诉权（否则，该诉权将由收购方购买并且不会被收购方起诉），都将从收购方购买的个别清偿无效之诉权的清单上删除，并且该债权人可能会因任何适用的个别清偿无效之诉权而被起诉。

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
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David S. Meyer (admitted *pro hac vice*)
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1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit A

GUC Settlement Opt-In Form

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

GUC SETTLEMENT OPT-IN FORM

By checking the box below and signing this GUC Settlement Opt-In Form,[2] the undersigned exercises its option to opt-in into participation in the GUC Trust and receiving its Pro Rata share of the GUC Trust Interests. Further, by checking the box below and signing this GUC Settlement Opt-In Form, the undersigned elects to have any Avoidance Actions that may exist against it removed from the Transferred Assets (as applicable), and agrees that the GUC Trust and GUC Trustee may pursue such Avoidance Actions against it.

☐ The undersigned hereby **OPTS-IN** to participate in the GUC Trust and to have any Avoidance Actions against it removed from the Transferred Assets sold to the Purchaser.

_____
Date

_____
Name of Holder of General Unsecured Claim (Print or Type)

_____
Signature

_____
Name and Title of Authorized Agent (Print or Type)

_____
Address

_____

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220].

City, State, Zip

Telephone / Email Address

Completed Opt-In Forms must be actually received by the financial advisor for the Committee, Dundon Advisors, LLC, at the physical address below or via email **by 5:00 p.m. (Prevailing Central Time) on _____, 2024.** Send your completed Opt-Out Form by **ONLY ONE** of the following means of submission:

(i) if by first class mail, overnight delivery, or hand delivery, at DUNDON ADVISERS, LLC, c/o Joe Cashel, Ten Bank Street, Suite 1100, White Plains, NY 10606; or

(ii) if via email, to kidkraft@dundon.com, with a reference to "KidKraft Opt-In Election" in the subject line.

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
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1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit B

GUC Trust Tax Disclosures

Pursuant to the Plan,[1] the GUC Trust will be organized for the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their GUC Trust Interests. The GUC Trust is not organized with an objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose. Thus, the GUC Trust is intended to be classified for U.S. federal income tax purposes as a "liquidating trust" within the meaning of Treasury regulation section 301.7701-4(d). Under the Plan, all relevant parties are required to treat the GUC Trust as a liquidating trust, subject to definitive guidance to the contrary from the Internal Revenue Service. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to sections 671 through 679 of the Tax Code, owned by the grantors of the trust. For this purpose, the beneficiaries of a liquidating trust are treated as the grantors and owners of the trust. The GUC Trust will file annual information tax returns with the Internal Revenue Service as a grantor trust pursuant to Section 671 of the Tax Code and the applicable Treasury Regulations that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the GUC Trust Assets (e.g., income, gain, loss, deduction and credit).

Although the GUC Trust has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of a liquidating trust, it is possible that the Internal Revenue Service could require a different characterization of the GUC Trust, which could result in a different and possibly greater tax liability to the GUC Trust or the holders of the GUC Trust Interests. No request for a ruling from the Internal Revenue Service will be sought on the classification of the GUC Trust, and there can be no assurance that the Internal Revenue Service will not take a contrary position to the classification of the GUC Trust. If the Internal Revenue Service were to successfully challenge the classification of the GUC Trust as a grantor trust, the U.S. federal income tax consequences to the GUC Trust and the holders of the GUC Trust Interests could be materially different from those discussed herein. The following discussion assumes, for U.S. federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes, the treatment of the GUC Trust as a grantor trust, the GUC Trust Beneficiaries, who will be treated as grantors and deemed owners for U.S. federal and applicable state and local income tax purposes, as holders of GUC Trust Interests, and the GUC Trust Beneficiaries as the grantors and deemed owners of their allocable portion of the GUC Trust Assets.

To the extent the GUC Trust is treated as a "liquidating trust" then, upon its creation, for U.S. federal income tax purposes, each GUC Trust Beneficiary would be treated as having received and as owning an undivided interest in the GUC Trust Assets in exchange for surrendering all or a portion of such GUC Trust Beneficiary's Allowed General Unsecured Claims followed by a transfer by such GUC Trust Beneficiary of such GUC Trust Assets to the GUC Trust. Upon the transfer of the GUC Trust Assets as more fully set forth in the GUC Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the GUC Trust Assets. Under the

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220].

Plan, all parties (including, without limitation, the Debtors, the GUC Trustee, the GUC Trust and the holders of GUC Trust Interests) are required to report consistently with the foregoing for U.S. federal and applicable state and local income tax purposes. Consistent with such treatment, the GUC Trust's taxable income, gain, loss, deduction or credit will be allocated to the GUC Trust Beneficiaries in accordance with their relative beneficial interests in the GUC Trust during the applicable taxable period, and such allocation will be binding on all parties for U.S. federal and applicable state and local income tax purposes. The GUC Trust Beneficiaries have an obligation to report its share of the GUC Trust's tax items (including gain on the sale or other disposition of a GUC Trust Asset). Accordingly, the GUC Trust Beneficiaries may incur a tax liability as a result of owning a beneficial interest in the GUC Trust, regardless of whether the GUC Trust distributes cash or other GUC Trust Assets, and the GUC Trust Beneficiaries will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

The basis of such GUC Trust Interest in the GUC Trust Assets received will be equal to the fair market value of the GUC Trust Assets as of the Effective Date. The fair market values of the GUC Trust Assets will be determined by the GUC Trustee as the trustee of the GUC Trust, and all parties must utilize and report consistently with such fair market values for U.S. federal and applicable state and local income tax purposes. The determination of the fair market values of the GUC Trust Assets is factual in nature and the IRS may challenge any such determination.

Holders of Allowed General Unsecured Claims should not construe the contents of this GUC Trust Tax Disclosures as providing any legal, business, financial, securities, or tax advice, and should consult with their own advisors before making the GUC Settlement Opt-In Election.

THIS IS **EXHIBIT "R"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 25, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 28, 29, 54, 220**

AMENDED[2] ORDER (I) AUTHORIZING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §§ 105 AND 363, (II) APPROVING THE PURCHASE AGREEMENT, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] The order previously entered at Docket No. 242 is hereby amended solely to include the Purchase Agreement as **Exhibit 1** hereto.

Upon the *Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as it may be amended, altered, modified, or supplemented, and including all exhibits and supplements thereto, the "***Plan***")[3] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), which contemplates entry of an order (this "***Sale Order***"): (a) authorizing and approving the applicable Debtors' proposed sale of all of their respective right, title, and interest in, to, and under the Transferred Assets to Backyard Products, LLC, a Delaware limited liability company ("***Backyard***") or, as applicable, any Designated Buyer designated in accordance with the Purchase Agreement (Backyard or such Designated Buyer, as applicable, the "***Buyer***") free and clear of all Liens, Claims, Interests (each as defined herein), and Encumbrances (as defined in the Purchase Agreement) (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), in accordance with the terms and conditions contained in that certain Asset Purchase Agreement, dated as of April 25, 2024, by and among certain of the Debtors and Backyard, substantially in the form attached hereto as **Exhibit 1** (as may be amended or otherwise modified from time to time and including all related documents, exhibits, schedules, and agreements thereto, collectively, the "***Purchase Agreement***," and the proposed sale contemplated thereunder, the "***Sale***") and the other transactions contemplated thereby; (b) approving the Purchase Agreement and the other Sale Transaction Documents; (c) authorizing the assumption and assignment to the Buyer of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date; and (d) granting related relief; and the Court having reviewed and considered the Plan and all relief related thereto and any objections thereto; and upon the full record in support of the relief requested by the Debtors in the Plan; and the Court having found that the relief requested in the Plan is in the best interests of the Debtors'

[3] Capitalized terms utilized herein but not otherwise defined shall have the meanings ascribed to them in the Plan or the Purchase Agreement (as defined herein), as the context makes applicable.

Estates, their creditors, and all other parties in interest; and the Court having heard the statements in support of the relief requested in the Plan at a hearing before this Court on June 21, 2024 (the "***Combined Hearing***"); and the Court having confirmed the Plan and entered the *Findings of Fact, and Conclusions of Law, and Order Confirming the Debtors' Joint Prepackaged Chapter 11 Plan* substantially contemporaneously herewith (the "***Confirmation Order***"); and the Court having determined that the legal and factual bases set forth in the Plan, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], and the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Transaction and (II) the Bid Protections* [Docket No. 188], and at the Combined Hearing, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:

A. General. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to rule 7052 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), made applicable to these chapter 11 cases pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The matters addressed in this Sale Order constitute a "core" proceeding pursuant to 28 U.S.C. § 157(b).

C. Bases for Relief. The statutory and other legal bases for the relief provided herein are sections 105(a), 363, 365, 503, 507, 1123, 1129, and 1146 of title 11 of the United States Code (the "***Bankruptcy Code***"), Bankruptcy Rules 3020(e) (to the extent applicable), 6004, 6006, 9007, 9008, and 9014, the Plan and the Confirmation Order. The consummation of the Sale and the other transactions contemplated by the Purchase Agreement and this Sale Order is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Local Rules***"), and the *General Order Regarding Procedures for Complex Chapter 11 Cases* (the "***Complex Case Procedures***"), and the Debtors and the Buyer have complied with all of the applicable requirements of such sections and rules in respect of such transactions.

D. Marketing and Sale Process. The sale of the Transferred Assets to the Buyer pursuant to the Purchase Agreement is duly authorized under sections 363(b)(1), 363(f), 1123 and 1129 of the Bankruptcy Code, Bankruptcy Rule 6004(f), Bankruptcy Local Rule 2002-1, and the Confirmation Order. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Combined Hearing and (ii) the representations of counsel made on the record at the Combined Hearing, the Debtors and their professionals, agents, and other representatives engaged in a robust and extensive marketing and sale process for the Transferred Assets and conducted all aspects of the sale process in good faith. The marketing process undertaken by the Debtors and their professionals, agents, and other representatives with respect to the Transferred Assets has

been adequate and appropriate and reasonably calculated to maximize value for the benefit the Debtors' Estates and all stakeholders.

E. Corporate Authority. The Debtors are the sole and lawful owners of the Transferred Assets. The Transferred Assets constitute property of the Debtors' Estates and title thereto is vested in the Debtors' Estates within the meaning of section 541 of the Bankruptcy Code. The Debtors (i) have full corporate power and authority to execute the Purchase Agreement, and the Sale of the Transferred Assets to the Buyer has been duly and validly authorized by all necessary corporate action, (ii) have all of the corporate power and authority necessary to consummate the Sale and all transactions contemplated by the Purchase Agreement and the other Sale Transaction Documents, including this Sale Order, (iii) have taken all corporate action necessary to authorize and approve the Purchase Agreement, and the consummation by the Debtors of the Sale and all other transactions contemplated by this Sale Order, the Purchase Agreement, or the other Sale Transaction Documents, and (iv) require no further consents or approvals, other than those expressly provided for in the Purchase Agreement, to consummate such transactions.

F. Highest and Best Offer; Business Judgment. The Debtors have demonstrated a sufficient basis to enter into the Purchase Agreement, sell the Transferred Assets on the terms outlined therein, and assume and assign the Transferred Contracts to the Buyer under sections 363 and 365 of the Bankruptcy Code and assign any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement. All such actions are appropriate exercises of the Debtors' business judgment and in the best interests of the Debtors, their Estate, their creditors, and other parties in interest. Approval of the Sale on the terms set forth in the Purchase Agreement at this time is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest.

G. The offer of the Buyer, on the terms and conditions set forth in the Purchase Agreement, including the total consideration to be realized by the Debtors thereunder, (i) is the highest and best offer received by the Debtors after extensive marketing, (ii) is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest, and (iii) is fair and reasonable and constitutes reasonably equivalent value, fair and adequate consideration, and fair value for the Transferred Assets under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Voidable Transactions Act, and all other applicable laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing. Taking into consideration all relevant factors and circumstances, no other Person or entity has offered to purchase the Transferred Assets for greater value to the Debtors and their Estates.

H. The Debtors and the Buyer have not entered into the Purchase Agreement, or proposed to consummate the Sale: (i) for the purposes of hindering, delaying, or defrauding the Debtors' present or future creditors, or (ii) fraudulently, for the purpose of statutory or common law fraudulent conveyance and fraudulent transfer claims, whether under the Bankruptcy Code or under the laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing.

I. Good and sufficient reasons for approval of the Purchase Agreement and the Sale have been articulated by the Debtors. The Debtors have demonstrated compelling circumstances for the Sale outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code and in accordance with the Plan, in that, among other things, the immediate consummation of the Sale of the Transferred Assets to the Buyer is necessary and appropriate to preserve and to maximize the value of the Debtors' Estates. To maximize the value to the Estates of the Sale of

the Transferred Assets, it is essential that the consummation of the Sale and the other transactions provided for under the Purchase Agreement occur promptly following confirmation of the Plan.

J. Opportunity to Object. A reasonable opportunity to object or be heard with respect to the Sale (and all transactions contemplated in connection therewith), the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer pursuant to the Purchase Agreement, the Identified Cure Amounts (defined below), the Combined Hearing, and all deadlines related thereto has been afforded to all interested persons and entities, including, without limitation: (i) the United States Trustee for the Northern District of Texas; (ii) counsel to Prepetition Secured Parties and the DIP Secured Parties; (iii) counsel to the official committee of unsecured creditors; (iv) the United States Attorney's Office for the Northern District of Texas; (v) the Internal Revenue Service; (vi) the state attorneys general for states in which the Debtors conduct business; (vii) all known holders of Liens, Claims, Interests, and Encumbrances secured by the Transferred Assets; (viii) each landlord of the Debtors' warehouses and/or other premises; (ix) each governmental agency that is an interested party with respect to the Sale and the other transactions contemplated in the Purchase Agreement; (x) all other applicable government agencies to the extent required by the Bankruptcy Rules or the Bankruptcy Local Rules, and (xi) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

K. Good Faith Buyer; Arm's Length Sales. The Purchase Agreement was negotiated, proposed, and entered into by the applicable Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transactions contemplated in the

Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

L. The Buyer is a good faith Buyer under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. In particular, (i) the Buyer recognizes that the Debtors were free to deal with any other party interested in purchasing the Transferred Assets; (ii) the Buyer did not in any way induce or cause the filing of the Chapter 11 Cases by the Debtors; (iii) the Buyer did not violate section 363(n) of the Bankruptcy Code by any action or inaction; (iv) no common identity of directors, officers, or controlling stakeholders exists between the Buyer and any of the Debtors; and (v) the Buyer did not act in a collusive manner with any person and the Purchase Price was not controlled by any undisclosed agreement among third parties.

M. Free and Clear Transfer Required by the Buyer. The Buyer would not have entered into the Purchase Agreement, and would not have consummated the Sale contemplated thereby, thus adversely affecting the Debtors, their Estates, and their creditors, if each of the Sale (and the other transactions contemplated by the Purchase Agreement) and the assumption and assignment of the Transferred Contracts to the Buyer thereof, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, were not free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) as more fully set forth in Paragraph V.7 of this Sale Order, or if the Buyer would, or in the future could, be liable for any encumbrances, obligations, or liabilities other than the Permitted Encumbrances and Assumed Liabilities. Except as otherwise expressly provided in the Plan, the Confirmation Order, or this

Sale Order, the Buyer shall not have any responsibility whatsoever with respect to the Excluded Liabilities, which shall remain the sole responsibility of the Debtors before, on, and after Closing.

N. As of the Closing, pursuant and subject to the applicable terms of the Purchase Agreement, the Sale will effect a legal, valid, enforceable, and effective transfer of the Transferred Assets under the Purchase Agreement and will vest the Buyer with all of the applicable Debtors' respective rights, title, and interests in such Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), including, without limitation, (i) liens, mortgages, deeds of trust, pledges, charges, security interests, rights of first refusal, options, hypothecations, encumbrances, easements, servitudes, leases or subleases, rights-of-way, encroachments, restrictive covenants, restrictions on transferability or other similar restrictions, rights of offset or recoupment, rights of use or possession, subleases, leases, conditional sale arrangements, or other title retention arrangements, other liens (including mechanic's, materialman's, possessory, and other consensual and non-consensual liens and statutory liens), judgments, charges of any kind or nature, if any, including any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership, or any rights that purport to give any party a right of first refusal, option, or consent with respect to the Debtors' interests in the Transferred Assets or any similar rights; (ii) all claims as defined in Bankruptcy Code section 101(5), including all rights or causes of action (whether in law or in equity), proceedings, warranties, guarantees, indemnities, rights of recovery, setoff, recoupment, indemnity or contribution, obligations, demands, restrictions, indemnification claims or liabilities relating to any act or omission of the Debtors or any other person, consent rights, options, contract rights, covenants, claims for reimbursement, exoneration, products liability, alter-ego,

environmental, or tax, decrees of any court or foreign or domestic governmental entity, indentures, loan agreements, and interests of any kind or nature whatsoever (known or unknown, matured or unmatured, accrued or contingent, and regardless of whether currently exercisable), whether arising prior to or subsequent to the commencement of these Chapter 11 Cases, and whether imposed by agreement, understanding, law, equity or otherwise; (iii) all debts, liabilities, obligations, contractual rights and claims, labor, employment, tort, products liability, and pension claims, and debts arising in any way in connection with any agreements, acts, or failures to act, in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or un-matured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these Chapter 11 Cases and whether imposed by agreement, understanding, law, equity or otherwise; (iv) any rights based on any products, successor or transferee liability, (v) any rights that purport to give any party a right or option to effect any forfeiture, modification, right of first offer or first refusal, or consents, or termination of the Debtors' or the Buyer's interest in the Transferred Assets or any similar rights; (vi) any rights under labor or employment agreements; (vii) any rights under mortgages, deeds of trust, and security interests; (viii) any rights related to intercompany loans and receivables between the Debtors that are party to the Purchase Agreement and any Debtor or non-Debtor subsidiary or affiliate; (ix) any rights under any pension, multiemployer plan (as such term is defined in Section 3(37) or Section 4001(a)(3) of the Employee Retirement Income Security Act of 1974 (as amended, "***ERISA***")), health or welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plans of the Debtors or any multiemployer plan to which the

Debtors have at any time contributed to or had any liability or potential liability; (x) any other employee claims related to worker's compensation, occupational disease or unemployment, or temporary disability, including, without limitation, claims that might otherwise arise under or pursuant to (a) ERISA, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Age Discrimination and Employment Act of 1967 and Age Discrimination in Employment Act, as amended, (g) the Americans with Disabilities Act of 1990, (h) the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including, without limitation, the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Internal Revenue Code and of any similar state law (collectively, "***COBRA***"), (i) state discrimination laws, (j) state unemployment compensation laws or any other similar state laws, (k) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors; (l) the WARN Act (29 U.S.C. §§ 2101 et seq.) (the "***WARN Act***") and any state law equivalents; (xi) any bulk sales or similar law; (xii) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and any taxes arising under or out of, in connection with, or in any way relating to the operation of the Transferred Assets prior to the Closing, including, without limitation, any ad valorem taxes assessed by any applicable taxing authority; (xiii) any unexpired lease or executory contract to which a Debtor is a party that is not a Transferred Contract that will be assumed and assigned pursuant to this Sale Order and the Purchase Agreement; and (xiv) any other Excluded Liabilities as provided in the Purchase Agreement. Notwithstanding the foregoing, the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General

Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

O. Satisfaction of Section 363(f). The Debtors may sell the Transferred Assets free and clear of any and all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever, including any rights or claims based on any putative successor or transferee liability, as set forth herein, because, in each case, one or more of the standards set forth in sections 363(f)(1)–(5) of the Bankruptcy Code has or have been satisfied. All parties in interest, including, without limitation, any holders of Liens, Claims, Interests, and Encumbrances and any contract counterparty to the Transferred Contracts who did not object or who withdrew their objection to the Sale, the assumption and assignment, or the assignment of the applicable Transferred Contract, or the associated Cure Claims, are deemed to have consented to the relief granted herein pursuant to section 363(f)(2) and 1141 of the Bankruptcy Code. Those (i) holders of Liens, Claims, Interests, or Encumbrances and (ii) non-Debtor parties to Transferred Contracts that did not object are adequately protected by having their Liens, Claims, Interests, or Encumbrances, if any, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims and defenses the Debtors or their Estates may possess with respect thereto.

P. No Successorship. Neither the Buyer nor any of its respective affiliates are successors to the Debtors or their Estates by reason of any theory of law or equity, and neither the Buyer nor any of its respective affiliates shall assume or in any way be responsible for any liability

or obligation of any of the Debtors and/or their Estates, except as otherwise expressly provided in the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order. The Buyer: (i) has not, *de facto* or otherwise, merged with or into one or more of the Debtors, (ii) is not a continuation or substantial continuation, and is not holding itself out as a mere continuation, of any of the Debtors or of their respective Estates, businesses, or operations or any enterprise of the Debtors, and (iii) does not have a common identity of incorporators, directors, or equity holders with any of the Debtors.

Q. The Transferred Contracts. The Debtors have demonstrated that (i) it is an exercise of their sound business judgment to assume and assign the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer in each case in connection with the consummation of the Sale and (ii) the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest. The Transferred Contracts being assumed and assigned or assigned to the Buyer are an integral part of the Transferred Assets being purchased by the Buyer, and, accordingly, such assumption, assignment, and cure of any defaults, as applicable, under the Transferred Contracts are reasonable and enhance the value of the Debtors' Estates. Any contract counterparty to a Transferred Contract that has not actually filed with the Court an objection to such assumption and assignment or assignment in accordance with the terms of the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* entered substantially contemporaneously herewith (the "***Bidder Protections Order***") is deemed to have consented to such assumption and assignment and the monetary amounts required

to cure any existing defaults arising under such Transferred Contracts pursuant to section 365(b)(1) of the Bankruptcy Code as identified on a Contract Notice (as defined in the Bidder Protections Order) or the Schedule of Assumed Executory Contracts and Unexpired Leases filed with the Court as part of the Plan Supplement (as defined in the Plan) (such amounts, the "***Identified Cure Amounts***").

R. Cure Claims and Adequate Assurance. The Debtors and the Buyer have, including by way of entering into the Purchase Agreement and agreeing to the provisions relating to the Transferred Contracts therein, (i) cured, or provided adequate assurance of cure, of any default existing prior to the date hereof under any of the applicable Transferred Contracts within the meaning of section 365(b)(1)(A) of the Bankruptcy Code and (ii) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Transferred Contracts within the meaning of section 365(b)(1)(B) of the Bankruptcy Code, and the Buyer has, based upon the record of these proceedings, including the evidence proffered by the Debtors at the Combined Hearing, provided adequate assurance of its future performance of and under the Transferred Contracts pursuant to sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code. The Buyer's promise under the Purchase Agreement to perform the obligations under the Transferred Contracts after the Closing shall constitute adequate assurance of future performance under the Transferred Contracts being assigned to the Buyer within the meaning of sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. The Identified Cure Amounts are hereby deemed to be the sole amounts necessary to cure any and all defaults under the applicable Transferred Contracts under section 365(b) of the Bankruptcy Code.

S. Final Order. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a).

T. Time Is of the Essence; Waiver of Stay. Time is of the essence in consummating the Sale. In order to maximize the value of the Transferred Assets, it is essential that the Sale and the assignment of the Transferred Assets occur within the time constraints set forth in the Purchase Agreement, and there is no just reason for delay in the implementation of this Sale Order. Accordingly, there is cause to waive the stays contemplated by Bankruptcy Rules 6004(h) and 6006(d) and, to the extent applicable, Bankruptcy Rule 3020(e).

U. Confirmation of the Plan. The Sale of the Transferred Assets is authorized in connection with confirmation of the Plan and is thus entitled to the full benefits and protections provided under section 1146 of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

I. The Sale is Approved.

1. The Sale of the Transferred Assets contemplated by the Purchase Agreement is hereby approved, as set forth herein.

II. Approval of the Purchase Agreement.

2. The Purchase Agreement, the Sale Transaction Documents, and all other ancillary documents and all of the terms and conditions thereof are hereby approved. Pursuant to sections 105, 363, 365, and 1123 of the Bankruptcy Code, the Debtors are authorized and directed to take any and all actions necessary to fulfill their obligations under, and comply with the terms of, the Purchase Agreement and to consummate the Sale pursuant to and in accordance with the terms and conditions of the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order without further leave of the Court.

3. The Debtors are authorized to execute and deliver, and are empowered to perform under, consummate, and implement, the Purchase Agreement, together with all additional instruments, documents, and other agreements that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably requested by the Buyer for the purpose of assigning, transferring, granting, conveying, and conferring to the Buyer or reducing to possession, the Transferred Assets, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

III. Binding Effect of Order.

4. This Sale Order, the Plan, the Confirmation Order, and the Purchase Agreement shall each be binding upon all creditors of, and equity holders in, the Debtors and any and all other parties in interest, including, without limitation, any and all holders of Liens, Claims, Interests, and Encumbrances (including holders of any rights or claims based on any putative products, successor, or transferee liability) of any kind or nature whatsoever, all contract counterparties to the Transferred Contracts, the Buyer, all successors and assigns of the Buyer, the Debtors, and their respective affiliates and subsidiaries, and any trustee or successor trustee appointed in these Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code.

IV. Amendments to the Purchase Agreement.

5. Subject to the terms and conditions of the Purchase Agreement, the Debtors and the Buyer, as the context makes applicable, may amend, modify, supplement, or waive any provision of the Purchase Agreement (an "***Amendment***") without further approval or order of the Court, so long as (a) such Amendment is not material and is undertaken in good faith by the Buyer and the Debtors; (b) the Debtors provide prior written notice of the Amendment (the "***Amendment Notice***") to the U.S. Trustee, counsel to the Prepetition Secured Parties and DIP Secured Parties, and, counsel to the official committee of unsecured creditors (collectively, the "***Notice Parties***"),

and (c) the Debtors file the Amendment Notice with the Court; *provided*, *however*, that neither consent of the Notice Parties nor approval of the Court will be necessary to effectuate any such Amendment. Any material Amendment must be approved by the Court to be effective.

6. Section 2.1(k)(i) of the Purchase Agreement is hereby amended as follows:

"(i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing that is listed on **Schedule 1** of the Global Settlement Term Sheet (as defined in the Plan) (the "***Go-Forward Vendors Schedule***"); *provided* that to the extent any vendor, supplier, customer or trade creditor not previously identified on the Sellers' bankruptcy schedules is identified after entry of the U.S. Sale Order, the Buyer shall have 30 days to add such party to the Go-Forward Vendors Schedule, and such party shall be deemed to have been a Designated Party hereunder as of the Closing."

V. Transfer of the Transferred Assets Free and Clear.

7. The Buyer shall assume and be liable for the Assumed Liabilities expressly assumed pursuant to the Purchase Agreement, this Sale Order, and the Confirmation Order, and, for the avoidance of doubt, shall not assume or be liable for any Excluded Liabilities. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Sale Order, pursuant to sections 105(a), 363(b), 363(f), 365(b), 365(f), 1123, 1141, and 1146 of the Bankruptcy Code, upon the Closing, the Transferred Assets shall be transferred to the Buyer free and clear of any and all Liens, Claims, Interests, and Encumbrances (as defined in the Purchase Agreement) of any kind or nature whatsoever with the sole exception of any Permitted Encumbrances and Assumed Liabilities. For purposes of this Sale Order, "Liens," "Claims," and "Interests," as used herein, shall have the respective meanings set forth below:

a. any and all charges, liens (statutory or otherwise), claims, mortgages, leases, subleases, hypothecations, deeds of trust, pledges, security interests, options, rights of use or possession, rights of first offer or first refusal (or any other type of preferential arrangement), options, rights of consent, rights of setoff, successor and products liability, easements, servitudes, restrictive covenants, interests or rights under any operating agreement, encroachments, encumbrances, third-party interests, or any other restrictions or limitations of any kind with respect to the Transferred Assets including all the restrictions or limitations set forth in this Paragraph 6 (collectively, "***Liens***");

b. any and all claims as defined in section 101(5) of the Bankruptcy Code and jurisprudence interpreting the Bankruptcy Code, including, without limitation, (i) any and all claims or causes of action based on or arising under any labor, employment, or pension laws, (ii) any and all claims or causes of action based upon or relating to any putative successor or transferee liability, and (iii) any and all other claims, causes of action, rights, remedies, obligations, liabilities, counterclaims, cross-claims, third party claims, demands, restrictions, responsibilities, or contribution, reimbursement, subrogation, or indemnification claims or liabilities based on or relating to any act or omission of any kind or nature whatsoever asserted against any of the Debtors or any of their respective affiliates, subsidiaries, directors, officers, agents, successors, or assigns in connection with or relating to the Debtors, their operations, their business, their liabilities, the marketing and bidding process with respect to the Transferred Assets, the Transferred Contracts, or the transactions contemplated by the Purchase Agreement, including all the claims set forth in this Paragraph 6 (collectively, "***Claims***"); and

c. any and all equity or other interests of any kind or nature whatsoever in or with respect to (i) any of the Debtors or their respective affiliates, subsidiaries, successors, or assigns, (ii) the Transferred Assets, or (iii) the Transferred Contracts, including all the interests set forth in this Paragraph 6 (collectively, "***Interests***");

in each case, whether in law or in equity, known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, direct or indirect, and whether arising by agreement, understanding, law, equity, or otherwise, and whether occurring or arising before, on, or after the Petition Date or occurring or arising prior to the Closing. Any and all such Liens, Claims, Interests, and Encumbrances shall attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of

their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. At Closing, the Buyer shall take title to and possession of the Transferred Assets subject only to any Permitted Encumbrances and Assumed Liabilities; *provided, however*, that the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

VI. Vesting of Transferred Assets in the Buyer.

8. The transfer of the Transferred Assets to the Buyer pursuant to the Purchase Agreement shall constitute a legal, valid, and effective transfer of the Transferred Assets on the Closing, and, subject to the proviso in decretal paragraph 7 above, shall vest the Buyer with all of the Debtors' rights, title, and interests in the Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities).

VII. Release of Liens.

9. The Debtors are authorized and directed to execute such documents as may be necessary to release any Liens, Claims, Interests, and Encumbrances (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) of any kind against the Transferred Assets as such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) may have been recorded or may otherwise exist. If any person or entity that

has filed financing statements, lis pendens, or other documents or agreements evidencing Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against or in the Transferred Assets shall not have delivered to the Debtors prior to the Closing Date of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) that the person or entity has with respect to the Transferred Assets, (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Transferred Assets; (b) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against the Buyer and the applicable Transferred Assets; (c) the Debtors' creditors and the holders of any Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) are authorized and directed to execute such documents and take all other actions as may be necessary to terminate, discharge, or release their Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) in the Transferred Assets; and (d) the Buyer may seek in this Court or any other court of competent jurisdiction to compel appropriate parties to execute termination statements, instruments of satisfaction, and releases of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) with respect to the Transferred Assets. This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office, and such agencies,

departments, and offices are authorized to accept this Sale Order for filing or recording. Notwithstanding the foregoing, the provisions of this Sale Order authorizing the sale and assignment of the Transferred Assets free and clear of Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) shall be self-executing, and none of the Debtors or the Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Sale Order.

VIII. Assumption and Assignment of Transferred Contracts.

10. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, and subject to and conditioned upon the Closing, the Debtors' assumption and assignment to the Buyer of the Transferred Contracts is hereby approved, and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied. Pursuant to the Purchase Agreement, the Debtors' assignment of any Transferred Contracts that were entered into after the Petition Date is hereby approved.

11. The Debtors are hereby authorized, in accordance with the Purchase Agreement, and in accordance with sections 105(a) and 365 of the Bankruptcy Code, to (i) assume and assign to the Buyer the Transferred Contracts, effective upon and subject to the occurrence of the Closing, free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), which Transferred Contracts, by operation of this Sale Order, shall be deemed assumed and assigned to the Buyer effective as of the Closing, (ii) assignment to the Buyer any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement, and (iii) execute and deliver to the Buyer such documents or other instruments as the Buyer may deem necessary to assign and transfer the Transferred Contracts to the Buyer.

12. Subject to Paragraph 12 hereof:

a. The Debtors are authorized to and may assume all of the Transferred Contracts in accordance with section 365 of the Bankruptcy Code.

b. The Debtors are authorized to and may assign each Transferred Contract to the Buyer in accordance with sections 363 and 365 of the Bankruptcy Code, and any provisions in any Transferred Contract that prohibit or condition the assignment of such Transferred Contract on the consent of the counterparty thereto or allow the non-Debtor party to such Transferred Contract to terminate, recapture, impose any fee or penalty, condition, renewal, or extension limitations, or modify any term or condition upon the assignment of such Transferred Contract shall constitute unenforceable anti-assignment provisions which are expressly preempted under section 365 of the Bankruptcy Code and void and of no force and effect.

c. All requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption and assignment of the Transferred Contracts by the Debtors to the Buyer have been satisfied.

d. Upon the Closing, the Transferred Contracts shall be transferred and assigned to, and remain in full force and effect for the benefit of, the Buyer in accordance with their respective terms, notwithstanding any provision in any such Transferred Contract (including those of the type described in sections 365(b)(2), 365(e)(1), and 365(f) of the Bankruptcy Code) that prohibits, restricts, limits, or conditions such assignment or transfer.

13. All defaults of the Debtors under the Transferred Contracts occurring or arising prior to the assignment thereof to the Buyer at Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be deemed cured or satisfied by the payment of the Identified Cure Amount, if any, to cure all monetary defaults, if any, under each Transferred Contract in the amounts set forth on the schedule of Identified Cure Amounts attached to the Schedule of Assumed Executory Contracts and Unexpired Leases or any supplement thereto (or any other cure cost reached by agreement after an objection to the proposed cure cost by a counterparty to a Transferred Contract), which was served in compliance with the Bidder Protections Order, and as set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, and which Identified Cure Amounts were satisfied, or shall be satisfied as soon as practicable, by the Buyer as provided in the Purchase

Agreement. For all Transferred Contracts set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, the Buyer is authorized and directed to pay all Identified Cure Amounts required to be paid in accordance with the Purchase Agreement upon the later of (a) the Closing, (b) for any Transferred Contracts for which an objection has been filed to the assumption and assignment of such agreement or the Identified Cure Amounts relating thereto and such objection remains pending as of the date of this Sale Order, the resolution of such objection by settlement or order of this Court, and (c) the Effective Date of the Plan for any Transferred Contract designated by the Buyer after the Closing.

14. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their Estates shall be relieved from any liability for any breach of or obligations under any Transferred Contract following the effective date of such assumption and assignment to the Buyer.

IX. Release of Liens by Creditors; Collection of Transferred Assets.

15. Except as expressly provided to the contrary in this Sale Order or the Purchase Agreement, as applicable, the holder of any valid Lien, Claim, Interest, or Encumbrance in the Transferred Assets, shall, as of the Closing, be deemed to have waived and released such Lien, Claim, Interest, or Encumbrance, without regard to whether such holder has executed or filed any applicable release, and such Lien, Claim, Interest, or Encumbrance shall automatically, and with no further action by any party, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. Notwithstanding the foregoing, any such holder of such a Lien, Claim, Interest, or Encumbrance is authorized and directed to execute and deliver any waivers, releases, or other related documentation, as reasonably requested by the Buyer or the Debtors.

16. All persons and entities that are in possession of some or all of the Transferred Assets as of the Closing are directed to surrender possession of such Transferred Assets to the Buyer in accordance with the Purchase Agreement as of the Closing or at such time thereafter as the Buyer may request. As of the Closing, the Buyer and its respective successors and assigns shall be designated and appointed as the Debtors' true and lawful attorney with full power of substitution in the Debtors' name and stead on behalf of and for the benefit of the Buyer and its respective successors and assigns, for the following sole and limited purposes: to have the power to demand and receive any and all of the Transferred Assets and to give receipts and releases for and in respect of the Transferred Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Buyer and its respective successors and assigns, as their interests may appear, proceedings at law, in equity, or otherwise, which the Buyer and its respective successors and assigns, as their interests may appear, may deem proper for the collection or reduction to possession of any of the Transferred Assets.

X. Effect of Recordation of Order.

17. The entry of this Sale Order (a) shall be effective as a conclusive determination that, upon the Closing, all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) existing as to the Transferred Assets prior to the Closing have been unconditionally released, discharged, and terminated and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all persons and entities including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, notaries, protonotaries, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to

accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to, the Transferred Assets. Each and every federal, state, local, or foreign government or governmental or regulatory authority, agency, board, bureau, commission, court, department, or other governmental entity is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement, including, without limitation, recordation of this Sale Order.

XI. Section 1146 Exemption.

18. To the fullest extent permitted by section 1146(a) of the Bankruptcy Code and applicable law, any transfers (whether from a Debtor to the Wind Down Estate or to any other Person or Entity) of property under the Plan or this Sale Order pursuant to: (1) the Sale, including the sale and transfer by the Debtors of the Transferred Assets; (2) the sale and liquidation of the Excluded Assets (as defined in the Plan); (3) the issuance, distribution, transfer, or exchange of any debt or equity Security, or other interest in the Debtors; (4) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (5) the making, assignment, or recording of any lease or sublease; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, personal property transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation

Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146 of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

XII. Prohibition of Actions Against the Buyer.

19. Except for any Permitted Encumbrances and Assumed Liabilities or as expressly permitted or otherwise specifically provided for in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, neither the Buyer, nor any of its respective affiliates shall have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Transferred Assets or otherwise, and upon Closing all entities or persons are permanently and forever prohibited, barred, estopped, and enjoined from asserting against the Buyer and its permitted successors, designees, and assigns, or property, or the Transferred Assets conveyed in accordance with the Purchase Agreement, any Lien, Claim, Interest, or Encumbrance of any kind whatsoever arising prior to Closing including, without limitation, under any theory of successor or transferee liability, *de facto* merger or continuity liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated. Without limiting the generality of the foregoing, and except as otherwise specifically provided in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, the Buyer and its respective affiliates shall not be liable for any claims against the Debtors or any of their predecessors or affiliates, and neither the Buyer nor its affiliates shall have

any successor or vicarious liabilities of any kind or character, including but not limited to any liability pertaining to any theory of antitrust, warranty, products liability, environmental, successor, or transferee liability, labor law, ERISA, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent, liquidated or unliquidated, with respect to the Debtors or any obligations of the Debtors, including, but not limited to, liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the Closing or any claims under the WARN Act or any state law equivalents, or any claims related to wages, benefits, severance, or vacation pay owed to employees or former employees of the Debtors.

20. The Buyer may elect, as of the Closing or any time thereafter, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Transferred Assets, except to the extent not permitted by applicable law.

XIII. Distribution of Proceeds.

21. All proceeds of the Sale shall be distributed in accordance with the Plan.

XIV. No Interference.

22. Following the Closing, no holder of a Lien, Claim, Interest, or Encumbrance in or against the Debtors or the Transferred Assets shall interfere with the Buyer's title to or use and enjoyment of the Transferred Assets based on or related to such Lien, Claim, Interest, or Encumbrance or any actions that the Debtors may take in these Chapter 11 Cases or any successor cases.

XV. Retention of Jurisdiction.

23. This Court retains jurisdiction to, among other things, interpret, enforce and implement the terms and provisions of this Sale Order, the Confirmation Order, the Plan, and the

Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to: (a) compel delivery of the Transferred Assets or performance of other obligations owed to the Buyer; (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Sale Order; and (e) protect the Buyer and its affiliates against (i) any Liens, Claims, Interests, and Encumbrances in or against the Debtors or the Transferred Assets of any kind or nature whatsoever and (ii) any creditors or other parties in interest regarding the turnover of the Transferred Assets that may be in their possession.

XVI. Final Order; No Stay of Order.

24. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to the extent applicable 3020(e), this Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close the Sale under the Purchase Agreement at any time pursuant to the terms thereof.

XVII. Good Faith.

25. The transactions contemplated by the Purchase Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the subject transactions shall not affect the validity of the sales to the Buyer (including the assumption and assignment or assignment by the Debtors of any of the Transferred Contracts),

unless such authorization is duly stayed pending such appeal. The Buyer is a good faith Buyer and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

XVIII. No Collusion.

26. The transactions contemplated by the Purchase Agreement were negotiated, proposed, and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transaction contemplated in the Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

XIX. Inconsistencies with Prior Orders, Pleadings or Agreements.

27. To the extent of any conflict between the Purchase Agreement, the Confirmation Order, the Plan, and this Sale Order, the terms of this Sale Order shall govern with respect to the Sale and the Purchase Agreement. To the extent this Sale Order is inconsistent or conflicts with any prior order or pleading in these Chapter 11 Cases, the terms of this Sale Order shall govern and any prior orders shall be deemed amended or otherwise modified to the extent required to permit consummation of the Sale.

XX. Failure to Specify Provisions.

28. The failure to specifically reference any particular provisions of the Purchase Agreement, the Confirmation Order, the Plan, or other related documents in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement and other related documents be authorized and approved.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit 1

Asset Purchase Agreement

Execution Version

ASSET PURCHASE AGREEMENT

by and among

KIDKRAFT, INC.,

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

SOLOWAVE DESIGN CORP.,

SOLOWAVE DESIGN INC.,

SOLOWAVE DESIGN LP,

as Sellers,

AND

BACKYARD PRODUCTS, LLC

as Buyer,

Dated as of April 25, 2024

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 25, 2024 (the "Execution Date"), by and among (i) KidKraft, Inc., a Delaware corporation ("KK OpCo"), KidKraft International IP Holdings, LLC, a Delaware limited liability company ("KK Holdings"), Solowave Design Corp. d/b/a/ PlayDirect, a Delaware corporation ("Solowave U.S." and, together with KK OpCo and KK Holdings, each a "U.S. Seller" and collectively, "U.S. Sellers"), Solowave Design LP, an Alberta limited partnership ("KK Canada LP"), and Solowave Design Inc., an Ontario corporation ("KK Canada GP" and, together with KK Canada LP, each a "Canadian Seller" and collectively, "Canadian Sellers" and, together with the U.S. Sellers, each a "Seller" and collectively, "Sellers"), and (ii) Backyard Products, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms have the definitions set forth in Article I below.

RECITALS

A. Sellers are engaged in the Business;

B. Sellers, Buyer, GB Funding LLC, 1903 Partners, LLC, MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. have entered into that certain Restructuring Support Agreement, dated as of the date hereof (the "RSA"), pursuant to which the Restructuring Transactions (as defined in the RSA) will be effectuated;

C. In accordance with the RSA, (i) each Seller and certain of their affiliates (collectively, the "Debtors") intend to file voluntary petitions on or about May 6, 2024 (collectively, the "Chapter 11 Case") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "U.S. Bankruptcy Court") and (ii) upon its appointment as "foreign representative" in the Chapter 11 Cases, KK OpCo, on behalf of the Debtors, intends to file proceedings (such recognition proceedings, the "CCAA Recognition Proceedings" and, together with the Chapter 11 Case, the "Bankruptcy Cases") pursuant to Part IV of the Companies' Creditors Arrangement Act (Canada) (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court", and, together with the U.S. Bankruptcy Court, the "Bankruptcy Courts");

D. Subject to the terms and conditions set forth in this Agreement and the entry and terms of the U.S. Sale Order (which may be included as part of the Confirmation Order, as defined herein) and Canadian Sale Order (collectively, the "Sale Orders"), Sellers desire to sell to Buyer all of the Transferred Assets and to assign to Buyer all of the Assumed Liabilities, Buyer desires to purchase from Sellers all of the Transferred Assets and assume all of the Assumed Liabilities, and the Parties intend to effectuate the transactions contemplated by this Agreement, upon the terms and conditions hereinafter set forth;

E. The Transferred Assets and Assumed Liabilities shall be purchased and assumed by Buyer (or Designated Buyer) pursuant to the Sale Orders, free and clear of all Encumbrances (other than Permitted Encumbrances), pursuant to, inter alia, Sections 105, 363, 365 and 1123 of the Bankruptcy Code, Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, the CCAA, and the local rules for the Bankruptcy Courts, all on the terms and subject to the conditions set forth in this Agreement and subject to entry of the Sale Orders; and

F. The execution and delivery of this Agreement and Sellers' ability to consummate the transactions set forth in this Agreement are subject to, among other things, the entry of the Sale Orders, as further set forth herein. The Parties desire to consummate the proposed transaction as promptly as practicable after the Bankruptcy Courts enter the Sale Orders.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement:

"A/R Dilution" means any reduction in the gross amount of accounts receivable of any Seller as a result of customer returns, allowances, discounts, disputes, chargebacks, credits, financing or factoring that result in a Seller collecting less than the full invoiced amount of such accounts receivable.

"A/R Dilution Amount" means the A/R Dilution applicable to the Transferred A/R (excluding (i) any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing and (ii) any A/R Dilution occurring following the delivery of the A/R Dilution Closing Statement).

"A/R Dilution Escrow Amount" means the "Dilution Reserves" line item listed on the Estimated Closing Statement *multiplied* by 15%, together with any interest earned thereon.

"A/R Dilution Closing Statement" has the meaning set forth in Section 2.8(h).

"A/R Dilution Consideration Adjustment" has the meaning set forth in Section 2.8(k).

"Accounting Firm" has the meaning set forth in Section 2.8(e)(i).

"Action" means any action, complaint, claim, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, or appellate proceeding), hearing, inquiry, investigation or audit commenced, brought, conducted or heard by or before any Governmental Authority, other than an Avoidance Action.

"Adjustment Amount" means an amount (which can be positive or negative) equal to the sum of:

(a) (i) the Final Purchased Inventory Payment Amount *minus* (ii) the Estimated Purchased Inventory Payment Amount; *plus*

(b) (i) the Final Reimbursement Amount *minus* (ii) the Estimated Reimbursement Amount; *plus*

(c) the Final Net A/R Payment Amount *minus* (ii) the Estimated Net A/R Payment Amount.

"Adjustment Closing Statement" has the meaning set forth in Section 2.8(c).

"Adjustment Escrow Amount" means $2,000,000, together with any interest earned thereon.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other Representatives of such Person.

"Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, where "control," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Ainsley RTV Inventory" means the Inventory located at Sellers' Arlington Warehouse and designated as "Ainsley RTV" in the KK Inventory File.

"Allocation" has the meaning set forth in Section 2.11.

"Alternative Transaction" means (a) the sale, transfer or other disposition, directly or indirectly, including through an asset sale, share sale, merger, amalgamation, or other similar transaction, including a plan of reorganization approved by the U.S. Bankruptcy Court, of a material portion of the Transferred Assets, in a transaction or series of transactions with one or more Persons other than Buyer, or (b) any other transaction that would interfere with, materially delay or prevent the transactions contemplated hereby.

"Ancillary Agreements" means, collectively, the agreements to be executed in connection with the transactions contemplated by this Agreement, including the Assignment and Assumption Agreement, the IP Assignment Agreement, and the Escrow Agreement.

"Anti-Corruption Laws" has the meaning set forth in Section 3.6(d).

"Arlington Warehouse" means the warehouse at 3221 East Arkansas Lane, Arlington, Texas 76010 that is leased to a Seller.

"Assignment and Assumption Agreement" has the meaning set forth in Section 2.10(b)(i).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Audited Financial Statements" has the meaning set forth in Section 3.14(a).

"Avoidance Actions" has the meaning set forth in Section 2.1(k).

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Courts" has the meaning set forth in the Recitals.

"Bidder Protections" has the meaning set forth in Section 9.3(a).

"Break-up Fee" has the meaning set forth in Section 9.3(a).

"Business" means the design, development, creation, making, and sale of toys and other children's play products, including, without limitation, playground, play center, and play-house products, and related products and service as conducted by Sellers on the date hereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the State of Delaware, the State of Michigan, or the State of New York.

"Buyer" has the meaning set forth in the Preamble (and additionally includes reference to the Designated Buyer as the context requires).

"Buyer Breach Fee" has the meaning set forth in Section 2.9(c).

"Buyer Breach Termination" has the meaning set forth in Section 2.9(b)(ii).

"Buyer Non-Recourse Person" has the meaning set forth in Section 10.22(a).

"Canadian Sale Order" means an Order of the CCAA Court in the CCAA Recognition Proceedings, among other things, (a) recognizing and giving full force and effect to the U.S. Sale Order in Canada, and (b) vesting the Canadian Transferred Assets in and to Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances, and subject to the rights of the applicable parties under Section 2 of the RSA.

"Canadian Seller" has the meaning set forth in the Preamble.

"Canadian Transferred Assets" means (a) the Transferred Assets of the Canadian Sellers, and (b) the Transferred Assets of the Sellers other than the Canadian Sellers that are located in Canada.

"Cash and Cash Equivalents" means all of any Seller's cash (including petty cash and checks received on the Closing Date), checking account balances, marketable securities, certificates of deposits, time deposits, bankers' acceptances, commercial paper, security entitlements, securities accounts, commodity Contracts, commodity accounts, government securities and any other cash equivalents, whether on hand, in transit, in banks or other financial institutions, or otherwise held (including held as a deposit), including any cash collateral supporting or otherwise relating to any letter of credit or similar instrument relating to the Business.

"Cash Breach Fee Component" has the meaning set forth in Section 2.9(c).

"CCAA" has the meaning set forth in the Recitals.

"CCAA Court" has the meaning set forth in the Recitals.

"CCAA Recognition Proceedings" has the meaning set forth in the Recitals.

"Chapter 11" means chapter 11 of the Bankruptcy Code.

"Chapter 11 Case" has the meaning set forth in the Recitals.

"Closing" has the meaning set forth in Section 2.10(a).

"Closing Date" has the meaning set forth in Section 2.10(a).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Compliance Date" means April 1, 2022.

"Conditions Certificates" means (a) a certificate signed by a duly authorized officer of Buyer and addressed to Sellers and the Information Officer (in form and substance satisfactory to Sellers and the Information Officer, acting reasonably) certifying that the closing conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived, and (b) a certificate signed by a duly authorized officer of KK OpCo and addressed to Buyer and the Information Officer (in form and substance satisfactory to Buyer and the Information Officer, acting reasonably) certifying that the Purchase Price payable upon Closing has been paid in full in accordance with this Agreement and the closing conditions set forth in Section 8.1 and Section 8.3 have been satisfied or waived.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of November 8, 2023, entered into between KidKraft Group Holdings, LLC and Source Capital, LLC with respect to the transactions contemplated hereby.

"Confirmation Order" means an order of the U.S. Bankruptcy Court confirming the Plan, which order may include the U.S. Sale Order and shall be subject to the rights of the parties under Section 2 of the RSA.

"Contract" means any contract, agreement, insurance policy, lease, license, sublicense, sales order, purchase order, instrument, or other commitment, that is binding on any Person or any part of its assets or properties under applicable Law.

"Controlled Group Liability" means any and all Liabilities of Sellers and their ERISA Affiliates (a) under Title IV of ERISA, (b) under Section 302 of ERISA, (c) under Sections 412 or 4971 of the Code and (d) under corresponding or similar provisions of foreign Laws.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof.

"Cure Claims" means amounts that must be paid and obligations that otherwise must be satisfied, pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code or the CCAA, in

connection with the assumption and assignment of the Transferred Contracts to be assumed and assigned to Buyer.

"Customs and International Trade Laws" means any domestic Law, license, directive, award or other decision or requirement, including any amendments, having the force or effect of Law, of any Governmental Authority, concerning the transfer, importation, exportation, reexportation or deemed exportation of products, technical data, technology and/or services.

"Debtors" has the meaning set forth in the Recitals.

"Deposit Amount" has the meaning set forth in Section 2.9(a).

"Designated A/R Account" has the meaning set forth in Section 6.7(c).

"Designated Buyer" has the meaning set forth in Section 2.12(a).

"Designated Parties" has the meaning set forth in Section 2.1(k).

"Designation Deadline" has the meaning set forth in Section 2.5(f).

"DIP Agent" means GB Funding, LLC.

"DIP Budget" means the budget provided for under the DIP Order, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"DIP Facility" means the senior secured superpriority debtor-in-possession term loan facility provided to the Debtors by 1903 Partners, LLC.

"DIP Order" means the interim or final (whichever is then in effect) Order entered by the U.S. Bankruptcy Court approving or authorizing the Debtors' entry into and performance under the DIP Term Sheet.

"DIP Term Sheet" means that certain priming super priority debtor-in-possession financing term sheet dated as of the date hereof pursuant to which 1903 Partners, LLC made the DIP Facility available to the Debtors, subject to entry of the DIP Order.

"Disclosed Personal Information" means Personal Data governed by applicable Canadian federal or provincial Privacy Laws that Buyer receives from Seller in connection with this Agreement.

"Disclosure Letter" means the disclosure letter being delivered to Buyer contemporaneously with the execution of this Agreement. Notwithstanding anything to the contrary contained in the Disclosure Letter or in this Agreement, (a) the information and disclosures contained in any section of the Disclosure Letter shall be deemed to be disclosed and incorporated by reference in any other section of the Disclosure Letter as though fully set forth in such other section for which the applicability of such information and disclosure is reasonably apparent on the face of such information or disclosure, (b) the disclosure of any matter in the

Disclosure Letter shall not be construed as indicating that such matter is necessarily required to be disclosed in order for any representation or warranty to be true and correct, (c) the Disclosure Letter is qualified in its entirety by reference to this Agreement and is not intended to constitute, and shall not be construed as constituting, representations and warranties by any Party except to the extent expressly set forth herein, (d) the inclusion of any item in the Disclosure Letter shall be deemed neither an admission that such item is material to the business, financial condition or results of operations of any Seller or the Business, nor an admission of any liability to any third party, (e) matters reflected in the Disclosure Letter are not necessarily limited to matters required by this Agreement to be reflected therein and any additional matters are set forth therein for informational purposes and (f) headings are inserted in the Disclosure Letter for convenience of reference only and shall not have the effect of amending or changing the express description of the sections as set forth in this Agreement.

"Disclosure Limitations" has the meaning set forth in Section 6.2(a).

"Disputed Amounts" has the meaning set forth in Section 2.8(e).

"Employee Benefit Plans" means each (i) "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (ii) other benefit and compensation plan, contract, policy, program, practice, arrangement or agreement, including pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which any Seller is an owner, a beneficiary or both), employee loan, educational assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, equity or equity-based compensation, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement and (iii) other employment, consulting or other individual agreement or arrangement, in each case, (a) that is sponsored or maintained or contributed, or required to be contributed, to by any Seller or any of its ERISA Affiliates in respect of any current or former employees, directors, independent contractors, consultants or leased employees of any Seller, including any dependents or beneficiaries thereof or (b) with respect to which any Seller or any of its ERISA Affiliates has any actual or contingent Liability.

"Employees" means all of the employees of Sellers on the Execution Date, as well as any additional persons who become employees of Sellers during the period from the Execution Date through the Closing.

"Encumbrance" means any charge, claim (including any "claim" as defined in the Bankruptcy Code), lease, sublease, mortgage, deed of trust, lien (including any "lien" as defined in the Bankruptcy Code), license, encumbrance, option, pledge, hypothecation, security interest or similar interest, preemptive right, right of first refusal, right of first offer, right of use or possession, restriction, easement, servitude, restrictive covenant, encroachment, conditional sale or title retention agreements or other similar restriction or encumbrance, whether imposed by Law, Contract, equity or otherwise.

"Enforceability Exceptions" has the meaning set forth in Section 3.2.

"Environmental Claim" means any Action, cause of action, claim, suit, proceeding, investigation, Order, demand or notice by any Person alleging Liability (including Liability for investigatory costs, governmental response costs, remediation or clean-up costs, natural resources damages, property damages, personal injuries, attorneys' fees, fines or penalties) arising out of, based on, resulting from or relating to (a) the presence, Release or threatened Release of, or exposure to any Hazardous Materials; (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law; or (c) any other matters for which Liability is imposed under Environmental Laws, including common law.

"Environmental Law" means any Law relating to pollution, the protection of, restoration or remediation of the environment or natural resources, or the protection of human health and safety (regarding exposure to Hazardous Materials), including, Laws relating to: (a) the exposure to, or Releases or threatened Releases of, Hazardous Materials; (b) the generation, manufacture, processing, distribution, use, transport, treatment, containment, storage, disposal, or handling of Hazardous Materials; or (c) recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"Environmental Permit" means any Permit required under or issued pursuant to any Environmental Law for the Sellers' operations as currently conducted.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and regulations promulgated thereunder.

"ERISA Affiliate" means any entity which is a member of (a) a controlled group of corporations (as defined in Section 414(b) of the Code), (b) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), (c) an affiliated service group (as defined under Section 414(m) of the Code) or (d) any group specified in Treasury Regulations promulgated under Section 414(o) of the Code, any of which includes or included (as of the relevant time) any Seller.

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means the Contract by and among Buyer, KK OpCo and Escrow Agent attached hereto as Exhibit A.

"Estimated A/R Dilution Amount" has the meaning set forth in Section 2.8(a).

"Estimated Closing Statement" has the meaning set forth in Section 2.8(a).

"Estimated Net A/R Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Reimbursement Amount" has the meaning set forth in Section 2.8(a).

"ETA" means the *Excise Tax Act* (Canada) and the regulations thereunder.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" has the meaning set forth in Section 2.2(i).

"Excluded In-Transit Inventory" has the meaning set forth in Section 6.9.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Specified Inventory" has the meaning set forth in Section 2.2(g).

"Excluded Taxes" means any Liabilities (i) for Taxes of the Sellers with respect to any taxable period, (ii) for Taxes relating to the operation of the Business or ownership of the Transferred Assets prior to (but not after) the Closing and (iii) for Taxes for which the Sellers are responsible pursuant to Section 7.3.

"Execution Date" has the meaning set forth in the Preamble.

"Expense Reimbursement" has the meaning set forth in Section 9.3(a).

"FCPA" has the meaning set forth in Section 3.6(d).

"Final A/R Dilution Amount" has the meaning set forth in Section 2.8(j).

"Final Net A/R Payment Amount" has the meaning set forth in Section 2.8(j).

"Final Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(f).

"Final Reimbursement Amount" has the meaning set forth in Section 2.8(f).

"Financial Statements" has the meaning set forth in Section 3.14(a).

"Foreign Inventory" has the meaning set forth in Section 6.9.

"Fraud" means intentional and knowing common law fraud under the laws of the State of Delaware with respect to each of the Parties' respective representations and warranties expressly set forth in Article III or Article IV this Agreement. For the avoidance of doubt, "Fraud" does not include any claim for constructive or equitable fraud or any fraud based on negligence or recklessness.

"Fundamental Representations" means the representations and warranties set forth in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.4(a) and (b) (Title to Transferred Assets) and Section 3.19 (Financial Advisors).

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Gordon Brothers" means GB Funding, LLC, 1903 Partners, LLC, or any of their Affiliates.

"Governmental Authority" means any United States or non-United States national, federal, state or local governmental, regulatory or administrative authority, agency, court, tribunal or commission or any other judicial or arbitral body, including the Bankruptcy Courts.

"Hazardous Materials" means any material, substance, chemical, or waste (or combination thereof) that (a) is listed, defined, designated, regulated or classified as hazardous, toxic, radioactive, dangerous, a pollutant, a contaminant, petroleum, oil, or words of similar meaning or effect under any Environmental Law; or (b) forms the basis of any Liability under any Environmental Law.

"In-Transit Inventory" has the meaning set forth in Section 6.9.

"In-Transit Inventory Consideration" has the meaning set forth in Section 6.9.

"In-Transit Inventory Escrow Amount" has the meaning set forth in Section 6.9.

"Income Taxes" means (a) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains and alternative minimum Taxes, but excluding property, sales, real or personal property transfer or other similar Taxes), (b) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to is included in clause (a) above, or (c) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (a) or (b) above.

"Indoor Vendor Payments" has the meaning set forth in Section 2.7(b).

"Information Officer" means the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings.

"Information Officer's Certificate" means the certificate issued by the Information Officer, substantially in the form attached to the Canadian Sale Order, certifying that the Information Officer has received the Conditions Certificates.

"Initial Cash Consideration" has the meaning set forth in Section 2.6(a).

"Intellectual Property" means all intellectual property rights throughout the world, including all U.S. and foreign rights in (a) trade names, trademarks and service marks, business names, corporate names, domain names, trade dress, logos, slogans, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing ("Trademarks"); (b) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof ("Patents"); (c) copyrights and copyrightable subject matter (whether registered or unregistered), works of authorship ("Copyrights"); (d) computer programs (whether in source code, object code, or other form), firmware, software, models, algorithms, methodologies, databases, compilations, data, all technology supporting the foregoing, and all documentation, including user manuals and training materials, programmers' annotations, notes, and other work product used to design, plan, organize, maintain, support or develop, or related to any of the

foregoing; (e) confidential or proprietary information, trade secrets and know-how, and all other inventions, proprietary processes, formulae, models, and methodologies; (f) all applications and registrations for any of the foregoing; and (g) all rights and remedies (including the right to sue for and recover damages) against past, present, and future infringement, misappropriation, or other violation relating to any of the foregoing.

"Interim Financial Statements" has the meaning set forth in Section 3.14(a).

"Inventory" means all raw materials, works-in-progress, finished goods, supplies, packaging materials and other inventories owned by Sellers.

"Inventory Count" means the physical count and inspection of the Purchased Inventory by the Sellers or their Representatives completed prior to Closing. The Inventory Count will be conducted by Sellers no more than two (2) Business Days prior to the Closing Date. The Inventory Count will be taken in accordance with the historical past practice of the Business, to the extent consistent with GAAP, and otherwise in accordance with GAAP, to verify the Purchased Inventory accurately reflects the KK Inventory File. Buyer and Gordon Brothers will each have the right to have a Representative observe and participate in the verification of the Inventory Count. The results of the Inventory Count will be used to determine the amount of Purchased Inventory and the calculation of the Purchased Inventory Payment Amount.

"IP Assignment Agreement" means the Intellectual Property rights assignment agreement, in form and substance reasonably satisfactory to the Parties.

"IRS" means the Internal Revenue Service of the United States.

"KK Canada GP" has the meaning set forth in the Preamble.

"KK Canada LP" has the meaning set forth in the Preamble.

"KK Holdings" has the meaning set forth in the Preamble.

"KK Inventory File" means the excel file labeled "Inventory Detail 03.21.2024.xlsx" and made available in the Project Liftoff data room, as the volume of the inventory reflected therein is updated pursuant to the Inventory Count, or as otherwise determined by mutual agreement of Buyer and Sellers (acting reasonably) prior to Closing, to reflect actual inventory as of the Closing (for the avoidance of doubt, no such update to the KK Inventory File will amend or otherwise modify any of the grades of any of the inventory reflected therein).

"KK OpCo" has the meaning set forth in the Preamble.

"Knowledge" with respect to Sellers means the actual (but not constructive or imputed) knowledge of Geoff Walker, Johnnie Goodner and David Barr after reasonable inquiry.

"Law" means any and all federal, state, provincial, local and foreign laws, statutes, ordinances, rules, regulations, policies, orders, judgments and decrees, in each case, enacted, adopted or promulgated by a Governmental Authority.

"Leased Real Property" has the meaning set forth in Section 3.9.

"Legal Restraint" has the meaning set forth in Section 8.1(a).

"Liability" means any debt, loss, claim, damage, demand, fine, judgment, penalty, liability (including any liability that results from, arises out of, or relates to any tort or product liability claim), commitment, undertaking, expense, cost, royalty, deficiency, fee, charge or obligation (in each case, of any nature, whether known or unknown, disclosed or undisclosed, express or implied, primary or secondary, mature or unmatured, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort or otherwise, and without regard to when sustained, incurred or asserted or when the relevant events occurred or circumstances existed).

"Listed Person" has the meaning set forth in Section 3.6(g).

"Material Adverse Effect" means any event, change, condition, occurrence or effect that individually or in the aggregate (a) has had, or would reasonably be expected to have, a material adverse effect on the Business or the Transferred Assets or the condition (financial or otherwise), assets, Liabilities, or operations of the Business or the Transferred Assets, taken as a whole, or (b) prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the performance by Sellers of their obligations under this Agreement, other than, in each case of the preceding clause (a), any event, change, condition, occurrence or effect to the extent arising out of, attributable to or resulting from, alone or in combination, (i) general changes or developments in the industry or geographical areas in which the Business operates, (ii) with respect to the Business or the Transferred Assets, changes in general domestic or foreign economic, social, political, financial market or geopolitical conditions (including the existence, occurrence, escalation or outbreak or worsening of any hostilities, war, police action, acts of terrorism or military conflicts, whether or not pursuant to the declaration of an emergency or war), (iii) the occurrence of any act of God or other calamity or force majeure event (whether or not declared as such), including any civil disturbance, embargo, natural disaster, earthquake, fire, flood, hurricane, tornado or other weather event, or the onset or continuation of any global or national health concern, epidemic, pandemic (whether or not declared as such by any Governmental Authority), viral outbreak (including "Coronavirus" or "COVID-19" or any variant thereof) or any quarantine, lockdown, travel restriction, business restriction or trade restriction related thereto, (iv) changes in any applicable Laws or GAAP or interpretations thereof, (v) the execution, existence, performance, announcement, pendency or consummation of this Agreement or the transactions contemplated hereby, (vi) the announcement or pendency of the Bankruptcy Cases (and any limitations therein pursuant to the Bankruptcy Code, the CCAA, any Order of the Bankruptcy Courts, or the DIP Facility (or limitations of funding thereunder)) or any objections in the Bankruptcy Courts to (1) this Agreement or any of the transactions contemplated hereby, (2) the reorganization or liquidation of Sellers and any related plan of reorganization or disclosure statement, (3) the Plan, (4) the assumption of any Transferred Contract or (5) any action approved by the Bankruptcy Courts, (vii) any action taken by any Seller at the written request of Buyer or that is required by this Agreement, (viii) the identity of Buyer or any of its Affiliates, (ix) any failure to achieve and comply with any budgets (including, without limitation, the DIP Budget), projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics (but, for the avoidance or doubt, not the underlying causes of any such failure to the extent such

underlying cause is not otherwise excluded from the definition of Material Adverse Effect); (x) the effect of any action taken by Buyer or its Affiliates with respect to the transactions contemplated by this Agreement, (xi) any breach by Buyer of its obligations under this Agreement or (xii) any change in the cost or availability or other terms of any financing; provided, however, that changes or developments set forth in clauses (i), (ii), (iii) or (iv) may be taken into account in determining whether there has been or is a Material Adverse Effect if such changes or developments have a disproportionate impact on the Business, taken as a whole, relative to the other participants in the industries and markets in which the Business operates.

"Net A/R" means aggregate book balance of the Transferred A/R, as updated in the Estimated Closing Statement to reflect Transferred A/R accounts receivable as of the Closing, net of (i) any A/R Dilution (excluding any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing), (ii) any accounts receivable aged in excess of ninety (90) days past due as of the Closing and (iii) unapplied cash in respect of the Transferred A/R.

"Net A/R Payment Amount" means Net A/R *multiplied* by 90%.

"Non-Income Taxes" means any Taxes other than Income Taxes, including ad valorem, property, excise, sales, use or other similar Taxes relating to the Transferred Assets or the Business, but excluding, for the avoidance of doubt, Transfer Taxes.

"Objection Notice" has the meaning set forth in Section 2.8(d).

"Order" means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

"Ordinary Course of Business" means the operation of the Business in the ordinary and usual course consistent with past practice and custom of Sellers, as such practice and custom is, or may have been, modified as a result of the Bankruptcy Cases, in each case subject to (a) the filing of the Bankruptcy Cases and (b) any Orders of the Bankruptcy Courts or the Bankruptcy Code or the CCAA.

"Organizational Documents" means (i) with respect to any corporation, its certificate or articles of incorporation, its bylaws, and any shareholder or stockholder agreement, (ii) with respect to any limited partnership, its certificate of limited partnership and its partnership agreement, (iii) with respect to any general partnership, any statement of partnership and its partnership agreement, (iv) with respect to any limited liability company, its certificate of formation or articles of organization and its operating agreement, (v) with respect to any other form of entity, any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and any agreement amongst its members, (vi) any documents equivalent to any of the foregoing applicable to non-U.S. jurisdictions, and (vii) any amendments, side letters, modifications, or other arrangements with respect to any of the foregoing.

"Outdoor Vendor Payments" has the meaning set forth in Section 2.7(a).

"Outside Date" has the meaning set forth in Section 9.1(b)(ii).

"Party" or "Parties" means, individually or collectively, Buyer and Sellers.

"Permits" has the meaning set forth in Section 3.6(b).

"Permitted Encumbrance" means (a) Encumbrances for Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings, (b) mechanics', carriers', workers', repairers', suppliers', vendors' and other similar common law or statutory Encumbrances arising or incurred in the Ordinary Course of Business under applicable Law, (c) with respect to any Leased Real Property, any Encumbrance primarily affecting the interest of the landlord, sublandlord or licensor of such real property, (d) any non-exclusive licenses to Intellectual Property granted to customers of the Business in the Ordinary Course of Business, (e) public roads, highways, zoning codes, building codes, entitlements, conservation restrictions or other land use or environmental Laws regulating the use or occupancy of the Real Property or the activities conducted thereon which are imposed by any governmental authority having jurisdiction over the Real Property, (f) any Encumbrances that will be removed or released by operation of the Sale Orders and (g) any other Encumbrance permitted in writing by Buyer.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Personal Data" means any information (a) that could be used to identify, contact, or locate a natural Person, including name, contact information, financial account number, an identification number, location data, IP address, online activity or usage data, an online identifier, or one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural Person, or (b) that is considered "personally identifiable information," "personal information," or "personal data" by one or more applicable Privacy Laws.

"Petition Date" means the date of filing of the Chapter 11 Case.

"Plan" The Chapter 11 plan of Debtors (as defined in the RSA) filed in accordance with the RSA.

"Prepetition Budget" means the budget regarding applicable Vendor Payments from the effective date of the RSA through the Petition Date, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"Prepetition Credit Agreement" means that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KK OpCo and KidKraft Netherlands B.V. a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, the guarantors party thereto, GB Funding, LLC as administrative agent and collateral agent and the lenders from time to time party thereto, as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof.

"Privacy and Information Security Requirements" means (a) all applicable Laws regulating the Processing of Personal Data, data breach notification, privacy policies and practices,

processing and security of payment card information, including, to the extent applicable, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018 ("CCPA"), the Payment Card Industry Data Security Standards, the European General Data Protection Regulation (the "GDPR"), any applicable national laws which implement the GDPR, the UK Data Protection Act 2018 (the "UK DPA"), the Personal Information Protection Law ("PIPL") of China, state data security laws and state data breach notification law, in each case as amended, consolidated re-enacted or replaced from time to time ("Privacy Laws"), (b) obligations under all Transferred Contracts that relate to Personal Data and (c) all of the Sellers' and their Subsidiaries' written internal and publicly posted policies and representations regarding the Processing of Personal Data in the conduct of the Business.

"Process" or "Processing" with regard to Personal Data means the collection, use, storage, maintenance, retention, transmission, access, processing, recording, distribution, transfer, import, export, protection (including security measures), deletion, disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

"Purchase Price" has the meaning set forth in Section 2.6.

"Purchased Inventory" has the meaning set forth in Section 2.1(d).

"Purchased Inventory Payment Amount" means an amount calculated as follows: (a) 75% of the book value of Purchased Inventory graded A, A+, B, C, Comp, I, New, New_FY24 or blank in the KK Inventory File; *plus* (b) 60% of the book value of Purchased Inventory graded D in the KK Inventory File; provided, in each case, the amount of Purchased Inventory shall be adjusted based on the Inventory Count and will only include Inventory located in the United States that has cleared customs, Australia (to the extent that title of such Australian inventory is transferred to a Seller prior to Closing) or Canada, or that becomes Purchased Inventory in accordance with Section 6.9, *plus* (c) the lesser of (i) 100% of the book value of the Purchased Inventory on the KK Inventory File designated as "European Inventory", and (ii) the documented landed duty paid price of such inventory styles if the Buyer had purchased such Purchased Inventory directly from vendors in China; provided, that, Buyer shall reimburse Sellers the costs of importing any Foreign Inventory into the United States in accordance with Section 2.7(f).

"Qualifying Alternative Transaction" means an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: the implied cash portion of the Purchase Price (determined based on the KK Inventory File) *plus* the Break-up Fee *plus* the Expense Reimbursement *plus* $4,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities.

"Registered IP" has the meaning set forth in Section 3.10(a).

"Reimbursement Amount" has the meaning set forth in Section 2.7.

"Release" means any release, spill, emission, discharge, leaking, pouring, dumping or emptying, pumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including soil, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the migration of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Representatives" means, with respect to any Person, the officers, managers, directors, principals, employees, agents, auditors, Advisors, and other representatives of such Person.

"RSA" has the meaning set forth in the Recitals.

"Sale Hearing" means the hearing conducted by the U.S. Bankruptcy Court to approve the transactions contemplated by this Agreement.

"Sale Orders" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller Non-Recourse Person" has the meaning set forth in Section 10.22(b).

"Solowave U.S." has the meaning set forth in the Preamble.

"Specified Indoor Inventory" has the meaning set forth in Section 2.7(b).

"Specified Outdoor Inventory" has the meaning set forth in Section 2.7(a).

"Straddle Period" means any taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" of any Person means any entity (a) of which 50% or more of the outstanding share capital, voting securities or other voting equity interests are owned, directly or indirectly, by such Person, (b) of which such Person is entitled to elect, directly or indirectly, at least 50% of the board of directors or similar governing body of such entity or (c) if such entity is a limited partnership or limited liability company, of which such Person or one of its Subsidiaries is a general partner or managing member or has the power to direct the policies, management or affairs.

"Successor" has the meaning set forth in Section 9.3(b).

"Tax Law" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority relating to Taxes.

"Tax Return" means any return, document, declaration, report, claim for refund, statement, information statement or other information or filing relating to Taxes, including any schedule or attachment thereto or amendment thereof, that is filed with or supplied to, or required to be filed with or supplied to, any Governmental Authority.

"Taxes" means any and all U.S. federal, state, and local, Canadian federal, provincial, territorial and local, non-U.S./non-Canadian and other taxes, charges, fees, duties, levies, tariffs, imposts, tolls, customs or other assessments in the nature of a tax imposed by any Governmental Authority, including net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, branch profits, profit share, license, lease, service, service use, value added, goods and services, harmonized sales, provincial sales, retail sales, withholding, payroll, employment, fringe benefits, excise, estimated, severance, stamp, occupation, premium, property,

escheat or unclaimed property, windfall profits or other taxes, together with any interest, penalties, or additions to tax imposed by a Governmental Authority with respect thereto.

"Transfer Taxes" has the meaning set forth in Section 7.1.

"Transferred A/R" has the meaning set forth in Section 2.1(c).

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transferred Contracts" has the meaning set forth in Section 2.1(e).

"Transferred Employee Records" means records of Sellers that relate to the Transferred Employees, but only to the extent that such records pertain to (a) skill and development training, (b) seniority histories, (c) salary information and (d) Occupational, Safety and Health Administration reports and records (or similar reports and records under Canadian law) that Buyer or its Affiliates are obligated to maintain as a successor employer.

"Transferred Employee" has the meaning set forth in Section 6.3(a).

"Transferred IP" has the meaning set forth in Section 2.1(f).

"Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury (whether in final, proposed or temporary form), as the same may be amended from time to time.

"U.S. Bankruptcy Court" has the meaning set forth in the Recitals.

"U.S. Sale Order" means an Order of the U.S. Bankruptcy Court approving this Agreement and the transactions contemplated by this Agreement, and subject to the rights of the parties under Section 2 of the RSA (for the avoidance of doubt, in form and substance acceptable to Buyer), provided that such U.S. Sale Order may be included as part of the Confirmation Order.

"U.S. Seller" has the meaning set forth in the Preamble.

"Vendor Payments" has the meaning set forth in Section 2.7(c).

"Vendor Start Up Cost Payments" has the meaning set forth in Section 2.7(c).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 and any similar applicable local or state Laws.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Transferred Assets. Upon the terms and subject to the conditions of this Agreement and the Sale Orders, at the Closing, Sellers shall sell, assign, transfer, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer (or, as applicable, one or more Designated Buyers), and Buyer (or, as applicable, one or more

Designated Buyers) shall purchase, all right, title and interest of Sellers, in, to or under the Transferred Assets free and clear of any and all Encumbrances (other than Permitted Encumbrances). "Transferred Assets" shall mean all right, title and interest of Sellers to or under the following properties and assets of Sellers of every kind and description, whether real, personal, mixed, intangible (but excluding in each case any Excluded Assets):

(a) all rights, claims or causes of action of Sellers against any party arising out of events occurring prior to the Closing related to other categories of Transferred Assets, including, for the avoidance of doubt, arising out of events occurring prior to the commencement of the Chapter 11 Case, and including any rights under or pursuant to any and all warranties, licenses, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Sellers, in each case, relating to other categories of Transferred Assets, but excluding any rights, claims or causes of action of Sellers released pursuant to the Plan;

(b) other than Inventory, all fixed assets, equipment, machinery, furnishings, computer hardware, electronic devices, vehicles, tools, office supplies, fixtures and other tangible personal property primarily used in or necessary for the operation of the Business that is owned by a Seller organized under laws of the United States or Canada;

(c) (i) all accounts receivable of Sellers located in the United States and Canada, including all such accounts receivable set forth on Section 2.1(c) of the Disclosure Letter, as updated in the Estimated Closing Statement and the A/R Dilution Closing Statement to reflect accounts receivable as of the Closing, regardless of aged status (the "Transferred A/R") and (ii) all cash receipts received after the Closing on account of any Transferred A/R;

(d) the Inventory described in Section 2.1(d) of the Disclosure Letter, as updated prior to Closing based on the Inventory Count, to the extent such Inventory either (i) at Closing, is located in the United States, Canada or Australia (with title held by a Seller as of Closing), or (ii) constitutes In-Transit Inventory that has been delivered to the United States and cleared through customs within 120 days following Closing in accordance with Section 6.9 (the "Purchased Inventory");

(e) each of the Contracts set forth on Section 2.1(e) of the Disclosure Letter, as may be amended from time to time pursuant to Section 2.5(b) and Section 2.5(f) (the "Transferred Contracts");

(f) all Intellectual Property owned by any Seller and relating primarily to the Business, including but not limited to the Registered IP listed on Section 3.10(a) of the Disclosure Letter, and, to the extent transferable and subject to Section 10.24, (i) all of Sellers' rights in and to Personal Data used in the Business and (ii) Intellectual Property that is governed by any Transferred Contract (the "Transferred IP");

(g) all production molds and other tangible assets necessary to continue to produce inventory in accordance with Company's current practices;

(h) all goodwill associated with the Transferred Assets;

(i) to the extent not prohibited by Law and not subject to attorney-client privilege, solicitor-client privilege or other work product privilege, all documents and other books and records, correspondence (including electronic mail communications), the Transferred Employee Records, all vendor files, information and data, and all customer sales, marketing, advertising, packaging and promotional materials, files, data, software (whether written, recorded or stored on disk, film, tape or other media, and including all computerized data), drawings, engineering and manufacturing data and other technical information and data, and all other business and other records, in each case, that are related primarily to the Business or any Transferred Asset, in each case, except as set forth in Section 2.2(b) and Section 2.2(j); provided, however, that Sellers have the right to retain copies at Sellers' expense;

(j) all telephone and facsimile numbers of the Business and all records of email addresses of customers and suppliers of the Business;

(k) all avoidance claims or causes of action available to Sellers under Chapter 5 of the Bankruptcy Code (including Sections 544, 545, 547, 548, 549, 550 and 553) or any similar actions under any other applicable Law (collectively, "Avoidance Actions") against the following (collectively, the "Designated Parties"): (i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing, (ii) any of Sellers' counterparties under any licenses of Intellectual Property that are Transferred Contracts or counterparties under any other Transferred Contracts, (iii) any officer, manager or employee of Sellers that is a Transferred Employee and (iv) any Affiliates of any of the Persons listed in clauses (i) through (iii); provided, however, that it is understood and agreed by the parties that Buyer will not pursue or cause to be pursued any Avoidance Actions against any of the Designated Parties other than as a defense (to the extent permitted under applicable Law) against any claim or cause of action raised by such Designated Party; and

(l) all bank and lockbox accounts associated with the collection of proceeds from the Business or the Sellers' business, including, without limitation, all bank accounts that receive checks, ACH payments, and electronic payments related to the Transferred A/R.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, Sellers are not selling, and Buyer is not purchasing, any right, title or interest in, to or under any assets of the Sellers other than the Transferred Assets. The following assets and any asset other than the Transferred Assets shall be retained by Sellers (collectively, the "Excluded Assets"):

(a) all assets expressly excluded or excepted from the definition of Transferred Assets;

(b) Sellers' documents, written files, papers, books, reports and records prepared or received by any Seller or any of its Affiliates or Representatives: (i) in connection with any sale, potential sale or other strategic transaction involving KK OpCo and its Affiliates, the Business, or any portion thereof including any of the Transferred Assets (including, but not limited to, this Agreement and the transactions contemplated hereby), (ii) that are subject to any privilege in favor of Seller or any of its Affiliates, or (iii) that any Seller is required by Law or other requirement to retain;

(c) all rights, claims and causes of action to the extent relating to any Excluded Asset (and not relating to any Transferred Asset);

(d) all Intellectual Property owned by Sellers or any Subsidiary of any Seller that is not Transferred IP;

(e) shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller or securities convertible into or exchangeable or exercisable for shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller;

(f) all retainers or similar prepaid amounts paid to the Advisors of Sellers;

(g) the Inventory listed in Section 2.2(g) of the Disclosure Letter and any other Inventory that is not Purchased Inventory (the "Excluded Specified Inventory");

(h) all insurance policies, and all rights and benefits of any nature of Sellers with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, in each case, solely to the extent payable to or on behalf of, or in respect of amounts payable by any Seller or any Subsidiary of any Seller to, any individuals covered by such policies;

(i) each Contract of any Seller that is not a Transferred Contract (the "Excluded Contracts");

(j) (i) all books and records to the extent related to any of the Excluded Assets or Liabilities of Sellers other than Assumed Liabilities; (ii) all minute books, Organizational Documents, stock registers and such other books and records of any Seller or any Subsidiary of any Seller, as pertaining to ownership, organization, qualification to do business, capitalization, or existence of such Seller or Subsidiary of any Seller, Tax Returns (and any related work papers) and any other Tax records of any Seller or any Subsidiary of any Seller (but only to the extent such Tax Returns and records relate to Income Taxes or do not primarily relate to the Transferred Assets or the Business), and corporate seal of any Seller or any Subsidiary of any Seller; (iii) all employment-related records other than the Transferred Employee Records; and (iv) all books and records that any Seller is required by Law to retain, or prohibited by Law from disclosing, or are subject to attorney-client privilege or other work product privilege;

(k) any and all claims of the Sellers for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Non-Income Taxes for which Sellers are responsible pursuant to Section 7.3, (ii) Income Taxes, (iii) Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Transferred Assets that are attributable to any Tax period (or portion thereof) ending on or prior to the Closing Date;

(l) all Cash and Cash Equivalents;

(m) all Excluded In-Transit Inventory;

(n) all rights and claims of any Seller to any deposit of any kind (including any utilities deposits and deposits made in connection with the Bankruptcy Cases);

(o) all rights, claims and causes of action of any Person that is not a Seller (even if such Person is an Affiliate thereof or operates a business similar or identical to the Business); and

(p) all rights, claims or causes of action of Sellers under this Agreement and the Ancillary Agreements and under any Contracts that are not Transferred Contracts.

Section 2.3 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to this Agreement, at and after the Closing, Buyer shall assume and pay, discharge, perform or otherwise satisfy only the following Liabilities (the "Assumed Liabilities"):

(a) Liabilities of Sellers arising under the Transferred Contracts, but only to the extent that the Liabilities thereunder arise after the Closing Date and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers on or prior to the Closing;

(b) All Cure Claims associated with Transferred Contracts in amounts not to exceed the Cure Claim amounts for any such Transferred Contracts as set forth on Section 2.1(e) of the Disclosure Letter, as may be amended in accordance with Section 2.5(f);

(c) All Liabilities for (i) Transfer Taxes for which Buyer is responsible pursuant to Section 7.1 and (ii) for Non-Income Taxes for which the Buyer is responsible pursuant to Section 7.3; and

(d) all other Liabilities arising out of the operation of the Transferred Assets following the Closing Date or arising out of an event that occurs after the Closing Date.

Section 2.4 Excluded Liabilities. Buyer shall not assume, be obligated to pay, perform, or otherwise discharge, or in any other manner be liable or responsible for any Liabilities of, or Action against, Sellers or relating to the Transferred Assets or the Business, of any kind or nature whatsoever, whether absolute, accrued, contingent or otherwise, liquidated or unliquidated, due or to become due, known or unknown, currently existing or hereafter arising, matured or unmatured, direct or indirect, and however arising, whether existing on the Closing Date or arising thereafter as a result of any act, omission, or circumstances taking place prior to the Closing, except for the Assumed Liabilities (all Liabilities not assumed by a Buyer pursuant to Section 2.3, "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include each of the following Liabilities of the Sellers:

(a) any Controlled Group Liability;

(b) any Liabilities arising under or relating to any Employee Benefit Plan, including any severance or retention obligations for any Seller employee;

(c) any Liabilities associated with any matter set forth on Section 3.7 of the Disclosure Letter;

(d) any Excluded Taxes; and

(e) any liabilities of the Sellers under the DIP Facility or any other indebtedness of Sellers.

Section 2.5 Assignment of Transferred Contracts.

(a) Prior to the Sale Hearing, Sellers shall take all reasonably necessary actions in order to determine the Cure Claim with respect to any Transferred Contract entered into prior to the Petition Date, including the right to negotiate in good faith and litigate, if necessary, with any Contract counterparty the Cure Claims needed to cure all monetary defaults under such Transferred Contract. Notwithstanding the foregoing, prior to the Designation Deadline, Buyer may designate or remove the designation of any Contract as a Transferred Contract in accordance with Section 2.5(f).

(b) Within three (3) Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract on any date following the Petition Date, within three (3) Business Days after the Buyer's designation of such later date), the Sellers shall deliver a notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment of the Transferred Contract (a "Contract Notice") to the applicable non-Seller counterparty thereto (each a "Contract Counterparty"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Buyer as a Transferred Contract in connection with the transactions contemplated hereunder,; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "Contract Objection") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto, which Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is twenty-one (21) days after the date the Sellers delivered the Contract Notice (the "Contract Objection Deadline"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Sellers, counsel to Gordon Brothers, counsel to the Buyer, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the U.S. Bankruptcy Court.

(c) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, on the Closing Date, Sellers shall assign the Transferred Contracts to Buyer pursuant to Section 365 of the Bankruptcy Code and the Sale Orders, subject to the provision of adequate assurance by Buyer as may be required under Section 365 of the Bankruptcy Code and payment by Buyer of the Cure Claims to the Contract Counterparty in respect of the Transferred Contracts, and Buyer shall assume such Transferred Contracts pursuant to the Assignment and Assumption Agreement. All Cure Claims in respect of all Transferred Contracts shall be paid by Buyer.

(d) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, Sellers shall transfer and assign all of the Transferred Assets to Buyer, and Buyer shall accept all of the Transferred Assets from Sellers, as of the Closing, pursuant to Sections 363 and 365 of the Bankruptcy Code, the Sale Orders and the Assignment and Assumption Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, transfer, assignment, conveyance or delivery or attempted sale, transfer, assignment, conveyance or delivery to Buyer of any asset that would be a Transferred Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any consent from any Governmental Authority or any other third party and such consents shall not have been obtained prior to the Closing (after giving effect to the Sale Orders), the Closing shall proceed without any reduction in Purchase Price without the sale, transfer, assignment, conveyance or delivery of such asset. In the event that the Closing proceeds without the transfer or assignment of any such asset, then following the Closing, Sellers shall use their commercially reasonable efforts at Buyer's sole expense and subject to any approval of the Bankruptcy Courts that may be required, and Buyer shall cooperate with Sellers, to obtain such consent as promptly as practicable following the Closing. Pending the receipt of such consent, the parties shall, at the Buyer's sole expense, reasonably cooperate with each other to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset. Once consent for the sale, transfer, assignment, conveyance or delivery of any such asset not sold, transferred, assigned, conveyed or delivered at the Closing is obtained, Sellers shall promptly transfer, assign, convey and deliver such asset to Buyer at Buyer's sole expense. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to Buyer, then as promptly as practicable following the Closing, Buyer and Sellers shall use commercially reasonable efforts to enter into such arrangements (including subleasing, sublicensing or subcontracting), and shall, at Buyer's sole expense, reasonably cooperate with each other, to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset, for a period of six (6) months following the Closing (or the closing of the Chapter 11 Case, if shorter). Sellers shall hold in trust for, and pay to Buyer, promptly upon receipt thereof, all income, proceeds and other monies received by Sellers derived from their use of any asset that would be a Transferred Asset in connection with the arrangements under this Section 2.5(e). The Parties agree to treat any asset the benefits of which are transferred pursuant to this Section 2.5(e) as having been sold to Buyer for Tax purposes to the extent permitted by Law. Each of Sellers and Buyer agrees to notify the other parties promptly in writing if it determines that such treatment (to the extent consistent with the relevant arrangement agreed to by such Seller and Buyer pursuant to this Section 2.5(e)) is not permitted for Tax purposes under applicable Law.

(f) Notwithstanding anything in this Agreement to the contrary, by written notice to the Sellers, Buyer may amend or revise Section 2.1(e) of the Disclosure Letter setting forth the Transferred Contracts in order to add any Contract of any Seller to, or eliminate any Contract of any Seller from, such section at any time during the period commencing from the date hereof and ending on the date that is the earlier of (x) two (2) Business Days prior to the Closing Date and (y) two (2) Business Days prior to the date that the Bankruptcy Code or Bankruptcy Court otherwise would require a determination to assume or reject such contract (the "Designation Deadline"); provided, however, in the event a timely objection to a Cure Claim for any Transferred Contract is still pending at the time of Closing, Buyer shall have the option to remove such Transferred Contract from Section 2.1(e) of the Disclosure Letter until the earlier of (A) thirty (30) days following the date on which the Cure Claim has been determined by the Bankruptcy Court and (B) the date the Contract Counterparty for such Transferred Contract and the Buyer have agreed on the Cure Claim for such Transferred Contract, and in the case of (A) or (B), the Cure Claim for such Transferred Contract shall be updated on Section 2.1(e) of the Disclosure Letter accordingly; provided, further that the Sellers may accordingly amend or revise any section of the Disclosure Letter as they deem necessary to account for such addition or removal prior to the Closing. Sellers may amend or revise Section 2.1(e) of the Disclosure Letter at any time prior to Closing to update the Cure Claim for each Transferred Contract in accordance with Section 2.5(b); provided that any such amendment or revision following the Designation Deadline shall require the consent of Buyer. Automatically upon the addition of any Contract by Buyer to Section 2.1(e) of the Disclosure Letter, such Contract shall be a Transferred Contract for all purposes of this Agreement and Buyer shall assume the Liabilities thereunder in accordance with the Bankruptcy Code. Automatically upon the removal of any Contract from Section 2.1(e) (i) of the Disclosure Letter such Contract shall be an Excluded Asset for all purposes of this Agreement, and no liabilities arising thereunder shall be assumed or borne by Buyer unless such liability is otherwise specifically assumed pursuant to Section 2.5.

Section 2.6 Consideration. The aggregate consideration for the purchase, sale, assignment and conveyance of the Transferred Assets from Sellers to Buyer (the "Purchase Price") shall consist of:

(a) the payment by Buyer and/or one or more Designated Buyer, by wire transfer of immediately available funds to one or more accounts (each of which must be subject to deposit account control agreement with Gordon Brothers (or an Affiliate thereof)) designated in writing by KK OpCo in accordance with Section 2.10(c)(iii) (the "Initial Cash Consideration") in an aggregate amount equal to the sum of:

(i) $4,350,000; *plus*

(ii) the Estimated Net A/R Payment Amount; *plus*

(iii) the Estimated Purchased Inventory Payment Amount (less the In-Transit Inventory Escrow Amount); *plus*

(iv) the Reimbursement Amount; *minus*

(v) the Adjustment Escrow Amount; *minus*

(vi) the A/R Dilution Escrow Amount;

(b) the assumption by the applicable Buyer, or a Designated Buyer, as applicable, of the Assumed Liabilities from Sellers; and

(c) the In-Transit Inventory Consideration, when and if payable pursuant to Section 6.9.

Section 2.7 Reimbursement Amounts. At Closing, Buyer shall reimburse Sellers, in cash, for the following payments on behalf of the Business (the "Reimbursement Amount"):

(a) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to outdoor inventory as set forth on Section 2.7(a) of the Disclosure Letter (the "Specified Outdoor Inventory"), in an amount not to exceed the amount set forth in the "Factory Payments-Outdoor Domestic" line of the DIP Budget or Prepetition Budget, as applicable (the "Outdoor Vendor Payments");

(b) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to indoor inventory as set forth on Section 2.7(b) of the Disclosure Letter (the "Specified Indoor Inventory") in an amount not to exceed the amount set forth in the "Factory Payments-Indoor Domestic" line of DIP Budget or Prepetition Budget, as applicable (the "Indoor Vendor Payments");

(c) 50% of the amount paid to Sellers' vendors following the date hereof with respect to indoor inventory start up-costs, in an amount not to exceed 50% of the amount set forth in the "Factory Payments-Start Up Costs" line of DIP Budget or Prepetition Budget, as applicable (the "Vendor Start Up Cost Payments" and together with the Outdoor Vendor Payments and Indoor Vendor Payments, the "Vendor Payments");

(d) 50% of the amount paid to Sellers' vendors in the Chapter 11 Cases pursuant to the shipper's, warehouseman's, and lienholders' order, in an amount not to exceed 50% of the amount set forth in the "Shippers Motion" line of the DIP Budget;

(e) 75% of the book value of the Ainsley RTV Inventory; and

(f) 100% of the out-of-pocket and documented costs of Sellers for any applicable customs, duties/tariffs and transportation costs incurred following the Execution Date associated with importing any Foreign Inventory (other than In-Transit Inventory) into the United States, in an amount not to exceed the amount set forth in the "Cost of Sales (Shipping, Testing, etc.) – Purchaser Reimbursement" line of the DIP Budget or Prepetition Budget, as applicable, as allowed in the DIP Budget or the Prepetition Budget (including any permitted variance).

Set forth on Exhibit B hereto, solely for illustrative purposes, is an example calculation of the Estimated Net A/R Payment Amount and Estimated Purchased Inventory Payment Amount, plus $4,350,000 of cash consideration.

Section 2.8 Adjustment to Initial Cash Consideration.

(a) At least three (3) Business Days prior to the Closing, Sellers shall prepare and deliver to Buyer a written statement (the "Estimated Closing Statement") setting forth Sellers' good faith estimates as of Closing of (i) the Transferred A/R, (ii) the A/R Dilution Amount (the "Estimated A/R Dilution Amount") (including the Dilution Reserves with respect thereto), and the resulting Net A/R Payment Amount (the "Estimated Net A/R Payment Amount"), (iii) the Purchased Inventory Payment Amount (the "Estimated Purchased Inventory Payment Amount") and (iv) the Reimbursement Amount (the "Estimated Reimbursement Amount"), which statement shall quantify in reasonable detail such estimate, calculated in accordance with the terms of this Agreement. Sellers shall update the Estimated Closing Statement at least one (1) Business Day prior to the Closing to reflect the most current estimates of the Estimated Net A/R Payment Amount, Estimated Purchased Inventory Payment Amount, Estimated Reimbursement Amount, and Estimated A/R Dilution Amount. During the period after the delivery of the Estimated Closing Statement and prior to the Closing, the Parties shall reasonably cooperate in connection with Buyer's review of the Estimated Closing Statement, including by (i) providing Buyer and its accountants with reasonable access to the appropriate employees of Sellers who are knowledgeable about the information contained in, or preparation of, the Estimated Closing Statement and (ii) providing all books, records and other information reasonably requested by Buyer in connection with the foregoing. The Parties shall cooperate in good faith to mutually agree upon the Estimated Closing Statement in the event Buyer notifies Sellers of its dispute of any item proposed to be set forth on such schedule, provided, that, if Sellers and Buyer are not able to reach a mutual agreement (acting reasonably and in good faith) prior to the Closing Date, the Estimated Closing Statement provided by Sellers to Buyer shall be binding for purposes of Closing.

(b) The Parties agree that for purposes of preparing the Estimated Closing Statement, the Adjustment Closing Statement and the A/R Dilution Closing Statement, each of the Estimated Net A/R Payment Amount, the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated A/R Dilution Amount (and the underlying calculations supporting such amounts) shall be calculated on a basis consistent with the Sellers' historical accounting methodologies, policies, practices, estimation techniques, assumptions and principles used in the preparation of its Audited Financial Statements and the KK Inventory File; provided, that the amount of Purchased Inventory included in the Estimated Purchased Inventory Payment Amount will be calculated using the actual reports from the Inventory Count (updated to reflect projected changes through the Closing Date but calculated consistent with the KK Inventory File book values). For the avoidance of doubt, (i) the calculation of the Purchase Price will be construed to avoid the double counting of any Vendor Payments by Buyer in accordance with Section 2.7 (i.e. Buyer will not be required to pay for Purchased Inventory or accounts receivable generated from any post-petition trade payable or critical vendor payment for which it is obligated to make, or has made, any reimbursement payment) or any other amounts payable by Buyer hereunder, and (ii) Purchased Inventory Payment Amount shall specifically exclude the value of Specified Outdoor Inventory or the Specified Indoor Inventory.

(c) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "Adjustment Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculations of (i) the Purchased Inventory Payment Amount, (ii)

the Reimbursement Amount and (iii) the Net A/R Payment Amount (provided that the Estimated A/R Dilution Amount shall be used to calculate the Net A/R Payment Amount for purposes of the Adjustment Closing Statement) and resulting Adjustment Amount. The Adjustment Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the Adjustment Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the Adjustment Closing Statement. If Buyer does not prepare and deliver the Adjustment Closing Statement within ninety (90) days after the Closing Date, the calculations of the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated Net A/R Payment Amount shall be deemed final and binding.

(d) If KK OpCo does not object to the Adjustment Closing Statement by a written notice of objection (the "Objection Notice") delivered to Buyer within thirty (30) days after KK OpCo's receipt of the Adjustment Closing Statement, the calculation of the Purchased Inventory Payment Amount, the Reimbursement Amount and the Net A/R Payment Amount set forth in the Adjustment Closing Statement shall be deemed final and binding. An Objection Notice shall set forth in reasonable detail KK OpCo's alternative calculations of the Purchased Inventory Payment Amount, Reimbursement Amount and Net A/R Payment Amount and the resulting Adjustment Amount and the basis therefor.

(e) If KK OpCo delivers an Objection Notice to Buyer within the thirty (30) day period referred to in Section 2.8(d), then each element of the Adjustment Closing Statement that is not disputed in such Objection Notice shall be final and binding and any dispute reflected in the Objection Notice (all such amounts, the "Disputed Amounts") shall be resolved in accordance with this Section 2.8(e).

(i) KK OpCo and Buyer shall promptly endeavor in good faith to resolve the Disputed Amounts listed in the Objection Notice. If a written agreement determining the Disputed Amounts has not been reached within ten (10) Business Days (or such longer period as may be agreed by KK OpCo and Buyer) after the date Buyer receives the Objection Notice from KK OpCo (all discussions and statements made by the Parties and their Representatives in attempting to resolve the disagreement during such period shall be subject to Rule 408 of the Federal Rules of Evidence), KK OpCo or Buyer may elect to submit the resolution of such Disputed Amounts to BDO USA, LLP or if BDO USA, LLP is not available to act as the Accounting Firm, to another independent regional accounting firm mutually selected by Buyer and KK OpCo (BDO USA, LLP or such other mutually selected accounting firm, the "Accounting Firm").

(ii) KK OpCo and Buyer shall use their commercially reasonable efforts to cause the Accounting Firm to render a decision in accordance with this Section 2.8(e) along with a statement of the reasons therefor within thirty (30) days of the submission of the Disputed Amounts to the Accounting Firm.

(iii) If KK OpCo or Buyer submit any Disputed Amounts to the Accounting Firm for resolution, KK OpCo (on behalf of Sellers), on the one hand, and

Buyer, on the other hand, shall each pay their own costs and expenses incurred under this Section 2.8(e) and shall each fund one half of any retainer required by the Accounting Firm and shall execute and deliver any customary engagement letter required by the Accounting Firm. The fees and expenses of the Accounting Firm pursuant to this Section 2.8(e) shall be borne by Buyer, on the one hand, and KK OpCo (for and on behalf of Sellers), on the other hand, based upon the percentage that the aggregate portion of the contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party.

(iv) The Accounting Firm shall act as an expert and not an arbitrator. If the Accounting Firm is retained, then KK OpCo and Buyer shall each submit to the Accounting Firm in writing, not later than five (5) Business Days after the Accounting Firm is retained, their respective positions with respect to the Disputed Amounts, together with such supporting documentation as they deem necessary or as the Accounting Firm may request and no discovery will be permitted and no arbitration hearing among the parties will be held; provided that the Accounting Firm may request additional information and/or a meeting among the Parties in connection with the Accounting Firm's determination hereunder and the Parties will use commercially reasonable efforts to provide such additional information and attend any such meeting. The Accounting Firm shall act to determine, based upon the provisions of this Section 2.8(e), only the Disputed Amounts, which determination shall be made in accordance with the procedures set forth in Section 2.8(b) and this Section 2.8(e), and, in any event, shall not be less than the lesser of the amounts claimed by Buyer or KK OpCo, and shall not be greater than the greater of the amounts claimed by Buyer or KK OpCo. For clarity, the Accounting Firm shall not make a determination as to any amounts or items included in the A/R Dilution Closing Statement, other than the Disputed Amounts. KK OpCo and Buyer shall instruct the Accounting Firm to deliver a written determination (such determination to include a worksheet setting forth all material calculations used in arriving at such determination) of all Disputed Amounts and the resulting Adjustment Amount determined based on such determination, and such determination will be final, binding and conclusive on the Parties.

(f) Upon the determination, in accordance with Section 2.8(c), Section 2.8(d) or Section 2.8(e), of the final Purchased Inventory Payment Amount (the "Final Purchased Inventory Payment Amount"), the final Reimbursement Amount (the "Final Reimbursement Amount") and the final Net A/R Payment Amount (the "Final Net A/R Payment Amount"), the final Adjustment Amount shall be calculated based on the Final Purchased Inventory Payment Amount, Final Reimbursement Amount and Final Net A/R Payment Amount.

(g) The Adjustment Amount shall be paid as set forth below and, except for any imputed interest determined for federal income tax purposes, shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

(i) If the Adjustment Amount is positive, then (x) Buyer shall within ten (10) Business Days after the determination of such Adjustment Amount pay to Sellers the *lesser* of (A) the Adjustment Amount and (B) the Adjustment Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent

instructing it to release an amount equal to Adjustment Escrow Amount to the account specified by KK OpCo.

(ii) If the Adjustment Amount is negative, within five (5) Business Days after the determination of such Adjustment Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) an amount equal to the absolute value of the Adjustment Amount to Buyer and (B) if any amount remains of the Adjustment Escrow Amount after giving effect to the foregoing clause, the remaining amount of the Adjustment Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(g)(ii) to an amount in excess of the Adjustment Escrow Amount and in the event that the absolute value of the Adjustment Amount is in excess of the Adjustment Escrow Amount, Buyer shall solely be entitled to the Adjustment Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(g)(ii).

(h) Within one hundred twenty (120) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "A/R Dilution Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculation of the A/R Dilution Amount. The A/R Dilution Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the A/R Dilution Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the A/R Dilution Closing Statement. If Buyer does not prepare and deliver the A/R Dilution Closing Statement to KK OpCo within one hundred and twenty (120) days after the Closing Date, the calculations of the Estimated A/R Dilution Amount shall be deemed final and binding.

(i) Section 2.8(d) and Section 2.8(e) shall be applied *mutatis mutandis* with respect to the determination of all amounts set forth in the A/R Dilution Closing Statement with all references to the Adjustment Closing Statement (and amounts set forth therein) deemed to mean the A/R Dilution Closing Statement (and amounts set forth therein).

(j) Upon the determination, in accordance with Section 2.8(h) or Section 2.8(i), of the final A/R Dilution Amount (the "Final A/R Dilution Amount"), Sellers or Buyer, as the case may be, shall make the payment required by this Section 2.8(j) as follows:

(i) If the Final A/R Dilution Amount is less than the Estimated A/R Dilution Amount, then (x) Buyer shall within ten (10) Business Days after the determination of such Final A/R Dilution Amount pay to Sellers the *lesser* of (A) the difference between the Estimated A/R Dilution Amount and the Final A/R Dilution Amount and (B) the A/R Dilution Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release an amount equal to the A/R Dilution Escrow Amount to the account specified by KK OpCo.

(ii) If the Final A/R Dilution Amount is greater than the Estimated A/R Dilution Amount, then a portion of the A/R Dilution Escrow Amount equal to the

difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount will be released to Buyer and within five (5) Business Days after the determination of such A/R Dilution Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) such amount to Buyer and (B) if any amount remains of the A/R Dilution Escrow Amount after giving effect to the foregoing clause, the remaining amount of the A/R Dilution Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(j)(ii) to an amount in excess of the A/R Dilution Escrow Amount and in the event that the difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount is in excess of the A/R Dilution Escrow Amount, Buyer shall solely be entitled to the A/R Dilution Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(j)(ii).

(k) Except for any imputed interest determined for federal income tax purposes, any amounts paid pursuant to Section 2.8(j) shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

Section 2.9 Deposit Amount; Buyer Breach Fee.

(a) On the date hereof, unless already deposited, Buyer shall deposit into escrow with Escrow Agent an amount equal to Three Million Dollars ($3,000,0000) (such amount, together with all interest and other earnings accrued thereon, the "Deposit Amount"), by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement duly executed by KK OpCo, Buyer and the Escrow Agent.

(b) The Parties shall instruct the Escrow Agent to release and deliver the Deposit Amount to either (x) Buyer or (y) KK OpCo on behalf of Sellers, as follows:

(i) if the Closing shall occur, the Deposit Amount shall be delivered to Sellers on Closing and applied towards the Purchase Price payable by Buyer pursuant to Section 2.6(a);

(ii) if this Agreement is terminated by KK OpCo pursuant to Section 9.1(d)(i) (a "Buyer Breach Termination"), the Deposit Amount shall be delivered to KK OpCo; or

(iii) if this Agreement is terminated other than in a manner provided by Section 9.1(d)(i), the Deposit Amount shall be delivered to Buyer.

(c) In the event of a Buyer Breach Termination, in consideration for Sellers and Gordon Brothers having expended considerable expense following the Execution Date, and without the requirement of any notice or demand from Sellers or any other application to or order of the Bankruptcy Courts, in addition to the receipt of the Deposit Amount in accordance with Section 2.9(b)(ii), Buyer shall pay to KK OpCo an amount equal to $4,500,000 (the "Cash Breach Fee Component" and, collectively with the Deposit Amount, the "Buyer Breach Fee"). In the event Buyer becomes obligated under this Agreement to pay the Buyer Breach Fee, Buyer shall pay the

Cash Breach Fee Component in immediately available funds to such account or accounts as may be specified in written notice by KK OpCo.

(d) The obligation to pay the Buyer Breach Fee in accordance with the provisions of this Agreement will (i) be binding upon and enforceable against Buyer immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable Law. The obligation to pay the Buyer Breach Fee as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of Buyer and (B) any trustee, examiner or other representative of Buyer's estate as if such Person were the Buyer hereunder. For the avoidance of doubt, nothing in this Section 2.9 shall affect any Party's rights or obligations under Section 10.15.

(e) Subject to Section 9.2(b) and Section 10.15, the Parties acknowledge that the agreements contained in this Section 2.9 are an integral part of the transactions contemplated in this Agreement, that the damages resulting from termination of this Agreement under circumstances where KK OpCo terminates this Agreement pursuant to a Buyer Breach Termination are uncertain and incapable of accurate calculation and that the payment of the Buyer Breach Fee is not a penalty but rather shall constitute liquidated damages in a reasonable amount that will compensate Sellers in the circumstances where KK OpCo is entitled to the Buyer Breach Fee because of a Buyer Breach Termination for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and that, without these agreements, Sellers and Buyer would not enter into this Agreement. If any Party fails to take any action necessary to cause the payment of the Deposit Amount (or the Buyer Breach Fee, as applicable) to any other Party(ies) if and when the same is due, and, in order to obtain such Deposit Amount (or the Buyer Breach Fee, as applicable), such other Party(ies) commence a suit which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including reasonable attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 2.10 Closing.

(a) Subject to the Sale Orders, the purchase, sale, assignment and conveyance of the Transferred Assets contemplated by this Agreement shall take place at a closing (the "Closing") to be held by telephone conference and electronic exchange of documents (or, if the Parties agree to hold a physical closing, at the offices of King & Spalding LLP, located at 1180 Peachtree Street NE, Atlanta, Georgia 30309 at 10:00 a.m. Eastern Time on the second (2nd) Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the Parties set forth in Article VIII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction or waiver of such conditions), or at such other place or at such other time or on such other date as Sellers and Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) At or prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer:

(i) a bill of sale, assignment and assumption agreement, in form and substance reasonably satisfactory to the Parties (the "Assignment and Assumption Agreement"), duly executed by the applicable Sellers;

(ii) an IP Assignment Agreement, duly executed by the applicable Sellers;

(iii) a copy of the Sale Orders;

(iv) for each Seller (or, if a Seller is a disregarded entity for U.S. federal income tax purposes, such Seller's regarded owner for U.S. federal income tax purposes) other than Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an IRS Form W-9, and for Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an applicable IRS Form W-8;

(v) a duly executed certificate of a duly authorized officer of KK OpCo certifying the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b);

(vi) Provincial sales tax clearance certificate(s) issued by the relevant Governmental Authority stating that the Sellers have paid and remitted all outstanding provincial sales Tax and any related penalties and interest under the relevant taxing legislation, if required under Section 6 of the Retail Sales Tax (Ontario) or by a corresponding provision of applicable Law in another province, if and as applicable;

(vii) a Conditions Certificate, duly executed by KK OpCo; and

(viii) such other documents as any Buyer may reasonably request that are not inconsistent with the terms of this Agreement and reasonably necessary to effectuate or consummate the transactions contemplated by this Agreement (without expanding or supplementing any of the representations and warranties hereunder or Buyer's remedies with respect thereto).

(c) At or prior to the Closing, Buyer shall deliver or cause to be delivered to Sellers:

(i) the Assignment and Assumption Agreement, duly executed by Buyer;

(ii) the IP Assignment Agreement, duly executed by Buyer;

(iii) the Initial Cash Consideration in cash by wire transfer of immediately available funds to an account or accounts designated by Sellers;

(iv) a duly executed certificate of an executive officer of Buyer certifying the satisfaction of the conditions set forth in Section 8.2(a) and Section 8.2(b); and

(v) a Conditions Certificate, duly executed by Buyer.

(d) At or prior to the Closing, Buyer shall deposit into escrow with Escrow Agent an amount equal to (i) the Adjustment Escrow Amount, (ii) the Net A/R Adjustment Amount and (iii) the In-Transit Inventory Escrow Amount, by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement.

Section 2.11 Purchase Price Allocation. For U.S. federal and applicable state, local and foreign Tax purposes, Buyer, Sellers, and their respective Affiliates shall use commercially reasonable efforts to agree to an allocation of the Purchase Price for applicable Tax purposes) among the Transferred Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (or any similar principles applicable for the purposes of the Income Tax Act (Canada) as soon as reasonably practicable after the date on which both the Adjustment Closing Statement and the A/R Dilution Closing Statement are finalized (such allocation, the "Allocation"); provided that for purposes of the Allocation the Parties agree to allocate the portion of the Purchase Price attributable to the Canadian Transferred Assets by asset class and by province in which the particular assets are located. If the Parties reach an agreement with respect to the Allocation, Buyer, Sellers and their Affiliates shall (a) file all applicable Tax Returns in accordance with the Allocation, as finally determined hereunder, and (b) not take any Tax-related action in connection with any Tax audit or proceeding that is inconsistent with the Allocation, except, in each case, to the extent otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code or any similar provision of state, local or foreign Tax Law; provided, however, that (A) if Buyer and Seller cannot mutually agree on the Allocation, each Party shall be entitled to determine its own allocation and file its IRS Form 8594 consistent therewith and (B) neither Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation.

Section 2.12 Designated Buyer(s).

(a) In connection with the Closing, without limitation by the terms of Section 10.14, Buyer shall be entitled to designate, in accordance with the terms and subject to the limitations set forth in this Section 2.12, one (1) or more Affiliates to purchase specified Transferred Assets, assume specified Assumed Liabilities, employ specified Transferred Employees and assume the rights and obligations under this Agreement of the Buyer, in whole or in part, on and after the Closing Date (any such Person shall be properly designated by a Buyer in accordance with this Section 2.12, a "Designated Buyer"); provided that no such designation would impede or materially delay the Closing or affect the timely receipt of any regulatory approval; provided, further, that no such designation shall be permitted if any Taxes required to be withheld under applicable Law from any amounts otherwise payable hereunder would be higher than the amount of Taxes that would be required to be withheld absent such designation and the Buyer or the Designated Buyer does not agree to gross up the amount paid to the applicable Seller so that the applicable Seller is in the same economic position it would have been in if such designation had not occurred (taking into account all Taxes payable by such Seller as a result of

such gross up). At and after the Closing, Buyer shall, or shall cause its Designated Buyer(s) to, honor Buyer's obligations at the Closing. After the Closing, any reference to any Buyer made in this Agreement in respect of any purchase, assumption, or employment referred to in this Agreement shall include reference to the appropriate Designated Buyer(s), if any. Buyer shall be liable for all obligations of any Designated Buyer(s) under this Agreement as to any particular Assumed Liability that any Designated Buyer is assuming at the Closing.

(b) Without limitation of Section 6.4, the designation of a Designated Buyer in accordance with Section 2.12(a) shall be made by a Buyer by way of a written notice to be delivered to Sellers as soon as reasonably practicable following the date of this Agreement but in no event later than two (2) Business Days prior to Closing, which written notice shall (i) contain appropriate information about the Designated Buyer(s), (ii) indicate which Transferred Assets, Assumed Liabilities and Transferred Employees Buyer intends such Designated Buyer(s) to purchase, assume and/or employ, as applicable, hereunder and (iii) include a signed counterpart to this Agreement pursuant to which the Designated Buyer(s) agree to be bound by the terms of this Agreement as it relates to such Designated Buyer(s) and which authorizes Buyer to act as such Designated Buyer(s)' agent for all purposes hereunder. Notwithstanding the foregoing, and for the avoidance of doubt, any designation pursuant to Section 2.12(a) shall not relieve Buyer of any of its obligations under this Agreement (or otherwise) and Buyer shall remain primarily liable therefor.

Section 2.13 Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer shall be entitled to deduct and withhold from any amount (or portion thereof) payable under this Agreement such Taxes as are required to be deducted and withheld from such amount under the Code or any other applicable provision of U.S., Canadian or foreign Tax Law. To the extent that Buyer intends to withhold any such amounts from the Purchase Price, it shall notify the applicable Seller of such intention and shall provide such Seller with an opportunity to provide forms or evidence that would establish an exemption from, or reduction in the amount of, withholding tax and shall otherwise cooperate in good faith with Sellers and use commercially reasonable efforts to minimize or eliminate any such deductions or withholdings. To the extent that any amounts are so deducted and withheld and paid to the applicable Governmental Authority, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Disclosure Letter attached hereto, each Seller jointly and severally represents and warrants to Buyer as follows:

Section 3.1 Organization. Each Seller (a) is an entity duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as applicable, (b) has all requisite power and authority to own and operate its properties and to carry on its businesses as now conducted, subject to the provisions of the Bankruptcy Code and the CCAA, and (c) is qualified to do business and is in good standing (or its

equivalent) in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except where the failure to be so qualified is not and would not reasonably be expected to be material to the Business.

Section 3.2 Authority. Subject to approval of the Bankruptcy Courts and entry of the Sale Orders, as applicable (a) each Seller has the corporate (or equivalent) power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, (b) the execution, delivery and performance by such Seller of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by such Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate (or equivalent) action and (c) this Agreement has been, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will have been, duly executed and delivered by such Seller and, assuming due execution and delivery by each of the other parties thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will constitute, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions").

Section 3.3 No Conflict; Required Filings and Consents.

(a) Except as set forth on Section 3.3(a) of the Disclosure Letter and assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders and (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable), after giving effect to the application of the Bankruptcy Code, including Section 365 thereof, on certain legal and contractual provisions applicable to the Transferred Contracts and other Transferred Assets, the execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby, do not and will not, with or without notice, lapse or time or both: (i) violate the Organizational Documents of Sellers; (ii) conflict with or violate any Law applicable to Sellers or by which any Transferred Asset is bound; (iii) result in any material breach of, constitute a material default (or an event that, with notice or lapse of time or both, would become a material default) under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance (other than a Permitted Encumbrance) on any Transferred Asset; or (iv) result in any material breach of, constitute a material default under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance on any Transferred Contract; except, in the case of clause (ii) and (iv), for any such violations, breaches, defaults or other occurrences that are not material to the Business taken as a whole.

(b) Except as set forth on Section 3.3(b) of the Disclosure Letter, no Seller is required to file, seek or obtain any notice, authorization, approval, Order, permit, or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Sellers of this Agreement or the consummation by Sellers of the transactions contemplated hereby,

except (i) requisite approvals from the Bankruptcy Courts or (ii) as may be necessary as a result of any facts or circumstances relating to any Buyer or any of its Affiliates.

Section 3.4 Transferred Assets. Subject to entry of the Sale Orders by the Bankruptcy Courts:

(a) Each Seller, as applicable, has good, valid and marketable title to, and owns and possesses all rights and interests in, including the right to use, each of the Transferred Assets, or with respect to leased Transferred Assets, valid leasehold interests in, or with respect to licensed Transferred Assets, valid licenses to use, in each case, in all material respects.

(b) Assuming that the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.4(b) of the Disclosure Letter and the Sales Orders are made, given or obtained (as applicable), this Agreement and the instruments and documents to be delivered by Sellers to Buyer at the Closing shall be adequate and sufficient to transfer (i) Sellers' entire right, title and interest in and to the Transferred Assets and (ii) to Buyer, good, valid and marketable title to, and interest in the applicable Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), claims and interests, other than Assumed Liabilities, in each case, in all material respects.

(c) The Transferred Assets are adequate for the purposes for which such assets are currently used or are held for use, conform in all material respects to all Laws applicable thereto, are in good repair and operating condition (subject to normal wear and tear), and there are no facts or conditions affecting the Transferred Assets which would, individually or in the aggregate, reasonably be expected to interfere with the use or operation thereof as currently used or operated, or their adequacy for such use, in any material respect.

Section 3.5 Absence of Certain Changes or Events. Since February 29, 2024, through the date of this Agreement, there has not been any event, change, condition, occurrence or effect that, individually or in the aggregate, has had, or would be reasonably expected to have, a Material Adverse Effect. Except (i) discussions, negotiations and activities related to this Agreement and the RSA or other potential strategic transactions, including preparation for the Bankruptcy Cases, (ii) for the solicitation of, discussions and negotiations with, presentations and provision of other diligence to and similar engagement with other potential bidders for the Transferred Assets, the negotiation and execution of this Agreement, (iii) for the preparation and commencement of the Bankruptcy Cases and Sellers' debtor in possession financing in the Bankruptcy Cases or (iv) as expressly contemplated by this Agreement, from February 29, 2024, until the date hereof, Sellers have operated only in the Ordinary Course of Business and no Seller has taken any action or failed to take any action, as applicable, that would be prohibited by Section 6.1(b), if taken, failed to be taken or proposed to be taken, except for the execution and delivery of this Agreement.

Section 3.6 Compliance with Law; Permits.

(a) As of the date hereof, (i) the Business is being conducted in compliance with, and Sellers are in compliance with, all applicable Laws relating to the operation of the Business and the Transferred Assets and (ii) there are no pending or, to the Knowledge of Sellers, threatened, claims from any Governmental Authority relating to any non-compliance of the

Business or the Transferred Assets, except, in each case of (i) and (ii), as has not been, and would not be reasonably expected to be material to the Business, taken as a whole.

(b) Sellers are in possession of all material permits (including work permits and visas), licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority (the "Permits") necessary for them to own, lease and operate their assets and properties, to employ or engage officers, workers and employees who are not citizens of the country where they are carrying out their duties or performing their services and to carry on the Business as currently conducted. All material Permits held by Sellers: (i) are valid and in full force and effect and no Seller is in default under, or in violation of, any such Permit, except for such defaults or violations which would not reasonably be expected, individually or in the aggregate, to materially restrict or interfere with Buyer's ability to operate the Business as currently operated and no suspension or cancellation of any such Permit is pending (other than pursuant to its terms) or, to Sellers' Knowledge, threatened and (ii) subject to entry of the Sale Orders each such Permit may be transferred or reissued to Buyer in accordance with this Agreement and without the approval of any Person (other than the Bankruptcy Courts).

(c) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws except as has not been, and would not be reasonably expected to be material, to the Business, taken as a whole. Except as set out in Section 3.6(c) of the Disclosure Letter, during the past three (3) years Sellers have not been charged with, nor received any notice that it is under investigation with respect to, and, to the Knowledge of Sellers, no Seller is otherwise now under investigation with respect to, any violation of any applicable Law or other requirement of a Governmental Authority. No Seller sells, or has ever sold, in relation to the Transferred Assets, any product or provided any services to any Governmental Authority. In respect to the Transferred Assets, no Seller is currently a party to or subject to any Contract with any Governmental Authority. Sellers are not debarred or suspended from doing business with any Governmental Authority.

(d) Each Seller, and any such officer and director and, to the Knowledge of the Sellers, any agent acting on behalf of such Seller, in relation to the Transferred Assets, is in compliance and has since the Compliance Date complied with applicable anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), all national and international laws enacted to implement the Organization for Economic Co-operation and Development Convention on Combatting Bribery of Foreign Officials in International Business Transactions, and other similar Laws of those countries in which any Seller conducts business (collectively, "Anti-Corruption Laws"), and to Knowledge of the Sellers there are no unresolved investigations or claims concerning any Liability of Sellers with respect to such Laws. Each Seller has policies and procedures in place that are reasonably designed to (i) prevent, detect, and deter bribery and corruption in the conduct of the Business, and (ii) achieve compliance by the Business with all applicable anti-corruption Laws.

(e) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Customs and International Trade Laws, and at no time has any Seller or, to Seller's Knowledge, any Person acting on behalf of the Business committed any violation of the Customs and International Trade Laws of those

countries in which Sellers are engaged in the Business. Except as set forth on Section 3.6(e) of the Disclosure Letter, the conduct of the Business and Sellers is, and during the past three (3) years has been, in all material respects, in compliance with all Laws governing or concerning the payment of all customs duties, countervailing duties, fees and charges applicable to and due with respect to all import transactions, including any countervailing or antidumping duties. No products, goods, parts, or accessories imported in the course of engaging in the Business are or have been subject to any countervailing or antidumping duty investigation, order, notice or other proceeding by any Governmental Authority. There are no material unresolved questions or claims concerning any Liability of any conduct in furtherance of the Business with respect to Customs and International Trade Laws applicable to the import or export of goods. Without limiting the foregoing, neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any notice that it is subject to any civil or criminal investigation, audit or any other inquiry involving or otherwise relating to any alleged or actual violation of the Customs and International Trade Laws.

(f) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws relating to the importation of materials into the countries in which the Sellers conduct the Business. The origin declarations made in furtherance of the Business are and, during the past three (3) years have been, accurate and based on the exercise of reasonable care. Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any written, or to the Knowledge of Sellers, oral, communication with respect to the conduct of the Business during the past three (3) years from any Governmental Authority that (i) excludes products or materials or (ii) asserts that any Seller owes additional duties, liquidated damages, penalties or fees.

(g) Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business (i) has been or is designated on any list maintained by any U.S. governmental entity responsible for the implementation or enforcement of Customs and International Trade Laws (each such person a "Listed Person"), or (ii) is directly or indirectly 50 percent or more owned by, or otherwise controlled by or acting for (A) any Listed Person or (B) any Governmental Authority or Person that is the subject or target of a comprehensive embargo under Law, or (iii) is located, organized or resident in any country or territory that is the subject or target of a comprehensive embargo under Law (currently, Cuba, Iran, North Korea, Syria, and certain regions of Ukraine).

Section 3.7 Litigation. Except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that questions or challenges (i) the validity of this Agreement or the Ancillary Agreements,(ii) any action taken or proposed to be taken by the Sellers pursuant to this Agreement or Ancillary Agreements or in connection with the transactions contemplated by this Agreement, or (iii) the Intellectual Property rights owned by the Sellers or their Subsidiaries (excluding any objections, rejections, oppositions, or other such proceedings at the United States Patent and Trademark Office, the U.S. Copyright Office, or such other filing offices, domestic or foreign, challenging the registrability of such Intellectual Property). Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that involves or affects the Transferred Assets or the Business. Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no material Actions pending or, to the

Knowledge of the Sellers, threatened in writing against the Sellers based on, arising out of, in connection with or otherwise relating to (i) the non-payment of wages or other compensation to employees or (ii) violation of Law with respect to the employment or termination of employment of or failure to employ any individual.

Section 3.8 Labor and Employment Matters.

(a) No Seller is a party to or bound by a collective bargaining agreement.

(b) Solely with respect to the Business, (i) there is no unfair labor practice charge or complaint pending or, to Sellers' Knowledge, threatened against Sellers before the National Labor Relations Board or any similar Governmental Authority, (ii) no labor union, labor organization, works council or group of Employees has made a pending demand in writing for recognition or certification as the bargaining agent of the Employees, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of Sellers, threatened to be brought or filed with the National Labor Relations Board or any similar Governmental Authority, (iii) to the Knowledge of Sellers, there are no pending or threatened union organizing or decertification activities and (iv) there are no pending or, to Sellers' Knowledge, threatened strikes, work stoppages, lockouts, slowdowns or other material labor disputes, that, in each case of (i) through (iv), would reasonably be expected to be material to the Business, taken as a whole.

(c) Solely with respect to the Business, each Seller is and for the past three (3) years has been in compliance with all applicable Laws respecting labor, labor relations, employment and employment practices, including but not limited to all Laws respecting collective bargaining, the terms and conditions of employment, wages, hours, equal employment opportunity, employment discrimination, worker classification (including the proper classification of workers as independent contractors and consultants, and employees as exempt or non-exempt for overtime pay), immigration, work authorization, occupational health and safety, workers' compensation, vacation pay, the payment of social security and other employment Taxes, disability rights or benefits, plant closures and layoffs, affirmative action, labor relations, employee leave issues and unemployment insurance, in each case, except as would not reasonably be expected to be material to the Business, taken as a whole.

Section 3.9 Real Property. Section 3.9 of the Disclosure Letter sets forth a correct and complete legal description of each parcel of real property leased or sub-leased by any Seller (the "Leased Real Property"). The Leased Real Property constitutes all of the real property owned, leased, occupied or otherwise used in connection with the Business.

Section 3.10 Intellectual Property.

(a) A true, correct and complete list (in all material respects) of all (i) issued Patents and pending Patent applications, (ii) registered Trademarks and applications to register any Trademarks, (iii) registered Copyrights and applications for registration of Copyrights, and (iv) domain name registrations, in each case which is owned by any Seller and relates to the Business (the "Registered IP") is set forth on Section 3.10(a) of the Disclosure Letter. Sellers are the sole and exclusive owners of all material Intellectual Property included in the Transferred IP that is

owned or purportedly to be owned by such Seller or such Subsidiary, including all Registered IP, and all items of such Registered IP are subsisting, and, to the Knowledge of Sellers, valid and enforceable. No claim has been made or, to the Knowledge of Sellers, threatened alleging that any such Registered IP is invalid or unenforceable in whole or in part or challenging the use or of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers. Except as disclosed on Section 3.10(a) of the Disclosure Letter, none of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers is subject to any outstanding order, judgment, or stipulation restricting the use thereof by any of the Sellers or any Subsidiary of any Seller.

(b) The conduct of the Business (including the products and services sold or performed by the Sellers and their respective Subsidiaries in the conduct of the Business) and the use, practice or exploitation of the Transferred IP and other Intellectual Property as currently used, practiced or exploited by Sellers and any Subsidiaries of the Sellers in the conduct of the Business do not, to the Knowledge of the Sellers, infringe, misappropriate or otherwise violate (and, since January 1, 2021 have not infringed, misappropriated or otherwise violated) any Person's Intellectual Property rights, and since January 1, 2021 there has been no such Action asserted or, to the Knowledge of Sellers, threatened against any Seller or any Subsidiary of such Seller.

(c) Other than third-party commercial "off-the-shelf" software licensed by the Sellers or their Subsidiaries on standard terms and conditions and Intellectual Property that is governed by any Excluded Contract, the Transferred IP constitutes all material Intellectual Property used in, held for use or necessary for the conduct of the Business as currently conducted.

(d) To the Knowledge of Sellers, no Person is infringing, misappropriating or otherwise violating in any material respect any Intellectual Property owned by or exclusively licensed to Sellers or any Subsidiary of any Seller that is a Transferred Asset or is used in or relates to the Business or the products and services of the Business, and since January 1, 2021, no such Actions have been asserted or threatened against any Person by any Seller or any Subsidiary of such Seller.

(e) Sellers have taken commercially reasonable steps to safeguard and maintain the Transferred IP, including maintaining the confidentiality of all trade secrets and other material confidential or proprietary information related primarily to the Business, and none of such confidential or proprietary information has been disclosed other than to employees, contractors, representatives and agents of the Sellers and the Subsidiaries of the Sellers, and other third parties in connection with the operation of the Business, all of whom are bound by written confidentiality agreements. To the Knowledge of Sellers, no Person is in violation of any such agreement.

Section 3.11 Tax Matters.

Except as set forth in Section 3.11 of the Disclosure Letter:

(a) All material Tax Returns required to be filed by or with respect to the Transferred Assets or the Business have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Except for any Taxes that need not be paid pursuant to an Order of the Bankruptcy Courts or pursuant to the Bankruptcy Code or CCAA, subject to any obligation of Sellers under the Bankruptcy Code and the CCAA, all material Taxes due and

payable by or with respect to the Transferred Assets or the Business have been timely paid (whether or not shown as due on any Tax Return).

(b) There is no action, suit, claim, deficiency, assessment, or audit pending, proposed in writing, or, to Sellers' Knowledge, threatened in writing with respect to material Taxes of or relating to the Transferred Assets or the Business.

(c) There are no Encumbrances for Taxes upon the Transferred Assets, other than Permitted Encumbrances.

(d) No agreement, waiver, extension or consent regarding the application of the statute of limitations with respect to any material Taxes or material Tax Returns of or with respect to the Transferred Assets or the Business is outstanding, nor is there pending any request for such an agreement, waiver, extension or consent.

(e) All material Taxes required to have been deducted, withheld, collected or deposited by the Sellers with respect to the Business have been timely deducted, withheld, collected or deposited and, to the extent required, have been paid or remitted to the relevant Tax authorities.

(f) None of the Canadian Transferred Assets are owned by a Seller that is a non-resident of Canada for purposes of the *Income Tax Act* (Canada), other than such assets that are not "taxable Canadian property" or are "excluded property" of such other Sellers for purposes of section 116 of the *Income Tax Act* (Canada).

(g) Solowave Design LP is a "Canadian partnership" for purposes of the *Income Tax Act* (Canada), and Solowave International Inc., Solowave Design Holdings Limited, and Solowave Design Inc. are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada).

The representations and warranties set forth in this Section 3.11 and Section 3.8(c) constitute the sole and exclusive representations and warranties of Seller with respect to Tax matters in connection with the Business and the Transferred Assets, and no other provision of this Agreement shall be deemed to address or include such matters.

Section 3.12 Environmental Matters.

(a) As of the date hereof, Sellers, the Transferred Assets and the Business are in compliance in all respects with all applicable Environmental Laws, which compliance includes, but is in no way limited to, compliance with the terms of, all Environmental Permits, except in each case, as such noncompliance would not be reasonably expected to have a Material Adverse Effect.

(b) As of the date hereof, Sellers, the Transferred Assets and the Business are in possession of all material Environmental Permits required in connection with the lawful conduct or operation of the Business and the ownership or use of the Transferred Assets as currently operated. There is no material claim or action currently pending or, to the Knowledge of Sellers,

threatened, that is or would reasonably be expected to result in the cancellation, revocation or other adverse or limiting modification of any such Environmental Permit.

(c) There is no Environmental Claim pending or, to the Knowledge of Sellers, threatened against or affecting any Seller, Transferred Asset or the Business that would be reasonably expected to have a Material Adverse Effect. There are no environmental conditions, including the presence of any Hazardous Material at the Leased Real Property, which would be reasonably likely to form the basis of any Liability of the Business, any Transferred Asset or of any Environmental Claim against or affecting any Seller or the Business that would be reasonably expected to have, a Material Adverse Effect.

Section 3.13 Material Contracts.

(a) Subject to requisite approvals from the Bankruptcy Courts, as applicable, and assumption by the applicable Seller of the applicable Contract in accordance with applicable Law and except as a result of the commencement of the Bankruptcy Cases, each Transferred Contract is in full force and effect and is a valid, binding and enforceable obligation of the applicable Seller and, to the Knowledge of Sellers, each of the other Parties thereto, except as may be limited by the Enforceability Exceptions. Except as set forth on Section 3.13(a) of the Disclosure Letter, or as would not reasonably be expected to be material to the Business, taken as a whole, no Seller is in default, or is alleged by the counterparty thereto to have breached or to be in default, under any Transferred Contract, and, to the Knowledge of Sellers, the other party to each Transferred Contract is not in default thereunder. No Transferred Contract has been canceled or otherwise terminated, and no Seller has received any notice from any Person regarding any such cancellation or termination.

Section 3.14 Financial Statements.

(a) True, correct and complete copies of (i) the audited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of KK OpCo and its Subsidiaries as of March 31, 2023, together with the auditor's reports thereon (the "Audited Financial Statements") and (ii) an unaudited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of the Sellers as of and for the 11-month period ended February 29, 2024 (the "Interim Financial Statements" and, together with Audited Financial Statements, the "Financial Statements") have been provided to Buyer. The Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Sellers as of the dates and for the periods indicated in such Financial Statements, have been prepared in all material respects, in accordance with the books of account and other financial records of the Sellers and have been prepared, in all material respects, in conformity with GAAP (except, in the case of the Interim Financial Statements, for the absence of footnotes and other presentation items and for normal year-end adjustments that are not material individually or in the aggregate).

Section 3.15 Accounts Receivable. Sellers have not entered into any agreement to discount or accelerate the payment of the Transferred A/R. The Transferred A/R has arisen from bona fide transactions entered into by the Sellers in the Ordinary Course of Business consistent with past practice and, other than A/R Dilution, are not subject in any material respect to claims

of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business.

Section 3.16 Inventory. On and as of the Execution Date, the level of inventory and raw materials (as of type, category, style, brand and description, and proportion to all Purchased Inventory) is in all material respects consistent with the level and mix set forth in the KK Inventory File as of the date hereof.

Section 3.17 Certain Payments. Since the Compliance Date, no Seller (nor, to the Knowledge of Sellers, any of their respective Representatives) has, in violation of Anti-Corruption Laws, (a) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees; (c) violated or is violating any provision of the FCPA; (d) established or maintained, or is maintaining, any unlawful fund of corporate monies or other properties; or I made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

Section 3.18 Competition Act; Cultural Business. For purposes of subsection 110(2) of the Competition Act (Canada), each of (a) the total value of the Transferred Assets that are assets in Canada and (b) the gross revenues from sales prescribed by that subsection, each measured in accordance with the Competition Act (Canada) and the regulations thereunder as at Closing, will be less than the review threshold amount as determined pursuant to subsections 110(8) and 110(9) of the Competition Act (Canada). The Business does not include a "cultural business" as that term is defined in subsection 14.1(6) of the Investment Canada Act.

Section 3.19 Financial Advisors. Neither Buyer nor any Designated Buyer is and will become obligated to pay any fee or commission or like payment to any broker, finder, or financial advisor as a result of the consummation of the transactions contemplated by this Agreement based upon any arrangement made by or on behalf of Sellers.

Section 3.20 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to Buyer or any of its Affiliates or Representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), no Seller makes, or has made, (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty with respect to the Business or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, and Buyer and its Representatives are not relying on any representation, warranty or other information of any Seller or any Person except for those expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v). No Seller makes (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, any Seller or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or its Representatives, or resulting from the omission of, any estimate, projection, prediction, data, budget, forecast, financial information, memorandum, prospect information,

presentation or any other materials or information, including any oral, written, video, electronic or other materials or information presented to or made available to Buyer in connection with presentations by KK OpCo's management or information made available on any "data sites" or in the course of their due diligence investigation of the Business, the negotiation of this Agreement or the course of the transactions contemplated by this Agreement except as expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as to only itself as follows:

Section 4.1 Organization. Buyer is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has all necessary corporate (or equivalent) power and authority to perform its obligations hereunder and under any Ancillary Agreement.

Section 4.2 Authority. Buyer has the power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action and this Agreement has been, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will have been, duly executed and delivered by Buyer and assuming due execution and delivery by each of the other Parties and thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) Assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders, (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable) and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which Buyer will be a party, and the consummation of the transactions contemplated hereby and thereby, or compliance by Buyer with any of the provisions hereof, do not and will not:

(i) conflict with the Organizational Documents of Buyer;

(ii) conflict with or violate any Law applicable to Buyer or by which any property or asset of Buyer is bound or affected;

(iii) conflict with or violate any Order of any Governmental Authority; or

(iv) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or give rise to a right of termination, modification, notice or cancellation or require any consent of any Person pursuant to, any Contract to which Buyer is a party.

except, in each case of clauses (i) through (iv), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement;

(b) Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party or the consummation of the transactions contemplated hereby or thereby, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.4 Absence of Litigation. There is no Action pending or, to the knowledge of Buyer, threatened in writing, against Buyer that, if adversely determined, (a) would prevent or materially restrict, impede or delay the performance by Buyer of its obligations under this Agreement or (b) would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.5 Qualification.

(a) To the knowledge of Buyer, there exist no facts or circumstances that would cause, or be reasonably expected to cause, Buyer and/or its Affiliates not to qualify as "good faith" purchasers under Section 363(m) of the Bankruptcy Code.

(b) As of the Closing, Buyer will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to the Transferred Contracts, if any, that are being transferred to it.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to any fee, commission or expense from Buyer that would be payable by Sellers in connection with the transactions contemplated hereby.

Section 4.7 Sufficient Funds; Solvency. Buyer has, or will have available to it at the Closing, sufficient funds to satisfy all obligations of Buyer under this Agreement, including the payment of a portion of the Initial Cash Consideration and any associated expenses including to pay all fees, costs and expenses to be paid by Buyer related to the transactions contemplated hereby. Assuming the accuracy of the representation and warranties of the Sellers set forth in

Article III, Buyer is not insolvent (either because of its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair value of its assets will be less than the amount required to pay its probable liabilities on its debts as they become absolute and matured). Buyer and each Designated Buyer, as applicable, has or will have available to it at the Closing, sufficient access to capital to satisfy the Assumed Liabilities. Without limiting this Section 4.7, in no event shall the receipt or availability of any funds or financing be a condition to Closing or to any of Buyer's obligations hereunder.

Section 4.8 Exclusivity of Representations and Warranties.

(a) Except for the representations and warranties expressly set forth in this Article IV, neither Buyer nor any other Person on behalf of Buyer makes (and Buyer, on behalf of itself, its Subsidiaries, and their respective Affiliates and Representatives, hereby disclaims), and KK Parent has not relied on, any express or implied representation or warranty with respect to Buyer, its Subsidiaries or any of their respective businesses, operations, properties, assets, liabilities or otherwise in connection with this Agreement or the transactions contemplated hereby, including as to the accuracy or completeness of any information.

(b) Except for the representations and warranties expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), Buyer acknowledges and agrees that (x) no Seller or any other Person on behalf of any Seller makes, or has made, any express or implied representation or warranty, at law or in equity, with respect to Sellers or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, including with respect to its business, operations, assets (including the Transferred Assets), liabilities (including the Assumed Liabilities), conditions (financial or otherwise), prospects or otherwise in connection with this Agreement or the transactions contemplated by this Agreement, including any representation or warranty as to value, merchantability, fitness for any particular purpose or for ordinary purposes, and Buyer and its Representatives are not relying on any written or oral statement, representation, warranty, guaranty or other information of any Seller or any Person except for those expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) or (y) no person has been authorized by Sellers or any other Person on behalf of Sellers to make any representation or warranty relating to the Business in connection with this Agreement, and if made, such representation or warranty shall not be relied upon by Buyer as having been authorized by such entity. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that no Seller or any other Person has made a representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, Sellers or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or their respective Representatives, or resulting from the omission of, any estimate, projection, prediction, data, financial information, memorandum, presentation or any other materials or information, including any materials or information made available to Buyer and/or its Representatives in connection with presentations by KK OpCo's management or information made available on any "data sites." Buyer acknowledges that it has conducted, to its satisfaction, its own independent investigation of the condition (financial or otherwise), operations and business of Sellers and, in making its determination to proceed with the transactions contemplated by this Agreement, Buyer has relied solely on the results of its own independent investigation and representations and warranties set

forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) and has not relied directly or indirectly on any materials or information made available to Buyer and/or its Representatives by or on behalf of any Seller. Buyer acknowledges that, should the Closing occur, Buyer shall acquire its portion of the Business and the Transferred Assets, as set forth in this Agreement, without any surviving representations or warranties, on an "as is" and "where is" basis.

ARTICLE V

BANKRUPTCY COURT MATTERS

Section 5.1 Debtors-in-Possession. As of the Petition Date through the Closing, Sellers shall continue to operate their businesses as debtors-in-possession pursuant to the Bankruptcy Code and any Order of the Bankruptcy Courts.

Section 5.2 Sale Orders. The U.S. Sale Order shall among other things, (a) approve, pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, (i) the execution, delivery and performance by Sellers of this Agreement, (ii) the sale of the Transferred Assets to Buyer on the terms set forth herein and free and clear of all Encumbrances (other than Permitted Encumbrances), and (iii) the performance by Sellers of their respective obligations under this Agreement; and (b) find that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code and the sale is entitled to the protections afforded under Section 363(m) of the Bankruptcy Code. The Canadian Sale Order shall, among other things, (a) recognize and give full force and effect to the U.S. Sale Order in Canada pursuant to the CCAA, and (b) vest the Canadian Transferred Assets in and to the Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances.

Section 5.3 Cooperation with Respect to Approvals from the Bankruptcy Courts. Buyer shall take such commercially reasonable actions as are reasonably requested by Sellers to assist in obtaining entry by the Bankruptcy Courts of the Sale Orders, including furnishing affidavits or other documents or information for filing with the Bankruptcy Courts for purposes of, among other things: (a) demonstrating that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code; and (b) establishing "adequate assurance of future performance" within the meaning of Section 365 of the Bankruptcy Code.

Section 5.4 Bankruptcy Court Filings.

(a) Sellers shall consult with Buyer concerning the Sale Orders and any other Orders of the Bankruptcy Courts entered after the date hereof relating to the transactions contemplated herein, and the bankruptcy proceedings in connection therewith.

(b) Sellers shall provide Buyer with copies of any material applications, pleadings, notices, proposed Orders and other documents to be filed by Sellers in the Bankruptcy Cases that relate in any material respect to this Agreement, the Transferred Assets, or Buyer at least 24 hours prior to the making of any such filing or submission to the Bankruptcy Courts, and such documents shall be in form and substance acceptable to the Parties in their reasonable discretion to the extent of their respective consent rights set forth in Section 2 thereof.

Section 5.5 Appeal of Sale Orders. In the event an appeal is taken or a stay pending appeal is requested from any Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and provide Buyer a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of any Sale Order, Sellers shall, in consultation with Buyer, be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal. In such case, Sellers will provide Buyer with a draft copy of any filing or submission at least three (3) Business Days prior to the filing or submission to the applicable Bankruptcy Court and any such documents shall be in form and substance acceptable to the Parties to the extent of their respective consent rights set forth in Section 2 of the RSA.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business Prior to the Closing. From the date of this Agreement until the Closing Date or earlier termination of this Agreement,

(a) except (1) as otherwise expressly required by this Agreement, (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use commercially reasonable efforts to conduct the Business in the Ordinary Course of Business and preserve the material business relationships with customers, suppliers, distributors and others with whom Sellers deal in the Ordinary Course of Business (including timely payment of post-petition accounts payable, purchasing and maintaining appropriate levels of Inventory, performing all reasonably required maintenance and repairs, making capital expenditures and collecting receivables);

(b) except (1) as otherwise expressly required by this Agreement (including with respect to a Qualifying Alternative Transaction), (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations or requirements imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall not:

(i) sell, transfer, lease, sublease, license, abandon, encumber or otherwise dispose of any Transferred Assets other than immaterial dispositions thereof and/or Inventory sold or disposed of in the Ordinary Course of Business;

(ii) acquire any corporation, partnership, limited liability company, other business organization or division thereof related to or affecting the Business or the

Transferred Assets or any material assets, except acquisitions of raw materials in the Ordinary Course of Business;

(iii) fail to make payments in accordance with and as contemplated by the Prepetition Budget or the DIP Budget;

(iv) enter into any joint venture agreement that involves a sharing of profits, cash flows, expenses or losses with other Persons related to or affecting the Business or the Transferred Assets;

(v) (1) reject, terminate (other than by expiration in accordance with its terms), or materially amend any Transferred Contract or seek approval of the Bankruptcy Courts to do so, or (2) fail to use commercially reasonable efforts to oppose any action by a third party to so terminate (including any action by a third party to obtain approval of the Bankruptcy Courts to terminate) any Transferred Contract;

(vi) make any loans, advances or capital contributions to, or investments in, any other Person (other than to a Seller in the Ordinary Course of Business);

(vii) subject any of the Transferred Assets to any Encumbrance other than Permitted Encumbrances;

(viii) incur, guarantee or assume any indebtedness for borrowed money, enter into any capital lease or guarantee any such indebtedness except for indebtedness under the DIP Facility or the Prepetition Credit Agreement;

(ix) use the sale theme "going out of business";

(x) modify, amend, terminate or waive any rights under any Transferred Contract;

(xi) change or modify any material accounting practice, policy or procedure, except as required by GAAP or applicable Law;

(xii) except as required by applicable Law, (1) revoke or change any material Tax election or method of accounting with respect to Taxes, (2) make any material Tax election inconsistent with past practices and outside ordinary course of business, (3) file any amended Tax Return, (3) enter into any closing agreement or settle or compromise any material Tax claim or assessment, or (4) consent to any extension or waiver of the limitation period applicable to any claim or assessment with respect to Taxes; in each case to the extent such action could adversely affect Buyer or any of its Affiliates in a Tax period that ends after the Closing Date;

(xiii) ship, sell or transfer any Inventory during the period that is between the Inventory Count and the Closing Date;

(xiv) amend the DIP Budget; or

(xv) agree or commit to any of the foregoing; and

(c) from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use reasonable best efforts to clear any unapplied cash in respect of the Transferred A/R.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Sellers, or the Business prior to the Closing and (ii) prior to the Closing, Sellers shall exercise, consistent with, and subject to, the terms and conditions of this Agreement, complete control and supervision over the Business and their operations.

Section 6.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date or earlier termination of this Agreement, upon reasonable request, Sellers shall afford Buyer and its Representatives reasonable access to the properties, offices, plants and other facilities, books and records (including Tax books and records) of Sellers, solely with respect to the Business, and shall furnish Buyer with such financial, operating and other data and information, and access to all the officers, employees, customers, vendors, accountants and other Representatives of Sellers, solely with respect to the Business, as any Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything to the contrary in this Agreement, Sellers shall not be required to provide access to or disclose any information to any Buyer or its Representatives if (i) such access or disclosure is prohibited pursuant to the terms of a confidentiality agreement with a third party entered into prior to the date hereof, (ii) such access or disclosure would violate applicable Law, or (iii) such access or disclosure would adversely affect any attorney-client or other legal privilege or contravene and applicable Laws (the "Disclosure Limitations"); provided that the Parties shall reasonably cooperate in seeking to find a way to allow disclosure of such information to the extent doing so would not (in the good faith belief of Sellers after consultation with outside counsel) violate any such confidentiality agreement or applicable Law, or cause such privilege to be undermined with respect to such information.

(b) The information provided pursuant to this Section 6.2 prior to Closing will be used solely for the purpose of effecting the transactions contemplated hereby, and will be governed by the terms and conditions of the Confidentiality Agreement, which Confidentiality Agreement shall not terminate upon the execution of this Agreement notwithstanding anything to the contrary therein. The Confidentiality Agreement shall terminate automatically, and with no further action required of any party thereto, upon the Closing. No Seller makes any representation or warranty as to the accuracy of any information, if any, provided pursuant to this Section 6.2, and Buyer may not rely on the accuracy of any such information (and Buyer hereby knowingly and expressly disclaims any reliance with respect to any such information), except to the extent of the representations and warranties set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

(c) From and after the Closing, until the closing of the Bankruptcy Cases, Buyer will provide Sellers and their Representatives, with reasonable access, during normal business

hours, and upon reasonable advance notice, subject to reasonable denials of access or delays to the extent any such access would unreasonably interfere with the operations of either Buyer or the Business, to the books and records, including work papers, schedules, memoranda, and other documents (for the purpose of examining and copying) that are in its possession or reasonable control relating to its respective Transferred Assets, its respective Assumed Liabilities, or the Excluded Assets with respect to periods or occurrences prior to the Closing Date, for the purposes of (i) complying with the requirements of any Governmental Authority, including the Bankruptcy Courts, (ii) the closing of the Bankruptcy Cases and the wind down of Sellers' estates (including reconciliation of claims and preparation of Tax Returns or other Tax proceedings and the functions of any trusts established under the Plan), (iii) complying with applicable Laws or (iv) other reasonable business purposes; provided that no Buyer shall be obligated to provide any such access that would, in the reasonable, good faith judgment of Buyer, conflict with the Disclosure Limitations. Unless otherwise consented to in writing by KK OpCo, Buyer will not, for a period of three (3) years following the Closing Date, destroy, alter or otherwise dispose of any of such books and records without first offering to surrender to KK OpCo such books and records or any portion thereof that Buyer may intend to destroy, alter or dispose of.

Section 6.3 Employee Matters.

(a) Not later than three (3) Business Days prior to the Designation Deadline, Buyer shall provide (or cause an Affiliate to provide) to each Seller employee identified on Section 6.3 of the Disclosure Letter, an offer of employment which such employment shall commence as of the Closing, that provides for (i) a base annual salary or hourly wage rate, as applicable, that is not less than such employee's base annual salary or hourly wage rate, as applicable, with the applicable Seller immediately prior to the Closing, and (ii) benefits comparable to those provided by Buyer to its similarly situated employees. Buyer shall use commercially reasonable efforts to ensure that each offer of employment executed by a Transferred Employee reflects a full release by such employee of any and all Liabilities, obligations and/or causes of action of or against any Seller and its Affiliates. At any time during the period commencing from the Effective Date until the Designation Deadline, Buyer may amend or revise the employee list on Section 6.3 of the Disclosure Letter in order to (i) add any employee employed by a Seller as of the date thereof, or (ii) remove any Seller employee based on such employee's actions that would give rise to a for cause employment termination. Each Seller employee who receives and accepts (or is deemed with a base salary equal to or better than the Company's existing terms to have accepted) Buyer's (or an Affiliate of Buyer's) offer of employment and who commences employment with Buyer or an Affiliate thereof on the Closing shall be a "Transferred Employee". Sellers will reasonably cooperate with Buyer with respect to such employee matters. Buyer shall, or shall cause its Affiliate to, credit each Transferred Employee with the amount of paid time off accrued, but unused by such Transferred Employee as of the Closing Date.

(b) Sellers shall retain all Liabilities relating to all unpaid wages, salaries, commissions and other compensation amounts, earned or accrued on or before the Closing Date by or in respect of all of their current and former employees, including the Transferred Employees. During the ninety (90) days from Closing, Buyer shall not, and shall cause its Affiliates not to, take any action that causes any Seller or Affiliate of Seller to incur Liabilities under the WARN Act.

(c) Nothing herein, expressed or implied, shall confer upon any Seller employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Section 6.3, are for the sole benefit of the parties to this Agreement and are not for the benefit of any third party.

Section 6.4 Consents and Filings; Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall, and shall cause its Subsidiaries to, use reasonable best efforts to cooperate with each other Party and to, promptly take, or cause to be taken, any and all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the Ancillary Agreements, in accordance with the terms hereof and thereof. This Section 6.4(a) does not apply with respect to Taxes.

(b) From time to time, whether at or following the Closing, Sellers and Buyer shall execute, acknowledge and deliver all such further conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to vest in Buyer all the right, title, and interest in, to or under its Transferred Assets, to provide Buyer and Sellers all rights and obligations to which they are entitled and subject pursuant to this Agreement and the Ancillary Agreements, and to otherwise make effective as promptly as practicable the transactions contemplated by this Agreement and the Ancillary Agreements. Each of the Parties will take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under applicable Laws to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to such obligations to be satisfied. Notwithstanding the foregoing, nothing in this Section 6.4 shall (a) require Sellers or Buyer or any of their Affiliates to make any expenditure or incur any obligation on their own or on behalf of any other Party (unless funds in the full amount thereof are advanced by such other Party in cash) or (b) prohibit Sellers or any of their Affiliates from ceasing operations or winding up its affairs following the Closing.

(c) Sellers and Buyer shall cooperate with each other and, as promptly as practicable after the date of this Agreement, take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to obtain the transfer or reissuance to the applicable Buyer of all Environmental Permits necessary to lawfully own and operate the Business and Transferred Assets. The Parties shall take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to (i) respond promptly to any requests for additional information made by such agencies, (ii) participate in any hearings, settlement proceedings or other proceedings ordered with respect to applications to transfer or reissue such Environmental Permits, and (iii) cause regulatory approval to be obtained as soon as practicable after the date of filing. Each Party will bear its costs of the preparation and review of any such filing. Sellers and Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection any

filings to transfer the Environmental Permits and the filing Party shall consider in good faith any revisions reasonably requested by the non-filing Party.

(d) Following Closing, Sellers shall cooperate with Buyer's reasonable requests with respect to the investigation and prosecution of any Actions related primarily to the Business or the Transferred Assets (other than in connection with disputes between the Parties), including taking, or causing to be taken, all actions, and doing, or causing to be done, all things necessary, proper or advisable under applicable Laws to furnish all reasonably available information and testimony, to arrange discussions with, and the calling as witnesses of, officers, directors, employees, agents and Representatives, and to provide other reasonable assistance in connection with any such Actions, with such cooperation to be at the cost and expense of the requesting Buyer.

Section 6.5 Refunds and Remittances.

(a) After the Closing: (i) if Sellers or any of their Affiliates receive any refund or other amount that is a Transferred Asset or is otherwise properly due and owing to a Buyer in accordance with the terms of this Agreement, Sellers promptly shall remit, or shall cause to be remitted, such amount to Buyer in accordance with this Agreement and (ii) if any Buyer or any of its Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Sellers or any of their Affiliates in accordance with the terms of this Agreement, Buyer promptly shall remit, or shall cause to be remitted, such amount to Sellers in accordance with this Agreement.

(b) In the event that, from and after the Closing, (i) Sellers or any of their Affiliates have retained ownership of a Transferred Asset, then, for no additional consideration to Sellers or any of their Affiliates, Sellers shall, and shall cause their controlled Affiliates to, convey, assign or transfer promptly such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, (ii) any Excluded Asset has been conveyed to or is received by a Buyer, then, without any consideration payable to Buyer or any of its Affiliates, Buyer shall convey, assign or transfer promptly such Excluded Asset to Sellers in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Excluded Asset to Sellers or their designees in accordance with this Agreement.

Section 6.6 Public Announcements and Communications. From the date hereof through the Closing Date, neither Buyer, on the one hand, nor Sellers, on the other hand, shall issue any public report, statement, press release or otherwise make any public statement regarding this Agreement or the transactions contemplated hereby, without the prior written consent of Buyer and KK OpCo, unless otherwise required by applicable Law, in which case such Party shall coordinate and consult with the other Party with respect to the timing, basis, scope and content before issuing any such report, statement or press release; provided, however, that nothing in this Section 6.6 shall (a) prohibit or delay any required filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority or otherwise hinder either KK OpCo's or its Representatives' ability to timely comply with all Laws (including the Bankruptcy Code, the

CCAA and the WARN Act), (b) prohibit any public announcement containing information that is otherwise generally available to the public (including as a result of any filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority) or (c) delay or prohibit any WARN Act-related notice issued by KK OpCo. Until the Closing Date, Buyer and Sellers shall use commercially reasonable efforts to develop mutually agreeable messaging for any communications to employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement. Sellers shall consult with Buyer before any material communications (other than those made in the Ordinary Course of Business) to any employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement.

Section 6.7 Collection of Accounts Receivable. Subject to the terms of the DIP Order:

(a) As of the Closing Date, each Seller hereby (i) authorizes Buyer and any Buyer designee to open any and all mail addressed to any Seller relating to the Business or the Transferred Assets and delivered to the offices of the Business or otherwise to Buyer or any Buyer designee if received on or after the Closing Date and (ii) appoints Buyer, any Buyer designee or its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by Buyer of any Buyer designee after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed or products delivered by Buyer after the Closing, as the case may be, made payable or endorsed to any Seller or Seller's order, for Buyer's or any Buyer designee's own account.

(b) As of the Closing Date, each Seller agrees that any monies, checks or negotiable instruments received by any Seller after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed by Buyer after the Closing, as the case may be, shall be held in trust by such Seller for Buyer's or any Buyer designee's benefits and accounts, and promptly upon receipt by a Seller of any such payment, such Seller shall pay over to Buyer or their designee the amount of such payments without any right of set off or reimbursement.

(c) Without limiting the foregoing, Sellers will, and will cause their respective Subsidiaries and Affiliates to, deposit into the bank account designated by the Buyer (the "Designated A/R Account") within one (1) Business Day after receipt all amounts received by Sellers or their respective Subsidiaries and Affiliates constituting Transferred A/R. Sellers will, and will cause their respective Subsidiaries and Affiliates to, deliver written instructions no later than one (1) Business Day following the Closing to all customers with accounts receivable constituting Transferred A/R to deliver all payments with respect thereto directly to the Designated A/R Account. Sellers will maintain their bank accounts to accept any Transferred A/R for 120 days following the Closing.

(d) As of the Closing Date, Buyer or any Buyer designee shall have the sole authority to bill and collect Transferred A/R and accounts receivable relating to work performed by Buyer after the Closing.

(e) Notwithstanding anything to the contrary contained hereto, any Designated Buyers that acquire any Transferred A/R hereunder shall be express third-party beneficiaries of this Section 6.7.

Section 6.8 Intercompany Accounts and Arrangements. Effective prior to the Closing, all outstanding intercompany accounts, whether payables or receivables, between any Seller, on the one hand, and any Subsidiary of Sellers, on the other hand, shall be settled in full without any cash payment required to be made, and shall be of no further force and effect, in each case, without Liability to the Business, Buyer, or the Sellers at or after the Closing.

Section 6.9 In-Transit Inventory. Any Inventory of Sellers that is not located in Canada, the United States or Australia as of the date hereof and does not constitute Excluded Specified Inventory shall be referred to herein as "Foreign Inventory". Foreign Inventory shall only be included in the definition of the Purchased Inventory for the purposes of the Closing to the extent it has been imported to and has cleared customs in the United States as of the Closing. Any Foreign Inventory that is in-transit to the United States as of the Closing shall be referred to herein as "In-Transit Inventory", and shall only be purchased by Buyer in accordance with the terms of this Section 6.9. Seller will, or will cause a designee to, (i) serve as the importer of record for such In-Transit Inventory, (ii) exercise commercially reasonable efforts to import such In-Transit Inventory into the United States and (iii) exercise commercially reasonable efforts to cause such In-Transit Inventory to clear through United States customs. At Closing, Buyer will deposit into escrow with Escrow Agent an amount equal to the Purchased Inventory Payment Amount applicable to such In-Transit Inventory *plus* the estimated customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory as mutually agreed by the Parties (such escrowed amount, the "In-Transit Inventory Escrow Amount"). Upon successful importation of such In-Transit Inventory, Seller will provide Buyer with a detailed accounting of all out-of-pocket, documented customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory. Within five (5) Business Days of Buyer's receipt of such accounting, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing Escrow Agent to release the amount of the In-Transit Inventory Escrow Amount attributable to such successfully imported In-Transit Inventory (the "In-Transit Inventory Consideration"). If any such In-Transit Inventory has not cleared customs within one-hundred twenty (120) days following the Closing (excluding any delays caused by *force majeure* or other delays outside of the reasonable control of any party), such In-Transit Inventory shall be retained by the applicable Seller (the "Excluded In-Transit Inventory") and the corresponding portion of the In-Transit Inventory Escrow Amount shall be returned to Buyer. Buyer shall not, and Buyer shall cause each of its Affiliates and Representatives not to, interfere with or impede, in any manner whatsoever, the process by which any Seller (or any Representative thereof) transports, exports, imports, pays duties or fees with respect to, ships, moves or otherwise interacts with any In-Transit Inventory.

Section 6.10 Exclusivity. Except as provided in Section 6(b) of the RSA, the Sellers will not, and will direct their Affiliates not to, directly or indirectly, through any Representative of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations or discussions of any type, directly or indirectly, or enter into a confidentiality Contract, letter of intent or purchase Contract, merger Contract or other similar Contract with any Person other than Buyer with respect to a sale of all or any substantial portion of the assets of any Seller, or a merger, consolidation, business combination, sale of all or any substantial portion of the equity any Seller, or the liquidation or similar extraordinary transaction with respect to any Seller. The Sellers will notify Buyer as promptly as practicable of any inquiry or proposal by a third party to do any of the foregoing that

the Sellers or any of their Affiliates or any of their respective Representatives may receive relating to any of such matters.

Section 6.11 Name Change. Except as necessary to effect the transactions contemplated by this Agreement, including the winding down of the Business and any Subsidiary of any Seller, from and after the Closing, the Sellers and their Affiliates shall cease using any Transferred IP related to the Business as well as the names set forth on Section 6.11 of the Disclosure Letter or any derivation thereof. Each Sale Order shall effectuate a change to the caption of the applicable Bankruptcy Case to exclude the words "KidKraft." In addition, Buyer hereby grants to the Sellers and their Subsidiaries a limited, non-exclusive, worldwide, irrevocable, sublicensable, non-transferable, fully paid-up, right and license to use the Transferred IP, solely as necessary to effect the transactions contemplated herein, including the winding down of the Business and any Subsidiary of any Seller.

ARTICLE VII

TAX MATTERS

Section 7.1 Transfer Taxes. The Purchase Price and any other consideration payable under this Agreement are exclusive of Transfer Taxes. Any and all sales, harmonized sales, use, property transfer or gains, real estate or land transfer or gains, documentary, stamp, registration, recording, filing, value-added, goods and services or other similar Taxes (including any Canadian federal goods and services tax or harmonized sales tax payable under Part IX of the ETA, or any similar taxes payable under applicable Canadian provincial legislation) ("Transfer Taxes") payable by Buyer solely as a result of the sale or transfer of the Transferred Assets and the assumption of the Assumed Liabilities pursuant to this Agreement shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to mitigate, reduce, or eliminate any such Transfer Taxes and the appropriate Party shall provide the information and documentation that is necessary to obtain any available exemptions or relief including the information required under subsection 169(4) of Part IX of the ETA (which shall be provided by the Seller(s) registered for goods and services tax/harmonized sales tax) and any other documentation necessary in connection with recovery by the Buyer of Transfer Taxes. Buyer shall prepare and file all necessary Tax Returns or applicable elections and other documents with respect thereto and, if reasonably requested or required by applicable Law, the Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. Buyer shall promptly provide a copy of any such Tax Returns or other documents to Sellers. To the extent that Sellers do not provide a provincial sales or retail sales tax clearance certificate(s) that is required under applicable Law, Sellers shall indemnify Buyer for any Tax liability (including penalties and interest) that is assessed against Buyer arising from the failure of the particular Seller(s) to provide such certificate(s)

Section 7.2 Tax Cooperation. Buyer and Sellers agree to furnish or cause to be furnished to each other, upon reasonable request, as promptly as practicable, such information (including access to books and records relating to Taxes) and assistance relating to the Business, the Transferred Assets and the Assumed Liabilities as is reasonably necessary for determining any Liability for Taxes, filing a Tax Return, making any election relating to Taxes, the claiming or recovery of any Transfer Taxes, preparing for any audit by any Governmental Authority or

prosecuting or defending any claim, suit or proceeding relating to any Tax. Any reasonable expenses incurred in furnishing such information or assistance pursuant to this Section 7.2 shall be borne by the requesting Party.

Section 7.3 Straddle Period Allocation. The Sellers shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period ending on or prior to the Closing Date, and (B) the portion of any Straddle Period ending on the Closing Date, and (ii) Buyer shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period beginning after the Closing Date and (B) the portion of any Straddle Period beginning after the Closing Date. For purposes of determining the allocation of Non-Income Taxes set forth in the first sentence of this Section 7.3, (i) Non-Income Taxes that are based upon or related to sales or receipts imposed on a transactional basis (other than Non-Income Taxes described in (ii)) shall be allocated to the period in which the transaction giving rise to such Non-Income Taxes occurred, and (ii) Non-Income Taxes that are ad valorem, property or other Non-Income Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated on a per diem basis between Buyer and Sellers as of the Closing Date, and the amount of such Non-Income Taxes for which Sellers are allocated shall be equal to the amount of the Non-Income Tax for the applicable Straddle Period multiplied by a fraction, the numerator of which is the number of days from the beginning of the period through and including the Closing Date and the denominator of which is the entire number of days in the period. For the avoidance of doubt, any Non-Income Taxes for which Sellers are liable under this Section 7.3 shall not constitute Assumed Liabilities.

Section 7.4 Section 22 Tax Election. At the reasonable request of Buyer and to the extent this election is available under applicable Law, Buyer and each Canadian Seller (as applicable) agree to elect jointly on or before the date on which such election is required to be made in accordance with applicable Law, in the prescribed form under Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial legislation) as to the sale of the Transferred A/R described in Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial or territorial legislation) and to designate in such election an amount equal to the portion of the Purchase Price allocated to such Transferred Assets pursuant to Section 2.11 as the consideration paid by Buyer therefor. Each of Buyer and Canadian Seller shall prepare and file their respective Tax returns in a manner consistent with such election.

Section 7.5 Subsection 20(24) Tax Election. Buyer and each Canadian Seller (as applicable) acknowledge that Canadian Seller is transferring Transferred Assets to Buyer with a value equal to the amount set out in the Allocation in consideration for Buyer assuming prepaid obligations of Canadian Seller to deliver goods or provide services in the future. At the reasonable request of Buyer, Canadian Seller and Buyer will, if applicable, execute and file, on a timely basis and using any prescribed form, a joint election under subsection 20(24) of the Income Tax Act (Canada) and any equivalent or corresponding provision under applicable provincial legislation as to such assumption hereunder, and prepare their respective Tax Returns in a manner consistent with such joint election.

Section 7.6 Canadian Transferred Assets. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer a schedule listing all Transferred Assets of the Sellers (other than the Canadian Sellers) that are located in Canada or used or held by the

Sellers in a business carried on in Canada, including, for greater certainty, property that this "excluded property" for the purposes of section 116 of the *Income Tax Act* (Canada). This schedule shall contain reasonable details regarding the description such Transferred Assets and their physical location.

Section 7.7 Tax Registrations. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to the Buyer a schedule listing all of the Sellers' registrations for goods and services tax, harmonized sales tax and provincial sales tax, including the applicable tax registration numbers. If the Sellers have determined that such registrations are not applicable to the Sellers, the Sellers shall provide a certification that it is not registered, or required to be registered, for goods and services tax, harmonized sales tax and/or provincial sales tax purposes, and is not required to collect and remit such taxes, as the case may be.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 General Conditions. The respective obligations of Buyer and Sellers to consummate the Closing shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any Party in its sole discretion (provided that such waiver shall only be effective as to the obligations of such Party):

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent), or shall have initiated and be actively pursuing any legal proceedings seeking any such Order, that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements (any such Law or Order, a "Legal Restraint").

(b) The Bankruptcy Courts shall have entered the Sale Orders, and the Sale Orders shall not have been stayed, reversed or modified in a manner materially adverse to Buyer without the consent of Buyer.

Section 8.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by KK OpCo in its sole discretion:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period).

(b) Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

(c) Sellers shall have received the documents listed in Section 2.10(c).

Section 8.3 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived only in a writing executed by Buyer in its sole discretion:

(a) Representations and Warranties.

(i) The representations and warranties of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement), other than the Fundamental Representations of Sellers, shall be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of such date or with respect to such period), in each of the foregoing cases, except where the failure of such representations and warranties to be true and correct at such time would, either individually or in the aggregate, not constitute a Material Adverse Effect.

(ii) The Fundamental Representations of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement) shall be true and correct in all respects (other than de minimis inaccuracies) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those Fundamental Representations of Sellers that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct as of such date or with respect to such period).

(b) Sellers shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) No Material Adverse Effect shall have occurred after the date of this Agreement.

(d) Buyer shall have received the documents listed in Section 2.10(b).

(e) Sellers shall have performed or complied in all material respects with all agreements and covenants required by the RSA to be performed or complied with by RSA at or prior to the Closing and the RSA shall be in full force.

Section 8.4 Information Officer's Certificate. When the conditions to Closing set forth in this Article VIII have been satisfied and/or waived by Sellers and Buyer, as applicable, Sellers

and Buyer will each deliver to the Information Officer the applicable Conditions Certificate. Upon receipt of each of the Conditions Certificates, the Information Officer shall (a) issue forthwith the Information Officer's Certificate concurrently to Sellers and Buyer (with a copy legal counsel for the DIP Agent), at which time the Closing will be deemed to have occurred, and the Canadian Transferred Assets shall vest in and to Buyer (or its permitted designee) pursuant to the Canadian Sale Order, and (b) file as soon as practicable a copy of the Information Officer's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Sellers, Buyer and Gordon Brothers). The Parties hereto acknowledge and agree that the Information Officer shall be entitled to file the Information Officer's Certificate with the CCAA Court without independent investigation upon receiving the Conditions Certificates, and the Information Officer will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions and shall have no liability to Sellers or Buyer or any other Person as a result of filing the Information Officer's Certificate upon receiving such Conditions Certificates.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of both Buyer and KK OpCo;

(b) by either KK OpCo or Buyer, if:

(i) a Legal Restraint is in effect that has become final and nonappealable; provided that no Party may terminate this Agreement pursuant to this Section 9.1(b)(i) whose breach of any of its representations, warranties, covenants or agreements contained herein results in such Legal Restraint;

(ii) the Closing shall not have occurred on or before July 19, 2024 (the "Outside Date"); provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 9.1(b)(ii) if (A) the failure of the Closing to have occurred by the Outside Date was caused by the breach of such Party with respect to any obligation or condition of this Agreement or (B) another Party has commenced appropriate proceedings to enforce its rights pursuant to Section 10.15, and, thereafter, uses commercially reasonable efforts to prosecute such proceeding or proceedings(s);

(iii) the RSA is terminated as to all parties thereof in accordance with its terms, unless such termination was following such Party's breach of the RSA;

(iv) if Sellers consummate any Qualifying Alternative Transaction.

(c) by Buyer, if:

(i) at any time, Sellers shall have breached or violated any of their representations, warranties or covenants set forth in this Agreement in a manner that would

prevent the satisfaction of the conditions to Closing set forth in Section 8.3(a) or Section 8.3(b), and (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured by the earlier of ten (10) days after written notice thereof has been given by Buyer to Seller and the Outside Date; provided that Buyer shall not be entitled to terminate the Agreement pursuant to this Section 9.1(c)(i) if Buyer is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.2(a) or (b) would not be satisfied;

(ii) (x) the U.S. Bankruptcy Court has not entered an interim DIP Order within three (3) Business Days after the Petition Date; (y) the U.S. Bankruptcy Court has not entered a final DIP Order within thirty (30) days after the Petition Date; or (z) Gordon Brothers fails to fund the DIP Facility when required, and each such event remains uncured (to the extent curable) for a period of five (5) Business Days; provided that, with respect to clause (y), such time period shall be subject to reasonable extensions (not to exceed 45 days following the Petition Date) so long as Sellers and Gordon Brothers are using commercially reasonable efforts to cause the prompt entry of the DIP Order and the funding of the DIP Facility;

(iii) the Chapter 11 Case is dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement or the CCAA Recognition Proceedings are dismissed;

(iv) Sellers withdraw or seek authority to withdraw the Sale Orders; or

(v) (A) any Seller enters into one or more Qualifying Alternative Transactions with one or more Persons or (B) Sellers publicly announce any plan of reorganization or plan of liquidation or support any such plan filed by any third party, other than, in the case of this clause (B), any such plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay the Closing from occurring in accordance with the terms of this Agreement.

(d) by KK OpCo at any time if:

(i) (x) Buyer shall have breached or violated any of its representations, warranties or covenants set forth in this Agreement in a manner that would prevent the satisfaction of the conditions to Closing set forth in Section 8.2(a) or Section 8.2(b), as the case may be, or (y) Buyer shall have materially breached any Sale Order, and in each case, (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured within ten (10) days after written notice thereof has been given by KK OpCo to Buyer, provided that KK OpCo shall not be entitled to terminate the Agreement pursuant to this Section 9.1(d)(i) if any Seller is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.3(a) or (b) would not be satisfied; or

(ii) the board of directors or board of managers, as applicable, of any Seller determines, in good faith based upon advice of outside legal counsel, that proceeding with this Agreement or the transactions contemplated hereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law.

The Party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall, if such Party is KK OpCo, give prompt written notice of such termination to Buyer, and if such Party is a Buyer, give prompt written notice of such termination to Sellers.

Section 9.2 Effect of Termination.

(a) In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except (i) for the provisions of Section 6.6 (Public Announcements), Section 10.3 (Fees and Expenses), Section 10.7 (Notices), Section 10.10 (Parties in Interest), Section 10.11 (Governing Law), Section 10.12 (Submission to Jurisdiction) and this Article IX and (ii) that, subject to Section 9.2(b), no such termination shall relieve any Party from liability for Fraud.

(b) The Parties agree that if this Agreement is terminated, then (i) KK OpCo's or Buyer's receipt of the Deposit Amount or the Buyer Breach Fee, as applicable, in accordance with this Agreement (when payable), and (ii) Buyer's receipt of the Bidder Protections (when payable) pursuant to Section 9.3 shall be the sole and exclusive remedies of such Party against the other Party(ies) and any of its or their respective Affiliates for any Liability, damage or other loss suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement or the failure of the transactions contemplated hereby to be consummated, and upon payment of such amounts (if due), neither Buyer nor any of its respective Affiliates shall have any further monetary Liability relating to or arising out of this Agreement or the transactions contemplated by this Agreement, in each case, except in the case of Fraud. For the avoidance of doubt, the foregoing does not limit a Party's rights to seek specific performance under Section 10.15 prior to a termination of this Agreement in accordance with Section 9.1.

Section 9.3 Termination Payment.

(a) In the event that this Agreement is terminated pursuant to Section 9.1(b)(iv), Section 9.1(c)(v) or Section 9.1(d)(ii) (in each case, unless such termination is in connection with a transaction that involves a conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code), in consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for and shall pay (or cause to be paid to) Buyer a break-up fee equal to $1,179,673.20 (the "Break-up Fee") and (iii) Sellers shall jointly and severally be liable for and shall reimburse (or cause to be reimbursed to) Buyer, Buyer's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable legal, financial advisory, accounting and other similar costs, fees and

expenses) incurred prior to the termination of this Agreement in connection with its evaluation and negotiation of the transactions contemplated by this Agreement (the "Expense Reimbursement" and together with the Break-up Fee the "Bidder Protections"); provided such Expense Reimbursement shall not exceed $1,000,000. In the event that this Agreement is terminated pursuant to Section 9.1(b)(iii) (other than such termination in connection with a breach of the RSA by Buyer), Section 9.1(c)(i), Section 9.1(c)(ii) or Section 9.1(c)(iv), in consideration for Buyer having expensed considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for the Expense Reimbursement. In the event Sellers become obligated under this Agreement to pay any or all of the Bidder Protections, Sellers shall pay such amounts in immediately available funds to such account or accounts as may be specified in written notice by Buyer; provided that if such obligation arises from a termination pursuant Section 9.1(c)(v), then such amounts shall be paid upon the earlier of (i) the consummation of such transaction giving rise to such termination and (ii) the effective date of the Chapter 11 Case. The Bidder Protections shall constitute an allowed administrative expense claim of Sellers' estates under sections 503(b) and 507 of the Bankruptcy Code.

(b) Each of the Parties acknowledges and agrees that the agreements contained in this Section 9.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other Parties would not enter into this Agreement. Each of the Parties further acknowledges that the payment by Sellers of the Bidder Protections is not a penalty, but rather liquidated damages in a reasonable amount that will compensate Buyers, in the circumstances in which such Bidder Protection is payable, for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be impossible to calculate with precision. The obligation to pay the Bidder Protections in accordance with the provisions of this Agreement will (i) be binding upon and enforceable jointly and severally against each Seller immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable law. The obligation to pay the Bidder Protections as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of any Seller and (B) any trustee, examiner or other representative of a Seller's estate (each of (A) and (B), a "Successor") as if such Successor were a Seller hereunder.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Nonsurvival of Representations, Warranties and Covenants. The respective representations, warranties and covenants of Sellers and Buyer contained in this Agreement and any certificate delivered pursuant hereto shall terminate at, and not survive, the Closing; provided that this Section 10.1 shall not limit any covenant or agreement of the Parties to the extent that its terms require performance after the Closing.

Section 10.2 Bulk Sales. Notwithstanding any other provisions in this Agreement, Buyer and Sellers hereby waive compliance with all "bulk sales," "bulk transfer" and similar Laws that may be applicable with respect to the sale and transfer of any or all of the Transferred Assets to Buyer.

Section 10.3 Fees and Expenses. Except as otherwise provided herein (including Section 6.4(a) and Section 7.1 or in the DIP Order, and except that the actual, documented costs of the Inventory Count shall be borne fifty percent (50%) by the Sellers and fifty percent (50%) by the Buyer (up to a maximum, aggregate amount of $25,000) all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the Party incurring such fees or expenses, whether or not such transactions are consummated.

Section 10.4 Transition of Permits. To the extent that a Buyer has not obtained all of the Permits included in the Transferred Assets that are necessary for Buyer to take title to all of the Transferred Assets at the Closing and to operate all aspects of the Business as of immediately following the Closing in the same manner in all material respects as it was operated by Sellers immediately prior to the Closing, Sellers shall, to the extent permitted by applicable Laws, use commercially reasonable efforts to maintain after the Closing such Permits that Buyer reasonably requests, at Buyer's sole expense, until the earlier of the time Buyer has obtained such Permits and six (6) months following the Closing (or the remaining term of any such Permit or the closing of the Chapter 11 Case, if shorter).

Section 10.5 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 10.6 Waiver. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 10.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier, (c) on the day of transmission if sent via email transmission to the email address(es) given below and the sender does not receive a notice of such transmission being undeliverable to such email address or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(i) if to Sellers, to:

KidKraft, Inc.
Attention: Geoffrey Walker
Email: Geoff.W@kidkraft.com

with a copy (which shall not constitute notice) to:
Vinson & Elkins LLP
Attention: Lauren Kanzer; Peter Marshall
Email: lkanzer@velaw.com; pmarshall@velaw.com

with an additional copy (which shall not constitute notice) to:

Gordon Brothers
Attention:
Email:

(ii) if to Buyer, to:

Backyard Products, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com

with copies (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309
Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

Section 10.8 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall." References to

days mean calendar days unless otherwise specified. References to "Transferred Assets," "Transferred Contracts," "Transferred Employee Records," "Transferred Employees" and "Transferred IP" and the like shall (a) for purposes of the representations and warranties of Sellers, only apply to such items as of the date hereof (and shall not include items that are added to such definitions after the date hereof) and (b) for all other purposes (including Section 6.1) shall only apply to such items that meet the applicable definition as of the time of determination. By way of example, in the event that the Company amends a Contract that is, at such time, not a Transferred Contract but thereafter becomes a Transferred Contract, such amendment to such Contract shall not be a breach of Section 6.1(b)(x); however the amendment of such Contract after it becomes a Transferred Contract shall be subject to Section 6.1(b)(x).

Section 10.9 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings, and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder, and none shall be deemed to exist or be inferred with respect to the subject matter hereof.

Section 10.10 Parties in Interest. Except as specifically set forth in Section 10.13 and Section 10.22, this Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.11 Governing Law. Except to the extent of the mandatory provisions of the Bankruptcy Code or the CCAA, this Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby (in contract or tort) shall be governed by, and construed in accordance with the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 10.12 Submission to Jurisdiction. Without limitation of any Party's right to appeal any Order of the Bankruptcy Courts, (x) the U.S. Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (y) any and all claims relating to the foregoing shall be filed and maintained only in the U.S. Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the U.S. Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or proceeding; provided, however, that, if the Chapter 11 Case is closed or the U.S. Bankruptcy Court declines jurisdiction, each of the Parties irrevocably agrees that any Action or proceeding arising out of or relating to this Agreement brought by another Party or its successors or assigns shall be heard and determined in the Court of Chancery of the State of Delaware, or if jurisdiction is not available in the Court of

Chancery, then in the United States District Court for the Northern District of Texas, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient, without limiting any other manner of service permitted by Law. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts of the State of Texas, and of the United States District Court for the Northern District of Texas as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, the CCAA Recognition Proceedings shall be subject to the jurisdiction of the CCAA Court.

Section 10.13 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of Sellers or Buyer or any officer, director, employee, Representative or investor of any Party hereto.

Section 10.14 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated (except pursuant to Section 2.12), in whole or in part, by operation of law or otherwise, by any Seller without the prior written consent of Buyer, and by Buyer without the prior written consent of KK OpCo, and any such assignment without such prior written consent shall be null and void. Notwithstanding the foregoing, (a) subject to the terms of Section 2.12, Buyer may assign any of its rights under this Agreement to any of its Affiliates and (b) Buyer may designate its rights under this Agreement pursuant to Section 2.12 to any Person, in each case without obtaining the prior written consent of KK OpCo; provided that in connection with such assignment, such assignment shall not relieve Buyer of any of its obligations under this Agreement (or otherwise). Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 10.15 Specific Performance. Each Party acknowledges that money damages would be both incalculable and an insufficient remedy for any breach of this Agreement by such Party and that any such breach would cause Buyer, on the one hand, and Seller, on the other hand, irreparable harm. Accordingly, notwithstanding anything to this Agreement to the contrary, each Party hereto also agrees that, in the event of any breach or threatened breach of the provisions of this Agreement by such Party (including failure to consummate the Closing and the transactions contemplated thereby), Buyer, on the one hand, and Sellers, on the other hand, shall be entitled to equitable relief without the requirement of posting a bond or other security, including in the form of injunctions and orders for specific performance. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy

conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. Sellers, on the one hand, and Buyer, on the other hand, hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by Sellers or Buyer, as applicable, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of Sellers or Buyer, as applicable, under this Agreement. In the event that, due to a Party's breach or threatened breach of this Agreement whereby such other Party(ies) commence a suit contemplated by this Section 10.15 which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 10.16 Currency. All references to "dollars" or "$" in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 10.17 Severability. If any term or other provision of this Agreement, or any portion thereof, is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement, or the remaining portion thereof, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any such term or other provision, or any portion thereof, is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are consummated to the fullest extent possible.

Section 10.18 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.18.

Section 10.19 Counterparts. This Agreement may be executed in any number of counterparts, including by means of email in portable document format (.pdf), each of which when

executed shall be deemed to be an original copy of this Agreement and all of which taken together shall constitute one and the same agreement.

Section 10.20 Jointly Drafted. This Agreement is the product of negotiations among the Parties, each of which is represented by legal counsel, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived by each Party. The Parties acknowledge and agree that prior drafts of this Agreement and the other agreements and documents contemplated hereby will not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto and that such drafts will be deemed to be the joint work product of the Parties.

Section 10.21 Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY BUYER OR BUYER NON-RECOURSE PERSON OR ANY SELLER OR SELLER NON-RECOURSE PERSON BE LIABLE FOR, OR BEAR ANY OBLIGATION IN RESPECT OF, ANY PUNITIVE, SPECIAL, OR EXEMPLARY DAMAGES OF ANY KIND OR CHARACTER OR ANY DAMAGES RELATING TO, OR ARISING OUT OF, DIMINUTION IN VALUE, LOST PROFITS OR CHANGES IN RESTRICTIONS ON BUSINESS PRACTICES.

Section 10.22 No Recourse.

(a) This Agreement may be enforced only by KK OpCo against, and any claim, action, suit, or other legal proceeding by Seller may be brought only against Buyer, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither Seller nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Buyer or of any Affiliate of Buyer or any of their successors or permitted assigns (each, a "Buyer Non-Recourse Person"), and no Buyer Non-Recourse Person shall have any liability for any obligations or liabilities of Buyer under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(b) This Agreement may be enforced only by Buyer against, and any claim, action, suit, or other legal proceeding by Buyer may be brought only against, Sellers, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither of Buyer, nor any Designated Buyer, nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Sellers or of any Affiliate of Sellers or any of their successors or permitted assigns (each, a "Seller Non-Recourse Person"), and no such Seller Non-Recourse Person shall have any liability for any obligations or liabilities of Seller under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

Section 10.23 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement. When calculating the period of time before which, within which or following which, any act is to be done or step taken pursuant to this

Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Section 10.24 Disclosed Personal Information (Canada).

(a) The Parties confirm that the Disclosed Personal Information is necessary for the purposes of determining if the Buyer shall proceed with the transactions contemplated by this Agreement and, if applicable, to complete the transaction. The Buyer shall use the Disclosed Personal Information solely for purposes related to the transaction and shall not disclose such information unless authorized by applicable law. The Buyer shall protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information. If the transactions contemplated by this Agreement do not proceed, the Buyer shall return to the Seller or, at the Seller's request, securely destroy the Disclosed Personal Information within a reasonable period of time.

(b) Following the consummation of the transactions contemplated by this Agreement, the Parties shall (i) not use or disclose the Disclosed Personal Information for any purposes other than the carrying on of the Business (with use or disclosure of the Disclosed Personal Information being restricted to those purposes for which the information was initially collected or for which additional consent was or is obtained) unless consent is obtained or as otherwise permitted or required by applicable Laws; (ii) protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information; and (iii) give effect to any withdrawal of consent with respect to the Disclosed Personal Information. Where applicable privacy Laws require impacted individuals to be notified of the transactions, Buyer will notify the affected individuals, in accordance with applicable Law (including Privacy Laws), that the transactions have been completed and that their Personal Data has been disclosed to Buyer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement on the day and year first above written.

SELLERS:

KIDKRAFT, INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN CORP.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN LP, by its general partner SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Title: Chief Executive Officer

EXHIBIT A

ESCROW AGREEMENT

[Attached.]

EXECUTION VERSION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and entered into as of April 25, 2024 by and among BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller" and, together with the "Buyer", sometimes referred to individually as a "Party" and collectively as the "Parties"), and Citibank, N.A., as escrow agent (the "Escrow Agent"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of the date hereof, by and between the Buyer, the Seller and certain other parties signatory thereto (the "Purchase Agreement"), the Buyer will deposit an amount equal to $3,000,000 (the "Escrow Amount") in a separate and distinct account (the "Escrow Account") to be held by the Escrow Agent for the purposes of securing the Deposit Funds pursuant to Section 2.9 of the Purchase Agreement.

WHEREAS, each of the Parties agrees to work in good faith and use best efforts to amend to this Agreement in accordance with Section 13 herein in order to implement the terms of the Purchase Agreement prior to any closing date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent in accordance with the terms and conditions set forth herein.

2. Escrow Funds.

(a) Simultaneous with the execution and delivery of this Agreement, the Buyer is depositing with the Escrow Agent the Escrow Amount in immediately available funds. The Escrow Agent hereby acknowledges receipt of the Escrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Escrow Earnings") earned with respect thereto (collectively, the "Escrow Funds") in the Escrow Account, subject to the terms and conditions of this Agreement.

(b) For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds; and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. Investment of Escrow Funds.

(a) Unless otherwise instructed in writing and executed by an Authorized Representative (as defined in Section 4(a)(iv) below) of both Parties, the Escrow Agent shall hold the Escrow Funds in a "noninterest-bearing deposit account" of Citibank, N.A., insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Funds shall at all times remain available for distribution in accordance with Section 4 below. Except as expressly provided herein, the Escrow Funds shall not, in any manner, directly or indirectly, be assigned, hypothecated, pledged, alienated, released from escrow or transferred within escrow.

(b) The Escrow Agent shall send an account statement to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month.

(c) The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the escrowed property, as applicable, provided that the Escrow Agent has made such investment, reinvestment or liquidation of the escrowed property in accordance with the terms, and subject to the conditions of this Agreement. The Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

4. Disposition and Termination of the Escrow Funds.

(a) Escrow Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrow Funds as provided in, this Section 4(a) as follows:

(i) Upon receipt of a Joint Release Instruction with respect to the Escrow Funds, the Escrow Agent shall promptly, but in any event within two (2) Business Days after receipt of a Joint Release Instruction, disburse all or part of the Escrow Funds in accordance with such Joint Release Instruction.

(ii) Upon receipt by the Escrow Agent of a copy of Final Determination from any Party, the Escrow Agent shall on the fifth (5th) Business Day following receipt of such determination, disburse as directed, part or all, as the case may be, of the Escrow Funds (but only to the extent funds are available in the Escrow Account) in accordance with such Final Determination. The Escrow Agent will act on such Final Determination without further inquiry.

(iii) All payments of any part of the Escrow Funds shall be made by wire transfer of immediately available funds or check as set forth in the Joint Release Instruction or Final Determination, as applicable.

(iv) Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of any funds on deposit in any Escrow Account under the terms of this Agreement must be in writing, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons set forth on Exhibit A-1 and Exhibit A-2 (the "Authorized Representatives") and delivered to the Escrow Agent either (i) in writing by overnight mail or (ii) attached to an e-mail received on a Business Day sent to an e-mail address set forth in Section 11 (and receipt by the Escrow Agent confirmed) below. In the event a Joint Release Instruction or Final Determination is delivered to the Escrow Agent, whether in writing, by e-mail or otherwise, the Escrow Agent is authorized to seek confirmation of such instruction by telephone call back to the person or persons designated in Exhibit A-1 and/or A-2 annexed

hereto (the "Call Back Authorized Individuals"), and the Escrow Agent may rely upon the confirmations of anyone purporting to be a Call Back Authorized Individual. To assure accuracy of the instructions it receives, the Escrow Agent may record such call backs. If the Escrow Agent is unable to verify the instructions, or is not reasonably satisfied with the verification it receives, the Escrow Agent shall promptly notify the Parties of such inability to verify or non-satisfaction of verification, and it will not execute the instruction until all such issues have been resolved to the reasonable satisfaction of the Escrow Agent. The persons and telephone numbers for call backs may be changed only in writing, executed by an Authorized Representative of the applicable Party and actually received and acknowledged by the Escrow Agent.

(b) Certain Definitions.

(i) "Business Day" means any day that is not a Saturday, not a Sunday or any other day on which banks are not required or authorized by law to be closed in New York, New York.

(ii) "Final Determination" means a final non-appealable order of any court of competent jurisdiction which may be issued, together with (A) a certificate executed by an Authorized Representative of the prevailing Party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (B) the written payment instructions executed by an Authorized Representative of the prevailing Party, to effectuate such order.

(iii) "Joint Release Instruction" means the joint written instruction, substantially in the form of Exhibit B annexed hereto, executed by an Authorized Representative of each of the Buyer and the Seller, directing the Escrow Agent to disburse all or a portion of the Escrow Funds, as applicable.

(iv) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duties, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Purchase Agreement, nor shall the Escrow Agent be required to determine if any Person has complied with any such agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement will control the actions of Escrow Agent. The Escrow Agent may rely upon and shall not be liable, in the absence of its fraud, willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction, for acting or refraining from acting upon any Joint Release Instruction or Final Determination furnished to it hereunder and reasonably believed by it to be genuine and to have been signed by an Authorized Representative of the proper Party or Parties. Concurrent with

the execution of this Agreement, the Parties shall deliver to the Escrow Agent Authorized Representative's forms in the form of Exhibit A-1 and Exhibit A-2 attached hereto. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Funds. In the event that the Escrow Agent, acting reasonably in accordance with its duties hereunder, shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in a Joint Release Instruction or Final Determination. In the event of a dispute between the Escrow Agent and the Parties, after thirty (30) days' notice to each of the Parties of the Escrow Agent's intention to do so, the Escrow Agent may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or nonaction based on such declaratory judgment. The Escrow Agent may consult with legal counsel of its selection in the event of any dispute or question as to the meaning or construction of any of the provisions hereof or its duties hereunder. The Escrow Agent will not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's fraud, gross negligence or willful misconduct was the cause of any direct loss to either Party. To the extent practicable, the Parties agree to pursue any redress or recourse in connection with any dispute (other than with respect to a dispute involving the Escrow Agent) without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such losses or damages and regardless of the form of action.

6. Resignation and Removal of Escrow Agent. The Escrow Agent (a) may resign and be discharged from its duties or obligations hereunder by giving thirty (30) calendar days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect or (b) may be removed, with or without cause, by the Buyer and the Seller acting jointly at any time by providing written notice executed by an Authorized Representative of each Party, to the Escrow Agent. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the escrow business of the Escrow Agent's line of business may be transferred, shall be the Escrow Agent under this Agreement without further act. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires or after receipt of written notice of removal shall be to hold and safeguard the Escrow Funds (without any obligation to reinvest the same) and to deliver the same (i) to a substitute or successor escrow agent pursuant to a joint written designation from the Parties, (ii) as set forth in a Joint Release Instruction or (iii) in accordance with the directions of a Final Determination, and, at the time of such delivery, the Escrow Agent's obligations hereunder shall cease and terminate. Any successor escrow agent shall, as a condition of its appointment, execute a counterpart of this Agreement and agree in writing to be bound as Escrow Agent hereunder. In the event the Escrow Agent resigns, if the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation, the Escrow Agent may petition any court of

competent jurisdiction for the appointment of such a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto.

7. Fees and Expenses. The fees agreed upon for the services to be rendered hereunder are described in Schedule 1 attached hereto and are intended as full compensation for the Escrow Agent services as contemplated by this Agreement.

8. Indemnity. Each of the Parties shall jointly and severally indemnify, defend, and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, officers, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, actions, suits, proceedings, litigation, investigations, reasonable and documented out of pocket costs or expenses actually suffered and incurred (including the reasonable and documented fees and expenses of one outside counsel and experts and their staffs and reasonable and documented out of pocket expenses of document location, duplication and shipment, but excluding any income or similar taxes imposed on the fees payable hereunder) (collectively "Escrow Agent Losses") arising out of or in connection with (a) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding under or in connection with this Agreement, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except to the extent that such Escrow Agent Losses, as adjudicated by a court of competent jurisdiction, have been caused by the fraud, gross negligence or willful misconduct of such Indemnitee, or (b) its following any instructions or other directions from the Buyer or the Seller. To the extent any Escrow Agent Losses result from or are attributable to a Party's failure to provide fully executed IRS Forms W-8, W-9 and/or other required documentation pursuant to Section 9(a), such Party shall be solely responsible for indemnifying the Indemnities for such Escrow Agent Losses. The Escrow Agent will promptly make all claims for indemnification hereunder by written notice to the Parties of such claim, together with detailed supporting documentation related thereto, provided in accordance with the terms set forth herein. Notwithstanding anything to the contrary herein, the Buyer and the Seller agree, solely as between themselves, that any obligation for indemnification under this Section 8 (or for reasonable fees and expenses of the Escrow Agent described in Section 7) shall be borne by the Party or Parties determined by a court of competent jurisdiction to be responsible for causing the loss, damage, liability, cost or expense against which the Escrow Agent is entitled to indemnification or, if no such determination is made, then one-half by the Buyer and one-half by the Seller. The Parties acknowledge that the foregoing indemnities shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement. Notwithstanding anything to the contrary, the parties hereto agree that no indemnification obligations hereunder shall be satisfied from the Escrow Funds.

9. Tax Matters.

(a) The Buyer shall be responsible for and the taxpayer on all taxes due on the interest or other income earned, if any, on the Escrow Funds for the calendar year in which such interest or other income is earned. The Escrow Agent shall report any interest or other income earned on the Escrow Funds, if any, to the IRS or other taxing authority on IRS Form 1099. Prior to the date hereof, the Parties have provided the Escrow Agent with certified tax identification

numbers by furnishing appropriate forms W-9 or W-8 as applicable and such other forms and documents that the Escrow Agent may have reasonably requested.

(b) The Escrow Agent shall be responsible only for income and withholding tax reporting to the Internal Revenue Service with respect to income earned on the Escrow Funds. The Escrow Agent shall withhold any taxes required to be withheld by applicable law, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

(c) The Escrow Agent, its affiliates, and its employees are not in the business of providing tax or legal advice to any taxpayer outside of Citigroup, Inc. and its affiliates. This Agreement and any amendments or attachments hereto are not intended or written to be used, and may not be used or relied upon, by any such taxpayer or for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

10. Covenant of Escrow Agent. The Escrow Agent hereby agrees and covenants with the Buyer and the Seller that it shall perform all of its obligations under this Agreement and shall not deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement or as otherwise required by law.

11. Notices. Except as otherwise expressly required in Section 4(a)(iv), all communications required under this Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) on the day of transmission if sent by electronic mail ("e-mail") with a PDF attachment executed by an Authorized Representative of the Party/ Parties to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five (5) Business Days after the date such notice is deposited with the United States Postal Service. If notice is given to a Party, it shall be given at the address for such Party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes.

if to the Buyer, then to:

BACKYARD PRODUCTS, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com:

with a copy (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309

Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

or, if to the Seller, then to:

KidKraft, Inc.
4630 Olin Rd.
Dallas, TX 75244
Attention: Geoffrey Walker
Johnnie Goodner
Telephone No.: (214) 393-3804
E-mail:geoff.w@kidkraft.com;
johnnie.goodner@kidkraft.com

with a copy (which shall not constitute notice) to:

Vinson & Elkins LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Attention: Lauren R. Kanzer
Telephone No.: (212) 237-0166
E-mail: lkanzer@velaw.com

2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Peter Marshall
Telephone No.: (214) 220 -7849
E-mail: pmarshall@velaw.com

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Telephone No.: (888) 424-1903
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com

or, if to the Escrow Agent, then to:

Citibank, N.A.
Citi Private Bank
388 Greenwich Street
Tower Building, 27th Floor
New York, NY 10013

Attn: Eddy Rosero and Nelson Kercado
Telephone No.: 212-783-7073 and 212-559-8509
Facsimile No.: 212-783-7131
E-mail: eddy.rosero@citi.com and nelson.kercado@citi.com

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clause (i) through (iv) of this Section 11, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate.

12. Termination. This Agreement shall terminate on the first to occur of (a) the distribution of all of the amounts in the Escrow Funds in accordance with this Agreement or (b) delivery to the Escrow Agent of a written notice of termination executed jointly by an Authorized Representative of Buyer and the Seller, after which this Agreement shall be of no further force and effect except that the provisions of Sections 8, 13, and 19 hereof shall survive termination.

13. Miscellaneous. The recitals hereto are incorporated herein as though fully set forth herein. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any party hereto except as set forth in Section 6 and Section 16, without the prior consent of the other parties hereto. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the conflicts of law rules of such state. Each party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the federal district courts located in the Southern District of New York, without regard to the conflicts of law rules of such state. The parties hereto hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising from or relating to this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile or electronic transmission in portable document format (.pdf), and such facsimile or .pdf will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Section 7 and Section 8, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

14. Compliance with Court Orders. In the event that any Escrow Funds shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other Person, by reason of such compliance notwithstanding such writ, order or decree being subsequently reversed, modified, annulled, set aside or vacated.

15. Further Assurances. Following the date hereof, each party shall deliver to the other parties such further information and documents and shall execute and deliver to the other parties such further instruments and agreements as any other party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other party the benefits hereof.

16. Assignment. This Agreement may not be assigned by either Party (by operation of law or otherwise) without the prior written consent of the other Party, and no assignment of the interest of any of the Parties shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and consented to by the Escrow Agent (such consent not to be unreasonably withheld). Any transfer or assignment of the rights, interests or obligations hereunder in violation of the terms hereof shall be void and of no force or effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. Force Majeure. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility), it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

18. Compliance with Federal Law. To help the U.S. Government fight the funding of terrorism and money laundering activities and to comply with Federal law requiring financial institutions to obtain, verify and record information on the source of funds deposited to an account, the Parties agree to provide the Escrow Agent with the name, address, taxpayer identification number, and remitting bank for all Parties depositing funds at Citibank pursuant to the terms and conditions of this Agreement. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, an identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

19. Use of Citibank Name. No publicly distributed printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "Citibank" by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other Parties hereto, or on such Party's behalf, without the prior written consent of the Escrow Agent, except as may be required by applicable law.

20. Confidentiality. Except as required by law, the Escrow Agent agrees to keep confidential, and to cause any of its affiliates or agents to keep confidential and not to disclose any and all documents, materials, and any other non-public information which it shall have obtained regarding the Parties in connection with the execution and delivery of this Agreement and its performance of its duties and obligations hereunder. This Section 20 shall survive termination of this Agreement for a period of twelve (12) months after such termination.

21. Use of Electronic Records and Signatures. As used in this Agreement, the terms "writing" and "written" include electronic records, and the terms "execute," "signed" and "signature" include the use of electronic signatures. Notwithstanding any other provision of this Agreement or the attached Exhibits and Schedules, any electronic signature that is presented as the signature of the purported signer, regardless of the appearance or form of such electronic signature, may be deemed genuine by Escrow Agent in Escrow Agent's sole discretion, and such electronic signature shall be of the same legal effect, validity and enforceability as a manually executed, original, wet-ink signature; provided, however, that any such electronic signature must be an actual and not a typed signature. In accordance with Section 8 of this Agreement, Escrow Agent shall be indemnified and held harmless from any Escrow Agent Losses it incurs as a result of its acceptance of and reliance on electronic signatures that it deems to be genuine. Any electronically signed agreement, instruction or other document shall be an "electronic record" established in the ordinary course of business and any copy shall constitute an original for all purposes. The terms "electronic signature" and "electronic record" shall have the meaning ascribed to them in 15 USC § 7006. This Agreement and any instruction or other document furnished hereunder may be transmitted by facsimile or as a PDF file attached to an email.

22. Return of Funds. If the Escrow Agent releases any funds, including but not limited to the Escrow Amount or any portion of it, to a Party and subsequently determines, in its sole discretion, that the payment or any portion of it was made in error, the Party shall, upon notice, promptly refund the erroneous payment. Any such erroneous payment by the Escrow Agent, and the Party's return thereof to the Escrow Agent, shall not affect any obligation or right of either the Escrow Agent or the Parties. Each of the Parties agrees not to assert discharge for value, bona fide payee, or any similar doctrine as a defense to the Escrow Agent's recovery of any erroneous payment.

23. Sanctions. None of the Parties or any of their parents or subsidiaries, or any of their respective directors, officers, or employees, or to the knowledge of any Party, the affiliates of the Parties or any of their subsidiaries, will, directly or indirectly, use any part of any proceeds or lend, contribute, or otherwise make available such Escrow Funds in any manner that would result in a violation by any person of economic, trade, or financial sanctions, requirements, or embargoes imposed, administered, or enforced from time to time by the United States (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State), the United Kingdom (including, without limitation, His Majesty's

Treasury), the European Union and any EU member state, the United Nations Security Council, and any other relevant sanctions authority.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Its: Chief Executive Officer

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name:
Its:

SELLER:

KIDKRAFT, INC.

Johnnie Goodner
6C8E1CE6C6DBFF05FDEF4122056E24FD contractworks.

By: _____
Name: Johnnie Goodner
Its: Chief Financial Officer

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

Nelson Kercado, SVP
Citibank, N.A.
388 Greenwich Street, 29th flr
New York, NY 10013
212-559-8509

Schedule 1

ESCROW AGENT FEE SCHEDULE
Citibank, N.A., Escrow Agent

Acceptance Fee
To cover the acceptance of the Escrow Agency appointment, the study of the Agreement, and supporting documents submitted in connection with the execution and delivery thereof, and communication with other members of the working group:

Fee: Waived

Administration Fee
The annual administration fee covers maintenance of the Escrow Account including safekeeping of assets in the escrow account, normal administrative functions of the Escrow Agent, including maintenance of the Escrow Agent's records, follow-up of the Agreement's provisions, and any other safekeeping duties required by the Escrow Agent under the terms of the Agreement. Fee is based on the total Escrow Amount being deposited in a non-interest bearing deposit account, FDIC insured to the applicable limits.

Fee: Waived

Tax Preparation Fee
To cover preparation and mailing of Forms 1099-INT, if applicable for the escrow parties for each calendar year:

Fee: Waived

Transaction Fees
To oversee all required disbursements or release of property from the escrow account to any escrow party, including cash disbursements made via check and/or wire transfer, fees associated with postage and overnight delivery charges incurred by the Escrow Agent as required under the terms and conditions of the Agreement:

Fee: Waived

Other Fees
Material amendments to the Agreement: additional fee(s), if any, to be discussed at time of amendment.

TERMS AND CONDITIONS: The above schedule of fees does not include charges for out-of-pocket expenses or for any services of an extraordinary nature that Citibank or its legal counsel may be called upon from time to time to perform. Fees are also subject to satisfactory review of the documentation, and Citibank reserves the right to modify them should the characteristics of the transaction change. Citibank's participation in this program is subject to internal approval of the third party depositing monies into the escrow account to be established hereunder. The Acceptance Fee, if any, is payable upon execution of the Agreement. Should this schedule of fees be accepted and agreed upon and work commenced on this program but subsequently halted and the program is not brought to market, the Acceptance Fee and legal fees incurred, if any, will still be payable in full.

EXHIBIT A-1

Certificate as to Buyer's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Buyer and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Buyer. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

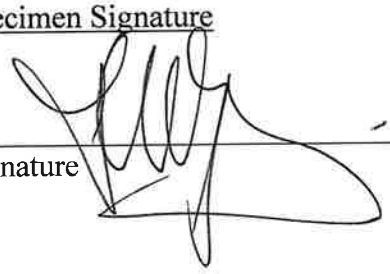
Name / Title / Telephone	Specimen Signature
Thomas van der Menden Name	 Signature
CEO Title	
404-664-5546 → Same Phone	Mobile Phone
Dan Lawrence Name	 Signature
CFO Title	
8 → Phone	843-816-3553 Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker	DocuSigned by: Geoffrey Walker 9B943E20E04B443...
Name	Signature
President and Chief Executive Officer	
Title	
	310-874-0092
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	 Signature
President and Chief Executive Officer Title	
 Phone	310-874-0092 Mobile Phone
Johnnie Goodner Name	 Signature
Chief Financial Officer Title	
 Phone	469-360-9789 Mobile Phone
 Name	 Signature
 Title	
 Telephone	 Mobile Phone

EXHIBIT B

Form of Joint Release Instruction

[Date]

[Via Email]
[Via Fax]
[212.780.7131]
Citibank, N.A.
Escrow Services
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: Eddy Rosero and Nelson Kercado

RE: [Name of Parties] – Escrow Agreement dated April 25, 2024
Escrow Account number [25Dxxxxxxxxx]

We refer to an escrow agreement dated April 25, 2024 between BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller") and Citibank, N.A. as Escrow Agent (the "Escrow Agreement")

Capitalized terms in this letter that not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

Pursuant to Section 4(a)(i) of the above referenced escrow agreement, the Parties instruct the Escrow Agent to release [$] to the specified party as instructed below. This letter constitutes a "Joint Release Instruction" pursuant to Section 4 of the Escrow Agreement.

[Bank name]
[ABA number]
[Bank Address]
[Beneficiary name]
[Beneficiary Account number]

Thank you.

[Signatures Follow]

IN WITNESS WHEREOF, this Joint Release Instruction has been duly executed as of the date first written above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: _____
Its: _____

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

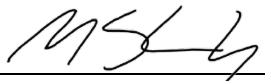
EXHIBIT B

ILLUSTRATIVE CALCULATION OF CERTAIN PURCHASE PRICE ELEMENTS

[Attached.]

			March Estimate
Consideration for Other Purchased Assets			
IP, Obsolete, and all Other Assets			4,000,000
$350k for Europe "additional price"			350,000
Consideration for Other Purchased Assets			**4,350,000**
Consideration for Accounts Receivable			
A/R of KK100 (US) as of 3/31/24	20,197,627		
Less: Over 90 Days Past Due Date	(1,763,074)		
A/R of KK150 (Canada) as of 3/31/24	4,843,072		
Less: Over 90 Days Past Due Date	123,679		
Eligible A/R	23,401,305		
Less: Coface, RF Balance	(2,457,055)		
Less: Dilution Reserves	(3,444,747)		
Consideration for Accounts Receivable	**17,499,503**	*90%*	**15,749,553**
Consideration for Inventory			
KK200 Total Inventory as of 3/21/24			
KBV Excluded Inventory	3,543,308		
Nerf, Barbie, American Girl Inventory - Australia	41,098		
Expected to Ship from Amsterdam/UK Warehouses	943,727		
Australia Warehouse	505,474		
KK200 Inventory	**5,033,607**		
Total Inventory as of 3/21/24	**35,526,779**		
Less: KBV Excluded Inventory	(3,543,308)		
Less: Nerf, Barbie, American Girl Inventory - US	(1,539,969)		
Less: Nerf, Barbie, American Girl Inventory - Australia	(41,098)		
Less: KK100 Inventory at Suppliers	(1,134,379)		
Included Inventory	**29,268,025**		
KK100 Inventory			
First Quality*	19,426,597	75%	14,569,948
Discontinued	4,712,992	60%	2,827,795
Obsolete Inventory	2,886,716	0%	-
Ainsley RTV	792,519	75%	594,389
KK200 Inventory			
First Quality - Australia	255,494	75%	191,621
Discontinued - Australia	159,805	60%	95,883
Obsolete Inventory - Australia	90,175	0%	-
Amsterdam/UK Warehouse	943,727	100%	943,727
Consideration for Inventory	**29,268,025**		**19,223,363**
Total			**39,322,916**

THIS IS **EXHIBIT "S"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.



MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com

David S. Meyer (*pro hac vice* pending)
Lauren R. Kanzer (*pro hac vice* pending)
VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Joint Administration Requested)**
	§	**(Emergency Hearing Requested)**

DECLARATION OF GEOFFREY WALKER IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Geoffrey Walker, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury that:

1. I am the Chief Executive Officer and President of KidKraft, Inc., a corporation organized under Delaware law ("***KidKraft***," and together with its debtor and non-debtor affiliates, the "***Company***").

2. I joined the Company in 2019 and have served in my current role since that time. As a result, I am familiar with the Company's day-to-day operations, business and financial affairs, books and records, and employees. I hold a Bachelor of Science degree in Accounting from the

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

University of Southern California and a Masters of Business Administration from Vanderbilt University. I have over twenty-eight years of experience in the toy industry, and I served in multiple leadership roles at Mattel, Inc. prior to joining the Company. Prior to my work at Mattel, I worked as a consultant and auditor with KPMG.

3. On the date hereof (the "***Petition Date***"), each of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Court***").

4. I am authorized to submit this Declaration on behalf of the Debtors. I am over 21 years of age, and, if called upon to testify, I would testify competently to the facts and opinions set forth herein. All facts and opinions set forth in this declaration (the "***Declaration***") are based upon: (i) my knowledge of the Debtors' day-to-day operations, business and financial affairs, books and records, and employees; (ii) information I learned from my review of relevant documents, including unaudited financial documents; (iii) information supplied to me or verified by other members of the Company's management and its third-party advisors; and/or (iv) my experience and knowledge concerning the toy industry generally. Unless otherwise indicated, any financial information contained in this Declaration is subject to change but is true and correct as of the date of this Declaration. Such financial information is presented on a consolidated basis for the Debtors, except where specifically noted.

5. The Debtors have filed contemporaneously with this Declaration certain motions seeking "first day" relief (collectively, the "***First Day Motions***") to minimize possible adverse effects of the chapter 11 filings on the Debtors' businesses. I have reviewed the First Day Motions, and I believe the relief requested therein is necessary to avoid immediate and irreparable harm to

the Debtors' businesses, estates, and stakeholders resulting from the filing of these chapter 11 cases (the "***Chapter 11 Cases***"). As set forth below and described in greater detail in the First Day Motions, I also believe that without immediate access to cash collateral, debtor-in-possession financing ("***DIP Financing***"), and authority to make certain essential payments on account of prepetition claims and otherwise continue conducting ordinary-course business operations, the Debtors would suffer immediate and irreparable harm to the detriment of their businesses, estates, and stakeholders.

6. This Declaration is organized into four parts. Part I provides background information on the Company and its operations. Part II provides an overview of the Debtors' prepetition capital structure. Part III describes the challenges the Company has faced and strategies the Company has implemented in response to such challenges. Part IV and **Exhibit A** attached to this Declaration summarize the relief requested in and the factual bases supporting the First Day Motions.

I. THE COMPANY'S BUSINESSES

A. The Company's History

7. Founded in Dallas in 1968, KidKraft is a privately held company that is a leader in branded, sustainable, wood-based active and imaginative play products such as swing sets, dollhouses, playhouses, and more. Originally focused on made-from-wood children's furniture, the Company later expanded its product offerings, focusing on imaginative play including dollhouses and role-play kitchens, and in 2008 and 2009 expanded its global footprint by opening offices in the Netherlands to serve the European, Middle Eastern, African, and Asian markets and China to facilitate the production and distribution of the Company's products. The Company further expanded its product offerings to include outdoor playhouses and swing sets and, in 2016, acquired Solowave Design – a leading maker of outdoor wood play sets in Canada.

B. The Company's Operations

1. The Company's Product Lines

8. The Company's various product lines are generally divided between products sold for use outdoors (the "***Outdoor Business***") and products sold for use indoors (the "***Indoor Business***"). Approximately 59% of the Company's sales were attributable to the Outdoor Business with the remaining 41% attributable to the Indoor Business during the 2024 fiscal year.[2]

9. The Outdoor Business has several product lines, including swing sets, playhouses, outdoor furniture, and climbers, with swing sets and playhouses making up the majority of the Company's sales in the Outdoor Business.

10. The Indoor Business similarly has several product lines, including indoor furniture, vehicles and playsets, role play, and doll play. The Indoor Business is well diversified, with each product category making up between 16% to 35% of the Indoor Business sales. The products are designed to be easily assembled in the home, creating imaginative play for children.

[2] The Company's fiscal year runs from April 1 to March 31.

11. In both the Outdoor Business and Indoor Business, the Company has been committed to expanding and improving its offerings for customers, with multiple new products being launched in each of the last three years and 34% of gross sales being attributable to products launched in the last two years. The Company has also focused on making its products accessible to a wide audience, seeking to release smaller products with accessible price points across its existing categories.

2. The Company's Sale and Supply Channels

12. KidKraft distributes its products through several large stores, including Costco, Sam's Club, Target, and Walmart, online retailers, including Amazon and Wayfair, and direct-to-consumer sales from the Company's website. In recent years the Company has scaled its global drop-shipping infrastructure to support continued growth in its online direct to consumer sales and complement its existing warehouse and distribution capabilities. The Company has strong

business relationships across global retailers with more than 3,000 points of distribution in over 90 countries, as well as within the global logistics community.

3. The Company's Management

13. The Company is led by an experienced management team comprised of the following members:

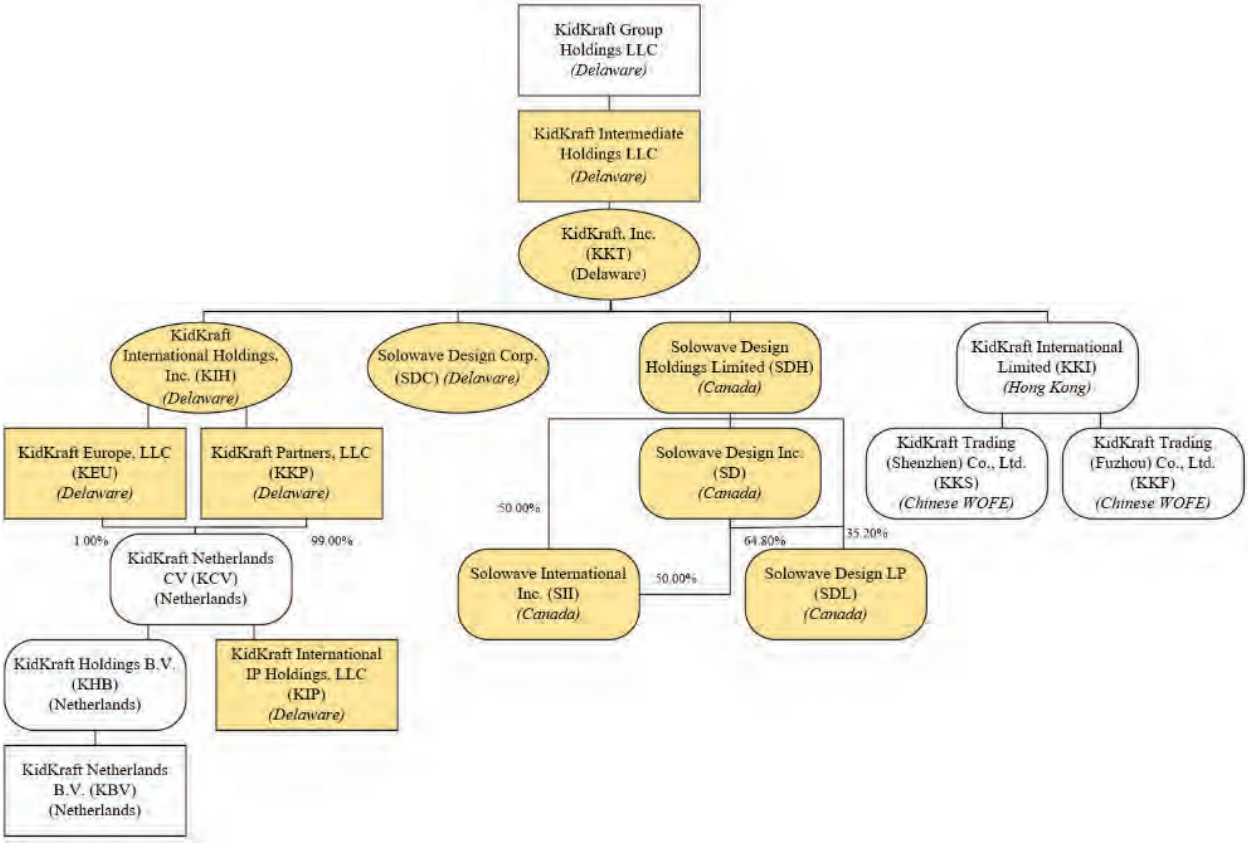
Name	Years with the Company	Title
Geoff Walker	5	Chief Executive Officer and President
Johnnie Goodner	5	Chief Financial Officer
David Barr	23	Chief Supply Chain and Product Officer

14. As of the Petition Date, the Debtors employ over 60 individuals on a full-time or part-time basis in the U.S. and Canada.[3] The Company's management team is supported by mid-level executives who are vital to the Company's operations, these Chapter 11 Cases, and the ability to successfully consummate the Sale Transaction (as defined below). Their skills, knowledge, and understanding of the Company's operations are essential to preserving operational stability, safety, and efficiency.

C. The Company's Organizational Structure

15. The Company's organizational structure consists of eighteen entities. Eleven of the Company entities are Debtors in these Chapter 11 Cases. The following is a simplified organization chart of the Company, with the Debtor entities highlighted in yellow:

[3] The Company's non-debtor affiliates in the Netherlands and China employ approximately 17 individuals and 150 individuals, respectively.



16. The non-debtors include KidKraft's ultimate parent company, KidKraft Group Holdings LLC, which is not a guarantor or borrower on any of the Company's funded debt, as well as the Company's subsidiaries in China and the Netherlands. The China subsidiaries oversee production and distribution of the Company's products in China, and are also not guarantors or borrowers on any of the Company's funded debt. The Dutch subsidiaries support sales and distribution of the Company's products in Europe, the Middle East, Africa, and Asia-Pacific. As noted below, KidKraft Netherlands B.V. is a borrower and the other Dutch subsidiaries are guarantors under the Prepetition Credit Agreement, but the obligations of each of the Dutch subsidiaries under the Prepetition Credit Agreement is not to exceed $10,000,000.

II. PREPETITION CAPITAL STRUCTURE[4]

17. As of the Petition Date, the Debtors' funded debt liabilities total approximately $151.9 million, including approximately (i) $149.9 million in outstanding principal and (ii) $2.0 million in accrued and unpaid interest. The Debtors' funded debt obligations include:

Facility	Maturity	Total Approx. Principal Amount Outstanding
Revolving Credit Facility	June 2024	$63.2 million
Term Loan Credit Facility	June 2024	$81.7 million
Total Funded Secured Debt		**$144.9 million**
Subordinated Unsecured Note	January 2025	$5.0 million
Total Funded Debt		**$149.9 million**

A. Prepetition Credit Agreement

18. The Debtors' primary long-term debt consists of that certain *Amended and Restated First Lien Credit Agreement* dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, KidKraft Intermediate Holdings, LLC and its subsidiaries that are guarantors thereto, the lender party thereto, and the administrative agent (as amended by that certain (a) Forbearance and Amendment No. 1 to Amended and Restated First Lien Credit Agreement, dated as of January 13, 2023 (the "***First Amendment***"), (b) Amendment No. 2 to Amended and Restated First Lien Credit Agreement, dated as of March 22, 2023, (c) Forbearance and Amendment No. 3 to Amended and Restated First Lien Credit Agreement, dated as of September 29, 2023 (the "***Third Amendment***"), (d) Amendment No. 4 to Amended and Restated First Lien Credit Agreement, dated as of October

[4] The following description of the Debtors' prepetition capital structure is for informational purposes only and is qualified in its entirety by reference to the Prepetition Credit Agreement (defined below) and other documents setting forth the specific terms of such obligations.

27, 2023, (e) Forbearance, Amendment No. 5 and Joinder to Amended and Restated First Lien Credit Agreement, dated as of January 31, 2024 (the "***Fifth Amendment***"), and (f) Amendment No. 6 to the Amended and Restated First Lien Credit Agreement, dated as of May 9, 2024 (the "***Sixth Amendment***"); and as may be further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "***Prepetition Credit Agreement***"). The lender has provided commitments under the Prepetition Credit Agreement consisting of revolving credit commitments (such commitments, collectively, the "***Prepetition First Lien Revolving Facility***") and term loan commitments (such commitments, collectively, the "***Prepetition First Lien Term Facility***"), each of which are secured by a first priority lien on substantially all of the Debtors' assets, as well as liens on the Company's Dutch subsidiaries' assets.

19. The Fifth Amendment was entered into in connection with the Debt Sale (defined below) and joined KidKraft's Dutch and Canadian affiliates as guarantors under the Prepetition Credit Agreement, joined KidKraft Netherlands B.V. as a co-borrower, increased the priority revolving commitments under the Prepetition Credit Agreement to approximately $26.8 million, and extended the maturity of the term loans under the Prepetition Credit Agreement from June 30, 2023, to June 30, 2024 giving the Company crucial liquidity and runway to pursue restructuring alternatives. Additionally, the Sixth Amendment, further increased the priority revolving commitments under the Prepetition Credit Agreement to approximately $31.5 million.

20. As of the Petition Date, the Debtors' aggregate principal outstanding funded debt obligations under the Prepetition Credit Agreement total approximately $144.9 million, comprised of (i) $81.7 million under the Prepetition First Lien Term Facility and (ii) $63.2 million under the Prepetition First Lien Revolving Facility. In addition, the Debtors owe accrued and unpaid interest

under both the Prepetition First Lien Term Facility and the Prepetition First Lien Revolving Facility.

B. Subordinated Note, Trade Vendors, and Other Unsecured Liabilities

21. In connection with the First Amendment, MidOcean Partners IV, L.P. ("***MidOcean***"), the Company's equity sponsor, agreed to provide an unsecured subordinated loan to KidKraft in the amount of $5 million (the "***Subordinated Note***"). The loan is documented in that certain *Note Purchase Agreement*, dated as of January 13, 2023 among KidKraft and MidOcean, and subordinated to the Prepetition Credit Agreement via a Subordination Agreement, dated as of January 13, 2023 among KidKraft, MidOcean, KidKraft Intermediate Holdings, LLC and the administrative agent under the Prepetition Credit Agreement. As of the Petition Date, the Subordinated Note is outstanding; however, MidOcean has agreed under the RSA (as defined below) to a waiver of the Subordinated Note obligations on the effective date of the Plan.

22. In the ordinary course of business, the Debtors rely on numerous trade vendors to operate their businesses. These trade vendors include producers of the Debtors' products, marketing and advertising services, professional services, and shipping and logistics services that deliver the finished products to the Debtors and to various customers. As a result of the Debtors' business with these trade vendors, the Debtors have accrued approximately $33 million in unsecured trade claims as of the Petition Date.

C. Equity Interests in Intermediate Holdings

23. Non-Debtor KidKraft Group Holdings LLC owns 100.0% of the equity interests in Intermediate Holdings. KidKraft Group Holdings LLC is majority owned by MidOcean.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

A. Challenges Facing the Company

24. Despite its long history as a leader in branded, sustainable, wood-based active and imaginative play products, the Company is currently facing significant balance sheet and liquidity challenges, caused by a range of factors, including softening post-COVID demand, supply chain disruption beginning in late 2021, throughout 2022, and into 2023, resulting in product delivery delays and increased cost, and general cost inflation. As a result, the Company's operating margins have been squeezed in recent years. In addition, the Company's funded debt matured in June 2023 and was unable to be refinanced or replaced. The Company proactively worked to address their balance sheet and liquidity challenges, including through a balance-sheet restructuring in 2023 and by running multiple robust, out-of-court sale processes (the "***Sale Processes***") prior to the Petition Date.

B. Liquidity Constraints and Near-Term Financial Obligations

25. The Company has primarily depended on cash flow from operations and borrowings under its Prepetition Credit Agreement as its sources of cash and liquidity. Beginning in Spring 2022**,** cash flow from operations began to decline as revenue decreased and costs increased. Revenue declines were driven by a number of factors, including the reduced demand for the Company's products, and supply chain disruptions that impacted the Company's ability to produce sufficient product to meet demand. Cost increases were driven by, among other things, increased cost of supplies, shipping and supply chain disruptions, significant promotional dollars to reduce elevated retailer and KidKraft inventory levels, and other general cost inflation.

26. In the face of these operational and liquidity challenges, the Company also needed to address the Prepetition Credit Agreement maturity in June 2023. Accordingly, the Company began negotiations with its existing lenders under the Prepetition Credit Agreement and was able

to obtain a series of forbearances from the lenders. The Company's liquidity, however, was further constrained by its inability to borrow under the Prepetition Credit Agreement beginning in October 2023. The Company only obtained additional borrowing capacity and access to liquidity under the Prepetition Credit Agreement following the Debt Sale and Fifth Amendment in January 2024. Ultimately, given these constraints, the Company determined, with the support of its lenders, to pursue a sale of the Company, as described below.

C. Hiring Advisors and the Fall 2023 Sale Process

27. To further the Company's efforts in addressing its challenges, in August 2023, Jill Frizzley was appointed to KidKraft's board of directors as an independent director. Subsequently, the Company engaged advisors to explore strategic alternatives, including a potential sale of all or substantially all of the assets or equity of the Company. The Company retained Vinson & Elkins LLP ("***V&E***"), as restructuring counsel in August 2023 and Robert W. Baird & Co. ("***Baird***"), as investment banker in September 2023. Shortly thereafter, the Company engaged SierraConstellation Partners ("***Sierra***," and collectively with Baird and V&E, the "***Advisors***"), as financial advisor, to work with the Company on forecasting cash flow, analyzing and preserving liquidity, and exploring the Company's strategic options.

28. Shortly after hiring the Advisors, and in connection with the Third Amendment entered into in September 2023, the Company agreed to pursue a sale and marketing process to sell some or all of the Company's assets or equity interests (the "***Fall 2023 Sale Process***"). As described in further detail in the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* (the "***Bijoor Declaration***"), filed contemporaneously herewith, in connection with the Fall 2023 Sale Process, Baird contacted and held conversations with over 100 potential buyers, including strategic and financial parties, while diligently working

to both market the Company's assets and resolve any questions and concerns from potential buyers. The Company and the Advisors facilitated a diligence process that included executing non-disclosure agreements, providing data room access and a confidential information memorandum, and holding buyer "deep dive" conversations with parties that expressed interest in engaging in the Fall 2023 Sale Process. These efforts resulted in the Company receiving multiple indications of interest and three letters of intent in November 2023. The Company and Baird continued discussions with certain of the parties and one emerged as the front runner and only potential buyer with a proposal to purchase the entire Company as a going concern. However, following extensive negotiations in December 2023, the potential buyer informed Baird and the Company that it was unwilling to consummate a transaction and terminated negotiations with the Company and its advisors. Therefore, the Fall 2023 Sale Process did not progress any further.

D. Debt Sale

29. After the Fall 2023 Sale Process failed to result in a sale, the Company continued to face significant liquidity challenges and worked with the Advisors to begin contingency planning for a potential in-court restructuring process in December 2023 and January 2024. At the same time, the Company, with the assistance of the Advisors, continued outreach to previously interested potential purchasers of the Company's assets, and also began discussions with 1903 Partners, LLC ("***Gordon Brothers***"), who expressed interest in potentially purchasing the Company's obligations under the Prepetition Credit Agreement with a view towards working with the Company to complete a strategic, value-maximizing transaction. In connection with that outreach, Gordon Brothers submitted an indication of interest laying out a transaction through which Gordon Brothers would purchase the Company's obligations under the Prepetition Credit Agreement, provide liquidity to the Company, and potentially backstop a restructuring. At the time, the offer from Gordon Brothers was the only indication of interest received by the Company

that would maintain the Company as a going concern. As a result, the Company helped facilitate negotiations and an agreement whereby Gordon Brothers acquired the debt under the Prepetition Credit Agreement from the Company's existing first lien lender (the "***Debt Sale***").

30. In connection with the Debt Sale, Gordon Brothers provided additional funding in the form of revolving priority loans to allow the Company to maintain its operations, and prevent further degradation of its business while the Company and Gordon Brothers worked collaboratively to explore value-maximizing strategic alternatives. The Company and the Advisors engaged in conversations with Gordon Brothers regarding potential consensual transactions to address the Company's balance sheet and liquidity challenges, including a potential sale of the Company or an in- or out-of-court restructuring of the Company's funded debt obligations.

E. Spring 2024 Sale Process

31. After good faith and arm's-length negotiations, the Company, with the support of Gordon Brothers, determined that pursuing a sale for all or substantially all of the Company's assets or equity interests could create a value-maximizing outcome. Accordingly, the Company, with the assistance of Baird, conducted a second sale process (the "***Spring 2024 Sale Process***"). In connection with the Spring 2024 Sale Process, Baird reached back out to the parties that had expressed interest in the Company during the Fall 2023 Sale Process as well as an additional 35 parties who may have been interested in purchasing some or all of the Company's assets or equity interests. Following the marketing process, the Company received four indications of interest. Ultimately, Backyard Products, LLC (the "***Purchaser***") emerged with a bid to purchase a substantial majority of the Company's assets with such sale to be effectuated in chapter 11 (the "***Sale Transaction***").

F. The RSA, Plan, and APA

32. Based on the results of the Fall 2023 Sale Process and the Spring 2024 Sale Process, the Company determined that the proposed Sale Transaction, which was the only option to preserve KidKraft as a going concern, presented the best opportunity to maximize the Company's value for all stakeholders and was the highest and best offer available. Accordingly, the parties engaged in further negotiations to document the terms of the proposed Sale Transaction and accompanying chapter 11 cases. As a result, on April 25, 2024, the Debtors, Gordon Brothers, MidOcean, and the Purchaser entered into a restructuring support agreement, which is attached hereto as **Exhibit B** (together with the term sheets and other exhibits attached thereto, the "***RSA***").

33. The RSA documents the parties' commitment to the restructuring transactions described above, including the Sale Transaction. The RSA is an essential part of the Debtors' restructuring efforts and provides the Debtors with significant assurances regarding the ultimate success of the Chapter 11 Cases. In particular, by signing the RSA, Gordon Brothers, MidOcean, and the Purchaser have agreed to take steps and actions that are reasonably necessary to implement the Restructuring Transactions (as defined in the RSA), including, in the case of Gordon Brothers, providing critical funding to achieve consummation of the Plan and Sale Transaction, voting in favor of a joint prepackaged chapter 11 plan (the "***Plan***") on terms consistent with the RSA, and not objecting to relief sought by the Debtors. Notably, the RSA also preserves the Debtors' flexibility to consider alternative transactions that may be in the best interests of their estates and stakeholders consistent with their fiduciary duties.

34. Certain additional key elements of the RSA include:

- Gordon Brothers' agreement to provide necessary debtor-in-possession financing;
- the filing of the Plan, Disclosure Statement, and motion for approval of the Disclosure Statement on the Petition Date;

- certain restructuring milestones described in the RSA;
- the sale of certain of the Debtors' assets to the Purchaser pursuant to the APA (as defined below); and
- consummation of the transactions contemplated in the Plan and distributions to holders of claims against and interests in the Debtors based on the treatment provided for such holders in the Plan.

35. In connection with the RSA, certain of the Debtors and Backyard, negotiated and entered into an Asset Purchase Agreement, which is attached as **Exhibit B** to the RSA (the "***APA***"). The APA contemplates the sale of certain of the Debtors' assets to Backyard through these Chapter 11 Cases. This sale includes the assumption of certain of the Debtors' liabilities, a commitment to offer employment to nearly all of the Debtors' employees, and payment of contract cure costs incurred in connection with these Chapter 11 Cases.

36. The Company, Gordon Brothers, and the Purchaser moved expeditiously to negotiate and execute the RSA and APA given the significant distress the Company was experiencing and a strong desire to preserve the value of the Company. I believe that continuing to move swiftly to consummate the sale is important to preserving value, including by positioning the go-forward enterprise to have a strong holiday sales season. In the Company's business, a significant portion of annual sales occur at and around the end of year holidays. Importantly, for the Company to have its products completed and available for purchase, either in stores or online, the Company must place its orders between May and July for goods to then be shipped from its oversea vendors in August and September. Further, the Company's retail partners hold designated space on their shelves for the Company's products and if the Company fails to deliver product at the holiday season these retailers are likely to not hold that space for the Company in the future, causing harm to the Company not only in the immediate future but also in future years.

37. I understand that the RSA and APA provide the Debtors a path to implement the Sale Transaction quickly and successfully through these Chapter 11 Cases. Given the extensive marketing efforts described above and in the Bijoor Declaration, I believe that the transactions proposed under the APA and Plan present the best opportunity for the Debtors to maximize the value of their estates. Without the proposed Sale Transaction, the only alternative path for the Debtors is likely a value-destructive liquidation. The RSA and APA contain several important milestones that require the Debtors to progress quickly through these Chapter 11 Cases. As a result of these milestones and those in the DIP Facility (described below), and in order to avoid immediate and irreparable harm to the Debtors and their estates, it is critical that these Chapter 11 Cases progress swiftly and smoothly to ensure that the Sale Transaction is closed and the Debtors are not left without an actionable transaction.

G. Prepetition Solicitation

38. In order to move through these Chapter 11 Cases on the timeline described above, on May 9, 2024, the Debtors solicited votes to accept the Plan by distributing the Plan, the Disclosure Statement, and a ballot to Gordon Brothers, the only party entitled to vote on the Plan. The deadline for submitting votes to accept or reject the Plan was May 9, 2024. Gordon Brothers, the only holder of claims in Class 3, voted to accept the Plan.

H. The Debtors' Need for the DIP Facility to Operate on a Postpetition Basis in the Ordinary Course

39. As also discussed in the *Declaration of Carl Moore in Support of the Debtors' Motion to Obtain Postpetition Debtor-in-Possession Financing*, filed substantially contemporaneously herewith (the "***Moore Declaration***"), the Debtors' postpetition operations in the near-term will not generate sufficient cash to continue operations in the ordinary course while funding the expenses associated with these Chapter 11 Cases. Access to cash is essential to ensure

the liquidity and viability of the Debtors as a going concern and achieve consummation of the Plan and Sale Transaction. The harm caused by a failure to meet liquidity needs would destabilize the Debtors' business operations, jeopardize the sale to Backyard and the ability of certain employees to transition to Backyard, and result in immediate and irreparable harm to the Debtors and their estates. Accordingly, the Debtors require immediate access to debtor-in-possession financing and authority to use cash collateral to maintain sufficient liquidity to continue to operate and consummate the Sale Transaction to maximize value for their stakeholders. This immediate liquidity is the only way that the Debtors will be able to meet the timelines required to have a strong holiday season and preserve their business as a going concern.

40. I believe that the amount available to draw under the DIP Facility, which consists of $10.5 million in new money and $23.3 million rolled-up from the existing Prepetition Credit Agreement, addresses the Debtors' immediate and anticipated liquidity needs pending the Court's approving the DIP Facility on a final basis. As discussed in detail in the Moore Declaration, I believe that without this DIP funding, the Debtors would be unable to meet their liquidity needs, including paying employees and vendors, all of which are essential to the Debtors' ongoing operations and achieve consummation of the Plan and Sale Transaction. Additionally, access to cash collateral for consensual use will allow the Debtors to continue operating their businesses normally, including placing orders for product needed to fulfill holiday orders, which will, in turn, allow the Debtors to consummate the value-maximizing Sale Transaction on an expedited timeframe, which will maximize the value of the Debtors' estates. I believe that the amount of the DIP Facility is sufficient to address the Debtors' liquidity needs for the anticipated duration of these Chapter 11 Cases.

IV. FIRST DAY MOTIONS

41. Contemporaneously with this Declaration, the Debtors have filed several First Day Motions seeking orders granting various forms of relief intended to stabilize the Debtors' business operations and facilitate a smooth and efficient transition into bankruptcy and administration of these Chapter 11 Cases. I have reviewed each of the First Day Motions, and I believe that the relief requested therein is necessary to allow the Debtors to operate with minimal disruption during the pendency of these Chapter 11 Cases. The Debtors intend to seek entry of Court orders approving each of the First Day Motions as soon as possible in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules for the United States Bankruptcy Court for the Northern District of Texas. For each First Day Motion in which the Debtors have sought relief on an emergency basis, if the Court declines to grant the relief requested therein, I believe that the Debtors will suffer immediate and irreparable harm for the reasons stated in the First Day Motions and in **Exhibit A** attached hereto.

42. A description of the relief requested and the facts and opinions supporting each of the First Day Motions is detailed in **Exhibit A** attached hereto.

[*Remainder of page intentionally left blank.*]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 10, 2024

/s/ Geoffry Walker
Geoffry Walker

EXHIBIT A

Evidentiary Support for First Day Motions[1]

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Declaration and/or the applicable First Day Motions.

I. ADMINISTRATIVE MOTIONS[1]

A. Emergency Motion for Entry of an Order Directing Joint Administration of the Debtors' Chapter 11 Cases (the "*Joint Administration Motion*")

1. In the Joint Administration Motion, the Debtors seek entry of an order consolidating the administration of these chapter 11 cases for procedural purposes only as follows:

i. the Office of the United States Trustee for the Northern District of Texas (the "***U.S. Trustee***") shall conduct joint informal meetings with the Debtors, as required, and, unless otherwise directed by the Court, to the extent required, a joint first meeting of creditors;

ii. one plan and disclosure statement may be filed for all of the Debtors by any plan proponent; however, substantive consolidation of the Debtors' estates is not being requested at this time;

iii. unless otherwise required by the Court, each Debtor will file separate schedules of assets and liabilities, statements of financial affairs, and lists of equity security holders;

iv. proofs of claim filed by creditors of any Debtor shall reflect the caption and case number of the Debtor to which the claim relates and in which chapter 11 case such claim is to be filed;

v. a separate claims register shall be maintained for each Debtor; and

vi. each Debtor will file separate operating reports and pay separate U.S. Trustee statutory fees..

2. The Debtors respectfully request that the Court maintain one file and one docket for all of the jointly administered cases under the lead case of KidKraft, Inc. and that the Court administer these chapter 11 cases under a consolidated caption, as follows:

In re:	**§**	**Case No. 24-80045-11**
	§	
KIDKRAFT, INC., *et al*.,	**§**	**(Chapter 11)**
	§	
Debtors.[2]	**§**	**(Jointly Administered)**

[1] Each defined term used in this Exhibit A shall only be applicable to the specific section where it is defined.

[2] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC

3. The lead case docket, as well as the dockets for each of the other chapter 11 cases, will be available on the website of the Debtors' proposed claims, noticing, and solicitation agent at https://www.stretto.com/kidkraft.

4. The Debtors also request that a notation substantially similar to the following be entered on each of the Debtors' respective dockets (other than Debtor KidKraft, Inc.) to reflect the joint administration of these chapter 11 cases:

> An order has been entered in this case in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas directing the joint administration of the chapter 11 cases of KidKraft, Inc., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, KidKraft International IP Holdings, LLC, Solowave Design Corp., Solowave Design Holdings Limited, Solowave Design Inc., Solowave Design LP, and Solowave International Inc. The docket in Case No. 24-80045-11 should be consulted for all matters affecting these cases. All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 24-80045-11.

5. The Debtors further respectfully request that the Court order that the foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

6. KidKraft, Inc. is a direct or indirect affiliate of each of the Debtors.

7. I understand that the Debtors anticipate that notices, applications, motions, other pleadings, hearings, and orders in these chapter 11 cases may affect all of the Debtors. I believe that if each Debtor's case were administered independently, there would be a number of duplicative filings and overlapping service, which would be an unnecessary duplication of identical documents that would be wasteful of the resources of the Debtors' estates, as well as the resources of the Court and of other parties in interest.

(3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

8. Joint administration will permit the Clerk of the Court to use a single general docket for all of the Debtors' chapter 11 cases and to combine notices to creditors and other parties in interest by ensuring that all parties in interest will be able to review one docket to stay apprised of the various matters before the Court regarding all of the Debtors' chapter 11 cases. Moreover, supervision of the administrative aspects of the Debtors' chapter 11 cases by the U.S. Trustee will be simplified. Therefore, joint administration will promote the economical and efficient administration of the Debtors' estates to the benefit of the Debtors, their creditors, the U.S. Trustee, and the Court.

9. I do not believe joint administration will give rise to any conflict of interest among the Debtors' estates, and I believe that the rights of the Debtors' respective creditors will not be adversely affected by the proposed joint administration because each of the Debtors will continue as separate and distinct legal entities, will continue to maintain separate books and records, and will provide information as required in the consolidated monthly operating reports on a debtor-by-debtor basis. I further understand that each creditor may file a proof of claim against the applicable estate in which it allegedly has a claim or interest and will retain whatever claims or interests it has against the particular estate. As such, I believe the recoveries of all creditors will be enhanced by the reduction in costs resulting from joint administration of the Debtors' chapter 11 cases. I also believe that the Court will be relieved of the burden of scheduling duplicative hearings, entering duplicative orders, and maintaining redundant files

10. Based on the foregoing, I believe any delay in granting the relief requested in the Joint Administrative Motion would hinder the Debtors' operations and cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Joint Administration Motion be approved.

B. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated Creditor Matrix; (B) File a Consolidated List of 30 Largest Unsecured Creditors; and (C) Redact Certain Personal Identification Information; (II) Approving Form and Manner of Notice of Commencement; and (III) Granting Related Relief (the "*Consolidated Creditor Matrix Motion*")

11. In the Consolidated Creditor Matrix Motion the Debtors seek entry of an order (i) authorizing the Debtors to (a) file a consolidated creditor matrix in lieu of submitting separate mailing matrices for each Debtor, (b) file a consolidated list of the Debtors' 30 largest unsecured creditors in lieu of filing separate lists for each Debtor, and (c) redact certain personal identification information, (ii) approving the form and manner of the notice of commencement of these chapter 11 cases; and (iii) granting related relief.

12. Because the Top 30 Lists of the Debtors could overlap, and certain Debtors may have fewer than 30 significant unsecured creditors, I believe that filing separate Top 30 Lists for each Debtor would be of limited utility. I believe that a single consolidated list of the Debtors' top 30 unsecured creditors in these chapter 11 cases would be a more reflective of the body of unsecured creditors that have the greatest stake in these cases than separate lists for each of the Debtors. In addition, I believe the exercise of compiling separate Top 30 Lists for each individual Debtor could consume an excessive amount of the Debtors' limited time and resources. A single Top 30 List will also help alleviate administrative burden, costs, and the possibility of duplicative service. Accordingly, I believe that filing a consolidated Top 30 List is necessary for the efficient and orderly administration of these chapter 11 cases, appropriate under the facts and circumstances, and in the best interests of the Debtors' estates.

13. The Debtors also request that certain personal identification information be redacted of the Debtors' employees and individual creditors of the Debtors from the Creditor Matrix because such information could be used to perpetrate identity theft or to harm employees. The Debtors propose to provide an unredacted version of the Creditor Matrix to the U.S. Trustee,

counsel to any official committee of unsecured creditors appointed in these chapter 11 cases, and the Court.

14. Bankruptcy Rule 2002 provides the general rule for providing notice of commencement of a chapter 11 case. Specifically, Bankruptcy Rule 2002(a) states that "the clerk, or some other person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least 21 days' notice by mail of: (1) the meeting of creditors under § 341 or § 1104(b) of the [Bankruptcy] Code . . . ." Bankruptcy Rule 2002(f) further provides that such notice of the order for relief shall be sent by mail to all creditors.

15. The Debtors, through Stretto, Inc., their proposed claims and noticing agent, propose to serve the notice of commencement in the form attached to the Consolidated Creditor Matrix Motion as **Annex A** (the "***Notice of Commencement***"), listed on the Creditor Matrix and, at the same time, to advise them of the meeting of the creditors under section 341 of the Bankruptcy Code. I believe, service of a single, consolidated Notice of Commencement will not only avoid confusion among creditors but will prevent the Debtors' estates from incurring unnecessary costs associated with serving multiple notices to the parties listed on the creditor matrix. Accordingly, the Debtors submit that service of a single, consolidated Notice of Commencement is warranted.

16. I believe that the filing of the Notice of Commencement is adequate and sufficient notice of (i) the commencement of the Debtors' chapter 11 cases and (ii) scheduling of the Section 341 Meeting.

17. Based on the foregoing, I believe any delay in granting the relief requested in the Consolidated Creditor Matrix Motion would hinder the Debtors' operations and cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Consolidated Creditor Matrix Motion be approved.

C. Emergency Application for Entry of Order Appointing Stretto, Inc. as Claims, Noticing, and Solicitation Agent (the "*Claims and Noticing Agent Application*")

18. The Debtors request entry of an order appointing (i) appointing Stretto, Inc. (the "***Agent***") as the Claims, Noticing, and Solicitation Agent for the Debtors and their chapter 11 cases, and (ii) granting related relief, the Claims and Noticing Agent Application is also supported by the *Declaration of Sheryl Betance in Support of Debtors' Emergency Application for Entry of Order Appointing Stretto, Inc. as Claims, Noticing, and Solicitation Agent* (the "***Declaration***") attached as **Exhibit B** to the Claims and Noticing Agent Application.

19. The Debtors respectfully request approval to employ the Agent to serve as claims, noticing, and solicitation agent in their chapter 11 cases to provide the services outlined in the engagement letter attached as **Exhibit C** to the Claims and Noticing Agent Application. I believe that the Agent's employment is in the best interest of the Debtors' estates, the Agent's rates are competitive and reasonable, and the Agent has the expertise required in a complex chapter 11 case.

20. I understand that should a dispute develop between the Agent and the Debtors with respect to the Agent's fees and expenses, the matter will be brought to the Court for resolution. I further understand that the Agent agrees to maintain records of all services showing dates, categories of services, fees charged, and expenses incurred, and to serve monthly invoices on the Debtors, the Office of the United States Trustee, counsel for the Debtors, counsel for any official committee monitoring the expenses of the Debtors, and any party in interest who specifically requests service of the monthly invoices.

21. I also understand that, under the terms of the Engagement Letter, the Debtors have agreed to indemnify, defend, and hold harmless the Agent and its members, officers, employees, representatives, and agents under certain circumstances specified in the Engagement Letter, except in circumstances resulting solely from the Agent's gross negligence or willful misconduct or as

otherwise provided in the Engagement Letter or the Order. I believe that such an indemnification obligation is customary, reasonable, and necessary to retain the services of a Claims, Noticing, and Solicitation Agent in these chapter 11 cases.

22. I also understand that prior to the Petition Date, the Debtors provided the Agent an advance in the amount of $25,000, and I understand that the Agent will apply these funds in accordance with the Engagement Letter.

23. Finally, I understand that the Agent has reviewed its electronic database to determine whether it has any relationships with the creditors and parties in interest provided by the Debtors, and, to the best of the Debtors' knowledge, information, and belief, and except as disclosed in the Declaration, the Agent has represented that it neither holds nor represents any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed.

24. I further believe that the Claims and Noticing Agent Application should be granted because is the Agent is required to effectuate the Debtors' transition into bankruptcy and to immediately begin providing effective notice of pleadings and orders to interested parties. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Claims and Noticing Agent Application be approved.

D. Emergency Motion for Entry of an Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief (the "*Foreign Representative Motion*")

25. The Debtors seek, through the Foreign Representative Motion, entry of an order (i) authorizing KidKraft, Inc. ("***KidKraft***") to act as foreign representative[3] on behalf of the

[3] A "foreign representative" is defined in section 45(1) of the CCAA (as defined herein) to mean "a person or body, including one appointed on an interim basis, who is authorized, in a foreign proceeding respect of a debtor company to: (a) monitor the debtor company's business and financial affairs for the purpose of reorganization; or (b) act as a representative in respect of the foreign proceeding."

Debtors' estates (the "***Foreign Representative***") in legal proceedings in Canada in relation to the Debtors' chapter 11 cases (the "***Chapter 11 Cases***") and (ii) granting related relief.

26. Solowave Design Holdings Limited, Solowave Design LP, Solowave Design Inc., and Solowave International Inc. (collectively, the "***Canadian Debtors***") are wholly-owned subsidiaries of KidKraft and were each formed under the laws of Canada. The Debtors' Canadian operations are primarily run through the Canadian Debtors.

27. KidKraft, as the proposed Foreign Representative on behalf of itself and the other Debtors, will file proceedings pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) R.S.C. 1985, c. C-36 (as amended, the "***CCAA***") to seek ancillary relief in Canada in the Ontario Superior Court of Justice (Commercial List) (the "***Canadian Court***").

28. The purpose of the ancillary proceeding (the "***Canadian Proceeding***") is to request that the Canadian Court recognize the Chapter 11 Cases of KidKraft and the Canadian Debtors, and, to the extent necessary or appropriate, the other Debtors, as "foreign main proceedings" under the applicable provisions of the CCAA to, among other things, protect the Debtors' assets and operations in Canada and obtain a Canadian order staying self-help remedies by logistics providers, utility providers, or other parties following the commencement of these Chapter 11 Cases, as well as consummate the Sale Transaction with respect to the Debtors' Canadian assets to be sold to the Purchaser pursuant thereto (the "***Canadian Transferred Assets***"), including by vesting the Canadian Transferred Assets in the Purchaser free and clear of claims and encumbrances in Canada pursuant to, and as defined in, the Purchase Agreement. Concurrent with the filing of this Motion, the Debtors will be seeking an emergency stay in Canada, pending entry of the proposed Order, to prevent any claimants from taking steps against business and property in Canada.

29. The Debtors request authority to appoint KidKraft as Foreign Representative in connection with the Canadian Proceeding to satisfy the requirements of the CCAA. Specifically, Section 46 of the CCAA provides:

> (1) **Application for recognition of a foreign proceeding**. – A foreign representative may apply to the court for recognition of the foreign proceeding in respect of which he or she is a foreign representative.
>
> (2) **Documents that must accompany application**. – . . . the application must be accompanied by . . . (b) a certified copy of the instrument, however designated, authorizing the foreign representative to act in that capacity or a certificate from the foreign court affirming the foreign representative's authority to act in that capacity. . . .

CCAA, R.S.C., c. C-36, § 46 (1985) (Can.).

30. I believe that without an order issued by this Court appointing KidKraft as Foreign Representative, the Debtors may struggle to satisfy the requirements set out in the CCAA for an application for recognition of these Chapter 11 Cases. Accordingly, in order for KidKraft to be recognized as the Foreign Representative in the Canadian Proceeding, and thereby apply to have the Chapter 11 Cases of KidKraft and the Canadian Debtors and, to the extent necessary or appropriate, the other Debtors, recognized by the Canadian Court, the Debtors request that the Court enter an order authorizing KidKraft to act as the Foreign Representative in the Canadian Proceeding. Following the grant of the order, KidKraft will file the order with the Canadian Court

as the instrument authorizing KidKraft to act as the Foreign Representative pursuant to section 46 of the CCAA. At this time, the Debtors have no intention of seeking recognition in any other jurisdiction.

E. Emergency Motion for an Order Pursuant to Bankruptcy Rule 1007 Granting an Extension of Time for Filing Schedules and Statements of Financial Affairs (the "*Schedules Motion*")

31. The Debtors seek, through the Schedules Motion, entry of an order (i) extending the deadline to file (a) schedules of assets and liabilities (b) statements of financial affairs, (c) schedules of current income and expenditures, and (d) statements of executory contracts and unexpired leases (collectively, the "***Schedules and Statements***") by 15 days – for a total of 31 days[4] – to file their Schedules and Statements, thereby establishing a deadline of June 10, 2024, for the filing of the Schedules and Statements; and (ii) granting related relief.

32. Although the Debtors have commenced preparation of their Schedules and Statements, as a result of the large numbers of creditors and parties in interest in the Debtors' chapter 11 cases, I believe the 14-day automatic extension of time to file such Schedules and Statements provided by Bankruptcy Rule 1007(c) will not be sufficient to permit the completion of the Schedules and Statements. The Debtors estimate that an extension of additional time will provide sufficient time to prepare and file the Schedules and Statements. The Debtors therefore request that the Court extend the deadline by which they must file their Schedules and Statements by 15 days, without prejudice to the Debtors' right to seek any further extensions from this Court, or to seek a waiver of the requirement to file certain Schedules and Statements.

[4] This 15-day extension would result in a deadline of June 8, 2024. Because this date is a Saturday, pursuant to Bankruptcy Rule 9006(a)(1), the deadline will be Monday, June 10, 2024.

33. I understand it is estimated that it will take approximately 2 weeks for the Debtors to close their pre-petition books and for all pre-petition invoices to be received by the Debtors' accounting department. I understand that the Debtors will then have to extract all necessary information from their books and records and populate such information in the official forms. Additionally, the Debtors' lean management team is focused most immediately on the Debtors' efforts to smoothly transition into chapter 11 and, in light of the large number of creditors in these chapter 11 cases, it will take significant time to complete the process to populate their Schedules and Statements.

34. Based on the foregoing, I believe any delay in granting the relief requested in the Schedules Motion would hinder the Debtors' operations and cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Schedules be approved.

II. OPERATIONAL MOTIONS REQUESTING IMMEDIATE RELIEF

A. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the "*Wages Motion*")

35. To avoid the immediate and irreparable harm to the Debtors' business operations and restructuring efforts that I believe would occur if the Debtors' employee obligations are not paid when due and the Debtors' compensation and benefit programs are not continued in the ordinary course of business, and to minimize personal hardship on the Debtors' employees, the Debtors seek, through the Wages Motion, entry of an order (i) authorizing the Debtors to (a) pay prepetition wages, salaries, other compensation, and reimbursable expenses and (b) continue employee benefits programs, and (ii) granting related relief.

36. The Debtors and their non-Debtor affiliates rely on the services of employed personnel (each, an "***Employee***" and collectively, the "***Employees***") to conduct their business operations, and the Debtors incur obligations to or on account of such Employees in the ordinary course of business. As of the Petition Date, there are approximately 66 active full-time Employees in the Debtors' enterprise.[5] Approximately 15 of the Employees are paid on an hourly basis (collectively, the "***Hourly Employees***") and approximately 51 are salaried Employees (collectively, the "***Salaried Employees***"). None of the Employees are represented by a union or are subject to a collective bargaining agreement.

37. The Employees performs a wide variety of functions that support the Debtors' operations and will be critical to the administration of these chapter 11 cases and to maximizing the value of the Debtors' estates. Their skills, knowledge, and understanding of the Debtors' operations are essential to preserving operational stability and efficiency during these chapter 11 cases. Without the continued, uninterrupted services of the Employees, the Debtors' business operations will suffer immediate and irreparable harm.

38. The vast majority of the Employees rely exclusively on their compensation and benefits from the Debtors to pay their daily living expenses and support their families. Thus, the Employees will be exposed to significant personal financial hardship if the Debtors are not permitted to continue paying their compensation and providing benefits in the ordinary course. Consequently, the relief requested herein is necessary and appropriate.

39. The Debtors are seeking authority to pay and honor certain prepetition claims relating to compensation and benefits programs to avoid immediate and irreparable harm to the

[5] The Debtors' non-Debtor subsidiaries in Europe and Asia employ approximately 17 Employees in the Netherlands and approximately 150 Employees in China.

Debtors' business operations and to minimize the personal hardship the Employees would suffer if the Debtors' employee obligations are not paid when due or as expected. Specifically, the Debtors are seeking authority to pay and honor certain prepetition claims relating to, among other things, wages, salaries, expense reimbursements, other compensation, federal and state withholding taxes and other amounts withheld (including the Employees' share of insurance premiums, taxes, flexible spending account contributions, and 401(k) contributions), health insurance, life and accidental death and dismemberment insurance, disability coverage, retirement benefits, paid time off, and other benefits that the Debtors have historically, directly or indirectly, provided to the Employees in the ordinary course of business (collectively, the "***Compensation and Benefits Programs***," and such obligations arising therefrom, the "***Compensation and Benefits Obligations***"), as well as all incidental costs thereof.

40. Subject to the Court's approval of the relief requested herein, the Debtors intend to continue their prepetition Compensation and Benefits Programs in the ordinary course of business and consistent with past practices. Out of an abundance of caution, however, the Debtors request the right to modify, change, and discontinue certain of their Compensation and Benefits Programs and to implement new programs, policies, and benefits, in their discretion (and in consultation with the Prepetition Secured Lender) and in the ordinary course of business during these chapter 11 cases and without the need for further Court approval, subject to the terms of the Order. A summary of the payments requested to be authorized by this Motion is provided in the table below.

Relief Sought	Approximate Amount
Compensation, Withholding, and Related Obligations	
Employee Wages	$11,000
Wages (China)	$85,000
Employee Severance Obligations	$73,300
Deductions	$1,100
Payroll Taxes	$1,250
Expense Reimbursements	$3,500
Employee Benefit Programs	

Health and Welfare Programs	$700
401(k) Obligations	$450
FSA Obligations	$30,000

41. In the ordinary course of business, the Debtors incur and pay the Employees' wages, salaries, and other compensation, on a bi-weekly basis (collectively, the "***Wages***"). The Debtors pay their Employees' Wages on either a salaried or hourly basis. On average, the Debtors pay approximately $200,000 per bi-weekly pay period on account of salaried and hourly Wages. The Debtors' most recent bi-weekly payment date occurred on May 8, 2024.

42. Because some Employees are paid in arrears, those Employees will be owed accrued but unpaid Wages as of the Petition Date. Wages also may be due and owing as of the Petition Date because of, among other things, potential discrepancies between the amounts paid and the amounts that Hourly Employees believe should have been paid, which, upon resolution, may reveal that additional amounts are owed to such Hourly Employees. Additionally, the Debtors compensate certain Hourly Employees for overtime services, which may have occurred and may not be recorded in the Debtors' internal payroll database. Although the Debtors' overtime reporting system makes it difficult for the Debtors to determine the precise amount of unpaid Hourly Employee Wages that may be due and owing at any given time, historically, Hourly Employees' Wages total approximately $100,850 per month.

43. The Debtors also have historically funded Wages paid to Employees of their non-Debtor subsidiaries in China (the "***Chinese Employees***"). The Debtors fund approximately $250,000 per month to their non-Debtor subsidiaries in China for Wages for the Chinese Employees. The Chinese Employees have skills and knowledge of the Debtors' operations in China that will be essential to keeping the Debtors' operations running smoothly during the course of these chapter 11 cases. In order to retain such Chinese Employees and preserve morale, the

Debtors seek authority to fund amounts necessary to pay accrued but unpaid Wages of the Chinese Employees and to continue paying Wages to the Chinese Employees in the ordinary course of business on a postpetition basis. As of the Petition Date, the Debtors estimate that approximately $85,000 in Chinese Employees' Wages has accrued but has not been paid.

44. The Debtors typically do not fund Wages paid to Employees of their non-Debtor subsidiaries in the Netherlands (the "***Dutch Employees***"). The Debtors' non-Debtor subsidiaries in the Netherlands typically fund Wages paid to the Dutch Employees in the amount of approximately $105,000 per month. The Dutch Employees have skills and knowledge of the Debtors' operations in the Netherlands that will be essential to keeping the Debtors' operations running during the course of these chapter 11 cases. Out of an abundance of caution and in order to retain such Dutch Employees and preserve morale, the Debtors seek authority to fund Wages to the Dutch Employees as necessary on a postpetition basis.

45. As of the Petition Date, based on historical practices, the Debtors estimate that the amount of accrued but unpaid Wages for the Debtors' Employees is approximately $11,000 (the "***Unpaid Wages***"). The Debtors seek authority to pay the Unpaid Wages in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue paying the Wages and any associated processing costs on a postpetition basis in the ordinary course of business.

46. The Debtors do not believe there are prepetition amounts owed to any individual on account of the Unpaid Wages that exceed $15,150, the priority expense amount set forth in section 507(a)(4) of the Bankruptcy Code, and the Debtors are not seeking authority to pay Unpaid Wages to any Employee in excess of such amount.

47. In the ordinary course of business, the Debtors have a general practice of paying severance amounts (the "***Employee Severance Obligations***") to certain eligible employees who are terminated without cause and who execute a separation agreement. Amounts owed on account of the Employee Severance Obligations constitute prepetition obligations that the Debtors must meet in order to preserve morale for their existing employees, avoid reputational harm, and avoid any claims resulting from nonpayment which would constitute a distraction during the chapter 11 cases. As of the Petition Date, the Debtors estimate that the amount of potential prepetition Employee Severance Obligations is approximately $73,300[6] (the "***Unpaid Employee Severance Obligations***"). The Debtors seek authority to pay the Unpaid Employee Severance Obligations and, out of an abundance of caution, to continue paying the Employee Severance Obligations on a postpetition basis.

48. From time to time, the Debtors rely on Temporary Staff in the ordinary course of business to perform services in support of the Debtors' operations. The Debtors rely on the support of the Temporary Staff to complete discrete projects in furtherance of the Debtors' business and to fill short-term positions that are not economically feasible to employ on a full-time or part-time basis.

49. The Debtors engage staffing agencies (the "***Staffing Agencies***") that provide Temporary Staff to the Debtors, as needed. The Debtors pay a fee to the Staffing Agencies on a weekly basis for each Temporary Staff utilized (the "***Staffing Agency Obligations***"), and the Staffing Agencies in turn pay the Temporary Staff; the Debtors do not directly pay the Temporary Staff. The Debtors pay approximately $11,300 on a weekly basis on account of the Staffing

[6] The Debtors executed a prepetition reduction in force on May 1, 2024, and exiting employees were offered severance in an amount equivalent to two weeks' pay if they execute a separation agreement. The Debtors are seeking authority to pay those Employee Severance Obligations as they come due and/or as former Employees execute the separation agreements.

Agency Obligations. As of the Petition Date, the Debtors believe that no amounts are accrued or owing to the Staffing Agencies. The Debtors seek authority, out of an abundance of caution, to continue paying the Staffing Agency Obligations on a postpetition basis in the ordinary course of business.

50. The Debtors use Ultimate Kronos Group, Inc. (the "***Payroll Processor***") to process and pay their payroll obligations and perform other payroll-related services (the "***Payroll Processing Services***"). The Payroll Processor administers the payments to the Debtors' Employees related to the Debtors' Compensation and Benefits Obligations. For each payroll period, the Payroll Processing Services are used to process direct deposit transfers or administer payroll checks to Employees. The Payroll Processing Services are integral to the Debtors' ability to pay their Employees.

51. In the twelve months prior to the Petition Date, the Debtors paid approximately $8,400 per quarter on account of the Payroll Processing Services (the "***Payroll Processing Fees***"). As of the Petition Date, the Debtors do not believe that any Payroll Processing Fees are accrued and unpaid. The Debtors seek authority, out of an abundance of caution, to continue paying the Payroll Processing Fees and any associated costs on a postpetition basis in the ordinary course of business.

52. During each applicable pay period, the Debtors, through their Payroll Processor, routinely deduct and withhold certain amounts from Employees' paychecks for, among other things, pre- or post-tax deductions payable pursuant to certain of the Compensation and Benefits Programs (collectively, the "***Deductions***"). The Deductions generally are processed and forwarded to the appropriate third party at the same time the Employees' payroll checks are

disbursed. On average, the Debtors remit approximately $100,000 per month on account of the Deductions.

53. As of the Petition Date, the Debtors estimate that the amount of accrued but unremitted Deductions is up to approximately $1,100 (the "***Unpaid Deductions***"). The Debtors seek authority to remit the Unpaid Deductions in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue remitting the Deductions and any associated processing costs on a postpetition basis in the ordinary course of business.

54. The Debtors also are required by law to withhold from their Employees' Wages amounts related to, among other things, federal, state, and local income taxes, as well as Social Security, Medicare, and similar foreign taxes and withholdings (collectively, the "***Employee Payroll Taxes***") for remittance to the appropriate taxing authorities. The Debtors must then match the Employee Payroll Taxes from their own funds and pay, based upon a percentage of gross payroll, additional amounts for state and federal unemployment insurance (together with the Employee Payroll Taxes, the "***Payroll Taxes***"). The Payroll Taxes generally are processed and forwarded to the appropriate taxing authority at the same time the Employees' payroll checks are disbursed.

55. As of the Petition Date, the Debtors estimate that the amount of accrued but unremitted Payroll Taxes is up to approximately $1,250 (the "***Unpaid Payroll Taxes***"). The Debtors seek authority to pay the Unpaid Payroll Taxes in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue remitting the Payroll Taxes and any associated processing costs on a postpetition basis in the ordinary course of business.

56. In the ordinary course of business, the Debtors reimburse Employees for reasonable and customary expenses that such Employees personally incur in the scope of their employment. Expense reimbursements typically include expenses associated with travel, lodging, ground transportation, meals, and other business-related expenses incurred in the course of an Employee's duties while on assignments away from their normal work location (the "***Expense Reimbursements***").

57. The Debtors' inability to reimburse their Employees with respect to any Expense Reimbursements likely would impose significant hardships on those Employees, as Employees may be held personally liable for any unpaid obligations even though the obligations were incurred for the Debtors' benefit.

58. Because of the irregular nature of requests for Expense Reimbursements, it is difficult for the Debtors to determine the amount of unpaid Expense Reimbursements at any given time, but historically, the Expense Reimbursements are approximately $3,150 per month. As of the Petition Date, based on historical practices, the Debtors estimate that the amount of accrued but unpaid Expense Reimbursements is approximately $3,500 (the "***Unpaid Expense Reimbursements***"). The Debtors seek authority to pay the Unpaid Expense Reimbursements in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue paying the Expense Reimbursements on a postpetition basis in the ordinary course of business.

59. The Debtors offer their Employees the opportunity to participate in a number of health benefit plans, including the Medical Plans, the FSAs, the Dental Plans, the Vision Plan, the COBRA Policy, and the Employee Assistance Program (each, as defined below) (collectively, and including any administrative costs related thereto, the "***Health and Welfare Programs***").

60. The Debtors offer medical coverage (the "***Medical Plans***") to their Employees administered through UnitedHealthcare ("***United***"). Employees are provided with two plan options—tiered and UHC Choice—that each have required premiums. The Medical Plans provide coverage for, among other things, outpatient and inpatient services, preventative care, and prescription drug services. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Medical Plans. As of the Petition Date, approximately 66 Employees participate in the Medical Plans. After taking applicable Deductions, the Debtors pay approximately $134,340 per month with respect to the Medical Plans premiums and related administrative fees (such fees, the "***Medical Plan Administrative Fees***").

61. The Debtors also offer travel medical coverage (the "***Travel Plans***") administered through Aetna to certain of their Employees. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Travel Plans. As of the Petition Date, two Employees participate in the Travel Plans. After taking applicable deductions, the Debtors pay Aetna approximately $3,720 per month with respect to Travel Plan premiums.

62. The Debtors also provide Employees with access to an optional healthcare flexible spending account, dependent care flexible spending account, and limited purpose flexible spending account (collectively, the "***FSAs***"), each administered by WEX ("***WEX***"). The Debtors withhold funds from the paychecks of participating Employees that are used to fund such Employees' FSAs. Participating Employees may then submit a claim to reimburse themselves for certain qualified out-of-pocket medical expenses, dependent child care expenses, and eligible dental and vision expenses. The Debtors then pay WEX in the amount of such claims from the withheld funds. As of the Petition Date, approximately 45 Employees maintain FSAs and the Debtors estimate that they owe approximately $30,000 to WEX. The Debtors do not make contributions on account of

the FSAs. The Debtors also pay WEX approximately $230 in administrative fees on a monthly basis on account of the FSAs.

63. The Debtors offer fully-insured dental coverage (the "***Dental Plans***") to their Employees through United. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Dental Plans. As of the Petition Date, approximately 66 Employees participate in the Dental Plans. After taking applicable Deductions, the Debtors pay United approximately $7,100 per month with respect to the Dental Plans premiums.

64. The Debtors offer fully-insured vision coverage (the "***Vision Plan***") to their Employees through VSP. The Vision Plan provides coverage or discounts for exams, prescription eyeglasses, and contact lenses. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Vision Plan. As of the Petition Date, approximately 66 Employees participate in the Vision Plan. After taking applicable Deductions, the Debtors pay VSP approximately $1,240 per month with respect to the Vision Plan premiums.

65. The Debtors provide their Employees coverage under the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***"), which provides Employees who lose their health coverage the right to continue benefits for a limited period of time (the "***COBRA Policy***"). The COBRA Policy is administered by WageWorks ("***WageWorks***"). As of the Petition Date, up to 28 former Employees participate in the COBRA Policy.[7] The Debtors pay WageWorks approximately $130 in administrative fees on a monthly basis on account of the COBRA Policy.

66. The Debtors provide all Employees and their immediate family members with confidential access to professional counseling services free of charge through their Employee Assistance Program (the "***EAP***"). The EAP is facilitated by Unum Group ("***Unum***"). The Debtors

[7] The exact number of former Employees participating in the COBRA Policy is currently in flux due to a reduction in force on May 1, 2024. The maximum number of former Employees eligible to participate is 28.

do not pay any additional fees per month to Unum on account of the EAP because the EAP is covered by the Long Term Disability premiums that the Debtors pay to Unum.

67. As of the Petition Date, the Debtors estimate that the amount of total accrued but unpaid obligations arising under the Health and Welfare Programs is approximately $700 (the "***Unpaid Health and Welfare Program Obligations***"). The Debtors seek authority to pay the Unpaid Health and Welfare Program Obligations in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue paying the Health and Welfare Programs obligations on a postpetition basis in the ordinary course of business.

68. The Debtors offer fully-insured life and accidental death and dismemberment insurance coverage (the "***Base Life and AD&D Insurance***") to their Employees through Unum, which provides up to $50,000 in life insurance coverage and $100,000 in accidental death and dismemberment coverage in the event of an Employee's death, accidental death, or dismemberment. Employees do not make any contributions on account of the Base Life and AD&D Insurance. As of the Petition Date, approximately 66 Employees maintain Base Life and AD&D Insurance. The Debtors pay approximately $1,400 per month with respect to the Base Life and AD&D Insurance premiums.

69. As of the Petition Date, the Debtors estimate that the amount of total accrued but unpaid obligations arising under the Base Life and AD&D Insurance is a *de minimis* amount (approximately $5) (the "***Unpaid Base Life and AD&D Insurance Obligations***"). The Debtors seek authority to pay the Unpaid Base Life and AD&D Insurance Obligations in the ordinary course of business and consistent with past practices, and, out of an abundance of caution, to continue paying the Base Life and AD&D Insurance obligations on a postpetition basis in the ordinary course of business.

70. Employees may also purchase supplemental life insurance (the "***Supplemental Life Insurance***") and supplemental accidental death and dismemberment insurance (the "***Supplemental AD&D Insurance***"), and together with the Supplemental Life Insurance, the "***Supplemental Life and AD&D Insurance***") through Unum. The Debtors do not make any contributions on account of the Supplemental Life and AD&D Insurance. As of the Petition Date, approximately 60 Employees maintain Supplemental Life Insurance and AD&D Insurance.

71. The Debtors provide certain Employees with fully-insured short- and long-term disability benefits through Unum, and Employees are also covered under state statutory workers' compensation laws (the "***Disability Benefits***").

72. Under the short-term disability benefits program, in the event of a qualified non-work related illness or injury, Employees are entitled to 60% pay (not to exceed $3,000) for up to 26 weeks (the "***Short-Term Disability Benefits***"). As of the Petition Date, approximately 66 Employees are eligible to receive Short-Term Disability Benefits. The Debtors pay approximately $3,390 per month in premiums for the Short-Term Disability Benefits.

73. Under the long-term disability benefits program, Employees are entitled to up to 60% of their base salary beginning once the employee has been disabled for 90 days (the "***Long-Term Disability Benefits***"). Employees do not make any contributions on account of Long-Term Disability Benefits. As of the Petition Date, approximately 66 Employees are eligible to receive Long-Term Disability Benefits. The Debtors pay approximately $2,800 per month in premiums for the Long-Term Disability Benefits.

74. The cost of the Disability Benefits is included in the premium that the Debtors pay on account of the Base Life and AD&D Insurance, as both are provided by and invoiced through Unum. As of the Petition Date, the Debtors do not believe that any separate amounts have accrued

or are unpaid on account of the Disability Benefits. The Debtors seek authority, out of an abundance of caution, to continue providing the Disability Benefits on a postpetition basis in the ordinary course of business.

75. The Debtors maintain certain paid leave benefit programs for Employees, providing paid leave for PTO and Other Leave (each as defined below, and collectively, the "***Leave Benefits***").

76. In the ordinary course of business, the Debtors provide paid time off ("***PTO***") to eligible Employees. PTO accrues at a specified rate dependent upon the Employee's years of relevant work experience; Employees accrue between 20 and 35 PTO days per fiscal year. Upon termination, eligible Employees are entitled to cash payments for accrued but unused PTO at a rate of up to 100% of accrued PTO time.

77. As of the Petition Date, the Debtors estimate that the aggregate amount of accrued but unpaid PTO obligations is approximately $131,570. However, this amount is not a current cash pay obligation because Employees are only entitled to be paid for accrued and unused PTO (if payable by law) in the event they resign or are terminated, if at all. Because PTO is an essential feature of the employment package provided to the Debtors' Salaried Employees, and failure to provide this benefit would harm Employee morale and encourage the premature departure of valuable Employees, the Debtors request authority to honor all of their PTO obligations consistent with past practices, and, out of an abundance of caution, to continue honoring such PTO obligations on a postpetition basis in the ordinary course of business.

78. In the ordinary course of business, the Debtors provide certain other paid and unpaid leave, including holidays, bereavement, jury duty, voting leave, military leave, leave provided for under the Family Medical Leave Act, and all legally required leaves (collectively, the

"***Other Leave***"). Employees are not entitled to any cash payments in connection with the Other Leave.

79. The Debtors believe that the continuation of the Leave Benefits in the ordinary course of business and consistent with past practices is essential to maintaining Employee morale during these chapter 11 cases. Further, the policies are broad-based programs upon which all Employees have come to depend. As a result, out of an abundance of caution, the Debtors seek authority to continue offering and honoring the Leave Benefits on a postpetition basis and in the ordinary course of business.

80. The Debtors provide all eligible Employees with the ability to participate in a 401(k) retirement savings plan (the "***401(k) Plan***"), which is administered by Fidelity ("***Fidelity***"). The Debtors pay Fidelity a quarterly administrative fee of approximately $5,290 in connection with the 401(k) Plan (the "***401(k) Administrative Fees***").

81. Employees generally are eligible to participate in the 401(k) Plan immediately upon employment. The 401(k) Plan generally provides for pre-tax deductions of compensation up to limits set by the Internal Revenue Code, as well as for certain post-tax deductions. Employee contributions to the 401(k) Plan are deducted automatically from each paycheck and transferred to a trust established under the 401(k) Plan (collectively, the "***401(k) Deductions***," and together with the 401(k) Administrative Fees, the "***401(k) Obligations***"). As of the Petition Date, approximately 65 Employees contribute to the 401(k) Plan and approximately 95 former Employees hold balances in the 401(k) Plan. The Debtors make discretionary contributions to the 401(k) Plan by matching Employees' contributions as follows: 1% match for each 1% that the Employee contributes up to 3%, then 0.5% match on the Employee's next 2%, for a maximum of up to 4% of the Employee's salary.

82. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid obligations due on account of the 401(k) Plan is up to approximately $450 (the "***Unpaid 401(k) Obligations***"), consisting entirely of unremitted 401(k) Deductions. The Debtors seek authority to remit and/or pay the Unpaid 401(k) Obligations in the ordinary course of business, consistent with past practices, and, out of an abundance of caution, to continue remitting and/or paying the 401(k) Obligations on a postpetition basis in the ordinary course of business.

83. I believe that certain Compensation and Benefits Obligations are entitled to priority treatment and that any such payments, if made pursuant to the Wages Motion, would only affect the timing of payments to Employees. I further believe and understand that the payment of certain Compensation and Benefits Obligations is required by law and that the Debtors seek authority to pay the Unpaid Deductions to the appropriate third-party entities because these amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction and withholding from the Employees' paychecks.

84. I believe that the Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor unpaid Compensation and Benefits Obligations. Additionally, I believe that continuing ordinary course benefits will help maintain morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors' ongoing business operations the Compensation and Benefit Programs drive Employees' performance, align Employees' interests with those of the Debtors generally, and promote the overall efficiency of the Debtors' operations. Moreover, I believe the Employees provide the Debtors with services necessary to conduct the Debtors' businesses and that absent the payment of the obligations owed to the Employees, turnover and instability may result at this critical juncture in these chapter 11 cases. I further believe that without these payments, the Employees

may become demoralized and unproductive because of the potential significant financial strain and other hardships the Employees may face. The Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' businesses is tied to the skills of the Employees, which cannot be replaced without significant efforts, and which efforts may not be successful given the overhang of these chapter 11 cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario.

85. I therefore believe that (a) payment of the prepetition Compensation and Benefits Obligations and (b) continuation of payment of the same on a postpetition basis is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retaining their Employees throughout these chapter 11 cases. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Wages Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully request that relief sought in the Wages Motion be approved.

B. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions and (II) Granting Related Relief (the "*Cash Management Motion*")

86. The Debtors seek entry of interim and final orders, substantially in the forms attached to the Cash Management Motion, (i) authorizing the Debtors to (a) continue to operate their cash management system and maintain existing bank accounts, (b) continue using their existing business forms and checks, (c) maintain their corporate card program, and (d) continue to engage in intercompany transactions and (ii) granting related relief.

87. The Debtors and their Non-Debtor Affiliates (as defined below) manage their cash, receivables, and payables, in the ordinary course of business, through a centralized cash management system (the "***Cash Management System***"). The Debtors use the Cash Management

System to efficiently collect, transfer, concentrate, and disburse funds generated from their operations. The Cash Management System also enables the Debtors to monitor the collection and disbursement of funds and the administration of their bank accounts, which are maintained at JPMorgan Chase Bank, N.A. ("***JPMorgan***"), HSBC Bank USA ("***HSBC***"), and China Merchants Bank ("***CMB***") (each, a "***Bank***," and collectively, the "***Banks***"). The Debtors maintain accounting controls with respect to each of their bank accounts and are able to accurately trace the funds through their Cash Management System to ensure that all transactions are adequately documented and readily ascertainable, including in connection with the intercompany transactions more fully described below. The Debtors will continue to maintain their books and records relating to the Cash Management System to the same extent such books and records were maintained prior to the Petition Date. Accordingly, the Debtors will be able to accurately document, record, and track the transactions occurring within the Cash Management System for the benefit of their estates.

88. The Debtors' Cash Management System consists of a total of 19 bank accounts (collectively, the "***Bank Accounts***"),[8] which are maintained at the Banks. A list identifying each of the Bank Accounts, along with the type of account, the Bank at which such account is held, and the last four digits of each account number, is attached to the Cash Management Motion as **Exhibit C**, and a diagram depicting the Cash Management System, the relationship between the Bank Accounts, and the general flow of funds is attached to the Cash Management Motion as **Exhibit D**. A general description of the Bank Accounts is provided in the table below:

[8] For the avoidance of doubt, the Cash Management Motion applies to all of the Debtors' bank accounts irrespective of whether or not such account is specifically identified herein.

Bank Accounts	Description of Accounts
KidKraft, Inc. ("*KKT*")	
Main Operating Account Account Ending: 6589	This account is primarily used for the day-to-day operating disbursements (ACH (as defined below), wires, auto drafts) of KKT and its domestic affiliates, including taxes and other expenses. Funds are transferred to and from the various other Bank Accounts in the ordinary course on an as-needed basis. The Main Operating Account is subject to a deposit account control agreement in favor of GB Funding, LLC, in its capacity as the administrative agent under the Prepetition Credit Agreement (the "***Administrative Agent***").
KKT USD Factoring Account Account Ending: 5107	This account is primarily used to collect receipts paid in USD from KKT's sales that are subject to the *Receivables Sale Agreement*, dated as of August 4, 2021, with Coface Finanz GmbH ("***Coface***," and such agreement, the "***KKT Factoring Agreement***"). Excess cash is transferred to the Main Operating Account. The KKT USD Factoring Account is subject a deposit account control agreement in favor of Coface and the Administrative Agent.

Bank Accounts	Description of Accounts
KKT CAD Factoring Account Account Ending: 1636	This account is primarily used to collect receipts paid in CAD from KKT's sales that are subject to the KKT Factoring Agreement. Excess cash is transferred to the KKT CAD Operating Account. The KKT CAD Factoring Account is subject a deposit account control agreement in favor of Coface and the Administrative Agent.
KKT CAD Operating Account Account Ending: 1689	This account is primarily used to collect receipts paid in CAD on account of KKT's non-factored receivables. Unused amounts in the KKT CAD Factoring Account are transferred into this account. Excess cash in this account is transferred to the Main Operating Account. The KKT CAD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.
KKT Collateral Account Account Ending: 1720	This account is a cash collateral account on account of the Corporate Card Program (as defined below). The KKT Collateral Account is subject to a deposit account control agreement in favor of the Administrative Agent.

Bank Accounts	Description of Accounts
Fuzhou Operating Account Account Ending: 9726	This account is primarily used for operating disbursements (ACH, wires, auto drafts) of vendor payments of KKT's Fuzhou (China) subsidiary. Funds are transferred from the Main Operating Account to this account as necessary.
Shenzhen Operating Account Account Ending: 0501	This account is primarily used for the day-to-day operating disbursements (ACH, wires, auto drafts) of KKT's Shenzhen (China) subsidiary, including taxes and other expenses. Funds are transferred from the Main Operating Account to this account as necessary.
Reserve Account Account Ending: 6979	This account will be used as the Debtors' adequate assurance account pursuant to the Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief, filed contemporaneously herewith.
Solowave Design Corp. ("*SDC"*)	

Bank Accounts	Description of Accounts
SDC Factoring Account Account Ending: 5021	This account was previously used to collect receipts from SDC's sales that were subject to a now-terminated factoring agreement with HSBC Bank USA (the "***HSBC Factoring Agreement***"). This account has minimal activity.
SDC USD Operating Account Account Ending: 6860	This account is primarily used to collect receipts paid in USD on account of SDC's non-factored receivables and to pay vendors amounts due on behalf of SDC. Excess cash in this account is transferred to the Main Operating Account. The SDC USD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.
SDC Deposit Account Account Ending: 4785	This account is primarily used to collect receipts on account of SDC's non-factored receivables. Excess cash in this account is transferred to the Main Operating Account. The SDC Deposit Account is subject to a deposit account control agreement in favor of the Administrative Agent.

Bank Accounts	Description of Accounts
SDC CAD Operating Account Account Ending: 1688	This account is primarily used to collect receipts paid in CAD on account of SDC's non-factored receivables. Excess cash in this account is transferred to the Main Operating Account. The SDC CAD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.
Solowave Design LP	
SDL USD Factoring Account Account Ending: 7319	This account is primarily used to collect receipts paid in USD from SDL's sales that are subject to the *Receivables Sale Agreement*, dated as of April 21, 2022, with Coface (the "***SDL Factoring Agreement***").[9] Excess cash is transferred to the SDL USD Operating Account. The SDC USD Factoring Account is subject a deposit account control agreement in favor of Coface and the Administrative Agent.

[9] For the avoidance of doubt, the Debtors do not expect any new receivables generated postpetition to be subject to the SDL Factoring Agreement.

Bank Accounts	Description of Accounts
SDL USD Operating Account Account Ending: 6795	This account is primarily used to collect receipts paid in USD on account of SDL's non-factored receivables. Excess cash in this account is transferred to the Main Operating Account. The SDL USD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.
SDL CAD Factoring Account Account Ending: 1475	This account is primarily used to collect receipts paid in CAD from SDL's sales that are subject to the SDL Factoring Agreement. Excess cash is transferred to the SDL CAD Operating Account. The SDL CAD Factoring Account is subject a deposit account control agreement in favor of Coface and the Administrative Agent.
SDL CAD Operating Account Account Ending: 1690	This account is primarily used to collect receipts paid in CAD on account of SDL's non-factored receivables. Excess cash in this account is transferred to the Main Operating Account. The SDL CAD Operating Account is subject to a deposit account control agreement in favor of the Administrative Agent.
Solowave Design Inc.	

Bank Accounts	Description of Accounts
SDI Reserve Account Account Ending: 7670	The SDI Reserve Account is available for disbursements of Solowave Design Inc., but it generally has minimal activity. During the Chapter 11 Cases, this account will be used solely as the Debtors' Canadian Priority Reserve Account pursuant to the *Emergency Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105,361,362,363,364, and 507 and Fed. R. Bankr. P. 2002, 4001, and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief*, filed contemporaneously herewith (the "***DIP Motion***").
Solowave International Inc.	

Bank Accounts	Description of Accounts
SII Reserve Account Account Ending: 7787	The SII Reserve Account is available for disbursements of Solowave International Inc., but it generally has minimal activity. During the Chapter 11 Cases, this account will be used solely as the Debtors' Post-Carve-Out Trigger Notice Reserve Account pursuant to the DIP Motion.
Solowave Design Holdings Limited	
SDH Reserve Account Account Ending: 3058	The SDH Reserve Account is available for disbursements of Solowave Design Holdings Limited, but it generally has minimal activity. During the Chapter 11 Cases, this account will be used solely as the Debtors' Funded Reserve Account pursuant to the DIP Motion.

89. As of the Petition Date, the Bank Accounts had a combined value of approximately $3,510,000.

90. To the best of my knowledge, all of the Bank Accounts except the Shenzhen Operating Account are maintained at Banks that are insured by the Federal Deposit Insurance Corporation (the "***FDIC***") and, therefore, comply with section 345(b) of the Bankruptcy Code. As a Chinese institution with no domestic branches, CMB is not insured or backed by the United States government, however, the Debtors believe that CMB is a well-capitalized and sophisticated

banking institution and request that the Court waive the requirement for CMB to post a bond in favor of the United States to insure this account.

91. I understand that the U.S. Trustee has established certain operating guidelines (the "***U.S. Trustee Guidelines***") for debtors in possession.[10] The U.S. Trustee Guidelines require, among other things, that upon the filing of a bankruptcy petition, a debtor must immediately close all of its existing bank accounts and open new bank accounts that are designated as debtor-in-possession accounts with authorized depositories whose deposits are insured by the FDIC and who agree to comply with the requirements of the U.S. Trustee. The U.S. Trustee Guidelines further require debtors to maintain one account solely for the purpose of setting aside estate monies required for the payment of taxes and another separate account for cash collateral.

92. Here, the Debtors maintain the majority of their deposits with JPMorgan, which is an authorized depository institution in the Northern District of Texas. However, the Debtors also maintain the Shenzhen Operating Account at CMB and the SDC Deposit Account and the SDC Factoring Account at HSBC, which are not authorized depository institutions in the Northern District of Texas. As of the Petition Date, the Shenzhen Operating Account at CMB had a balance of approximately 575,000, and the SDC Deposit Account and SDC Factoring Account at HSBC each had a $0 balance. Reestablishing these accounts at different institutions could prove costly for the Debtors and would hinder their operations and businesses. The Debtors will work in good faith with the U.S. Trustee to address any concerns regarding the continued use of CMB.

93. I believe that both HSBC and CMB are stable, well-capitalized institutions and, therefore, that the Bank Accounts can be maintained at HSBC and CMB without jeopardizing the

[10] *See Guidelines for Debtors-in-Possession*, U.S. Department of Justice, United States Trustee Program, Region 6, *available at* https://www.justice.gov/ust-regions-r06/page/file/1588141/dl.

rights of any parties in interest. The Bank Accounts at HSBC do not carry material balances, and the Debtors do not anticipate any activity for these accounts beyond the payment of ordinary course overhead payments and Bank Fees for the duration of these chapter 11 cases. The Debtors request that the Court waive the requirements of the U.S. Trustee Guidelines and allow the Debtors to maintain their existing Bank Accounts at CMB and HSBC.

94. Further, the Shenzhen Operating Account is important to the Debtors' continued operations. Neither KidKraft Trading (Fuzhou) Co., Ltd. nor KidKraft Trading (Shenzhen) Co., Ltd. (the "***Non-Debtor China Affiliates***") maintains its own bank account; rather KKT funds the operational expenses of such Non-Debtor China Affiliates through the Shenzhen Operating Account and the Fuzhou Operating Account. Losing access to the Shenzhen Operating Account would impact the Company's ability to pay its China-based employees.[11] Therefore, the Debtors respectfully request that the Court allow the Debtors to maintain, service, and administer the Shenzhen Operating Account at CMB and the SDC Deposit Account and the SDC Factoring Account at HSBC, without interruption and in the ordinary course of business, notwithstanding the fact that CMB and HSBC are not authorized depository institutions under the U.S. Trustee Guidelines.

95. I believe that requiring the Debtors to adopt new cash management systems and open new bank accounts at the same or different depository institutions would be expensive, impose needless administrative burdens on the Debtors, and would cause undue disruption to the Debtors' operations. Any such disruption would have a severe and adverse impact upon the Debtors' ability to navigate these chapter 11 cases, adversely affecting the Debtors' ability to

[11] Pursuant to the *Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief*, filed substantially contemporaneously herewith, the Debtors are seeking authority to fund amounts necessary to pay wages of employees of their Non-Debtor China Affiliates.

maintain and maximize value for the benefit of creditors and other parties in interest. Moreover, such a disruption would be wholly unnecessary insofar as the continued use of the Debtors' Bank Accounts and Cash Management System provides a safe, efficient, and established means for the Debtors to maintain and manage their cash.

96. I also believe that a waiver of certain requirements of the U.S. Trustee Guidelines is appropriate. Maintenance of the Bank Accounts and Cash Management System will minimize the disruption to the Debtors' operations and promote an orderly and efficient transition into chapter 11. I believe and understand that such benefits are entirely consistent with the goals underlying the U.S. Trustee Guidelines. I believe that the Cash Management System constitutes an ordinary-course and essential business practice providing significant benefits to the Debtors, including the ability to control corporate funds, ensure the maximum availability of funds when and where necessary, reduce borrowing costs and administrative expenses by facilitating the movement of funds, and ensure the availability of timely and accurate account balance information consistent with prepetition practices.

97. In the ordinary course of business, the Debtors incur and pay, or allow to be deducted from the appropriate Bank Accounts, certain fees and expenses related to the cost of administering the Bank Accounts, including, among other things, wire transfers and other fees, costs, and expenses standard for typical corporate bank accounts, letters of credit, and cash management systems (collectively, the "***Bank Fees***"). The Bank Fees are either debited directly from the Debtors' Bank Accounts or are paid on a per transaction basis. The amount of Bank Fees owed each month varies based on account activity and average monthly balance maintained in the Bank Accounts. Historically, the Debtors have paid approximately $10,000 per month in Bank

Fees. As of the Petition Date, approximately $10,000 of Bank Fees has accrued and is outstanding, all of which will become due and payable within the first twenty-one days after the Petition Date.

98. As part of the Cash Management System, the Debtors utilize preprinted checks and business forms (including, without limitation, letterhead, purchase orders, invoices, and preprinted checks, collectively, the "***Checks and Business Forms***") in the ordinary course of their businesses. To minimize expenses to their estates and avoid confusion on the part of employees, customers, and vendors during the pendency of these chapter 11 cases, the Debtors respectfully request that the Court authorize their continued use of Checks and Business Forms as such forms were in existence immediately before the Petition Date, without reference to the Debtors' status as debtors-in-possession, rather than requiring the Debtors to incur the expense and delay of ordering entirely new Checks and Business Forms as required under the U.S. Trustee Guidelines. To the extent the Debtors exhaust their existing supply of Checks and Business Forms during these chapter 11 cases, the Debtors will transition to using Checks and Business Forms with the designation "Debtor-in-Possession" and the corresponding bankruptcy case number on all such forms.

99. As part of the Cash Management System and in the ordinary course of business, the Debtors maintain company-paid credit cards (the "***Corporate Cards***") that are utilized to pay for certain work-related expenses, such as work-related travel and certain non-recurring purchases made on behalf of the Debtors and certain operating expenses on behalf of the Debtors and Non-Debtor Affiliates (collectively, the "***Corporate Card Program***"). The Corporate Cards are issued by JPMorgan (the "***Corporate Card Provider***"). As of the Petition Date, approximately 34 Corporate Cards have been issued by the Corporate Card Provider to the Debtors and their employees.

100. In general, Corporate Cards are issued to employees for use on the Debtors' behalf for the payment of business-related expenses, including travel for business purposes and office-related purchases made on behalf of the Debtors, that are verified through receipts. The Debtors receive weekly statements for purchases (the "***Corporate Card Expenses***") made with the Corporate Cards in the preceding week. Once the Debtors determine that the Corporate Card Expenses comply with the Debtors' policies and procedures, the Debtors typically pay any outstanding Corporate Card Expenses within four days of each statement date.

101. Over the last 12 months, the Debtors have incurred a monthly average of approximately $330,000 of Corporate Card Expenses and have paid the full balance owed approximately four days after each weekly statement date. As of the Petition Date, approximately $50,000 in Corporate Card Expenses has accrued and is outstanding, all of which will become due and owing within the first 21 days after the Petition Date. Any fees that the Debtors pay on account of the Corporate Card are included in the Bank Fees.

102. Use of the Corporate Cards is an integral part of the Cash Management System, and the ability of the Debtors' employees to continue using the Corporate Cards is essential to the ongoing operation of the Debtors' businesses. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue the Corporate Card Program in the ordinary course of business.

103. In the ordinary course of business, the Debtors maintain business relationships with each other and with certain of their non-Debtor affiliates (the "***Non-Debtor Affiliates***"), conducting intercompany transactions (collectively, the "***Intercompany Transactions***") from time to time that result in intercompany receivables and payables (the "***Intercompany Claims***"). As described above, the Debtors manage their expenses and revenues through a centralized Cash

Management System. The Debtors track all fund transfers in their respective accounting systems and can ascertain, trace, and account for all Intercompany Transactions and will continue to do so postpetition.

104. At any given time, there may be Intercompany Claims owing by one Debtor to another Debtor. Intercompany Transactions are made periodically to reimburse certain Debtors for various expenditures associated with their businesses or to fund certain Debtors' accounts in anticipation of certain upcoming expenditures, as needed. For example, in the operation of the Cash Management System, the Debtors transfer funds, for cash concentration purposes, from the SDC Operating Account to the Main Operating Account. Transferring cash to the Main Operating Account allows the Debtors to run their operations and financing activities from a centralized Bank Account.

105. The Debtors also engage in Intercompany Transactions with the Non-Debtor Affiliates in the ordinary course of business as part of the Cash Management System. The Intercompany Transactions with the European Non-Debtor Affiliates have historically been minimal, as the European Non-Debtor Affiliates have typically generated sufficient cash flow to cover their operations, and such transfers typically involve funds being transferred from the Non-Debtor Affiliates to the Debtors' Bank Accounts. However, within the last year, the Debtors have been funding inventory purchases for certain European Non-Debtor Affiliates, which are recorded in the books and records as intercompany payables and receivables. The Intercompany Transactions with the Chinese Non-Debtor Affiliates are made periodically to fund certain Debtors' accounts in anticipation of upcoming expenditures, for example employee payroll, and such transfers typically involve funds being transferred from the Debtors' Bank Accounts to the

Chinese Non-Debtor Affiliates. The Chinese Non-Debtor Affiliates do not have their own source of income and rely on the Debtors to fund their operational needs.

106. I believe that Intercompany Transactions are necessary due to the corporate structure and Cash Management System of the Debtors. This system not only maximizes efficiency but also simplifies third-party interactions with the Debtors as an enterprise. If the Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors' operations would be unnecessarily disrupted to the detriment of the Debtors' estates. The Debtors thus submit that continuing the Intercompany Transactions is essential and in the best interests of the Debtors' respective estates. To minimize business disruptions and preserve value for their estates, the Debtors seek authority to continue the Intercompany Transactions in the ordinary course of business postpetition, consistent with the Debtors' customary prepetition practices.

107. All Bank Accounts except the Shenzhen Operating Account are maintained at Banks that are insured by the FDIC. Additionally, The I believe that funds held in the Shenzhen Operating Account are secure and that obtaining a bond to secure these funds within a short timeframe, is unnecessary and detrimental to the Debtors' estates in these chapter 11 cases. CMB is a highly rated depository institution, subject to supervision by banking regulators in China, and the Debtors retain the right to remove funds held at the Banks and establish new Bank Accounts as needed. Moreover, the cost associated with satisfying the requirements of section 345(b) of the Bankruptcy Code is burdensome and the process of satisfying those requirements would lead to needless inefficiencies in the management of the Debtors' business. I believe that any disruption of the cash management system or Bank Accounts could have a detrimental impact on the Debtors' ability to consummate the Sale Transaction.

108. To avoid disruption of the Cash Management System and unnecessary expense, the Debtors seek a waiver of the requirement to immediately purchase new Checks and Business Forms that include the term "debtor-in-possession" and the case number assigned to these chapter 11 cases and instead utilize the Debtors' existing inventory of Checks and Business Forms to avoid undue expense and delay. The Debtors submit that parties in interest will not be prejudiced by such relief and, accordingly, seek authority to use pre-existing Checks and Business Forms with respect to the Bank Accounts.

109. I believe that the failure to receive the relief requested in the Cash Management Motion, including authorization to continue to operate their Cash Management System, maintain and continue to use the Bank Accounts, continue the Corporate Card Program, and to continue the Intercompany Transactions in the ordinary course of business postpetition, consistent with the Debtors' customary prepetition practices, would imperil the Debtors' restructuring and cause irreparable harm. I further believe that the relief in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and that the Debtors have sufficient liquidity to pay the amounts described in the Cash Management Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully request that the Cash Management Motion be approved.

C. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief (the "*Vendor Motion*")

110. In the Vendor Motion, the Debtors seek entry of interim and final orders (i) authorizing the Debtors to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to (a) Critical Vendors (as defined below), (b) Lien Claimants (as defined below), and (c) 503(b)(9) Claimants (as defined below) (together with the Critical

Vendors and the Lien Claimants, the "***Vendors***," and the Vendors' prepetition claims, collectively, the "***Vendor Claims***"); (ii) confirming the administrative expense priority status and treatment of the Debtors' outstanding orders; and (iii) granting related relief.[12] The Debtors respectfully request authority to pay Vendor Claims in an amount not to exceed $525,000 on an interim basis and in an amount not to exceed $950,000 on a final basis, in each case as they become due in the ordinary course of business and only on such terms and conditions the Debtors deem appropriate, in their business judgment, to minimize any disruptions to the Debtors' businesses.

111. The Debtors rely on continuing access to, and relationships with, the Vendors, which provide the Debtors with goods and services that are critical to the Debtors' ongoing business operations, including phone and telecommunications services, software and internet services, marketing and brand awareness services, and shipping services, among others. Any disruption in the Debtors' access to these services would have significant and detrimental economic and operational impacts on the Debtors' businesses. As such, the Debtors are requesting authority to pay Vendor Claims in the amounts summarized below.

[12] To the best of the Debtors' knowledge, Vendor Claims do not include prepetition claims of non-Debtor affiliates, insiders of the Debtors (as defined in section 101(31) of the Bankruptcy Code), or affiliates of any insiders, and for the avoidance of doubt, the Debtors do not seek authority to pay prepetition claims of non-Debtor affiliates, insiders of the Debtors (as defined in section 101(31) of the Bankruptcy Code), or affiliates of any insiders.

Vendors[13]	Requested Interim Amount	Requested Final Amount[14]
Critical Vendors	$50,000	$50,000
Lien Claimants	$375,000	$750,000
503(b)(9) Claimants	$100,000	$150,000
	$525,000	$950,000

112. In connection with the normal operation of their businesses, the Debtors purchase services from certain service providers (the "***Critical Vendors***") that are unaffiliated with the Debtors and whose continued provision of such services is crucial to maintaining the Debtors' ongoing business operations. The Critical Vendors are generally sole source or limited source suppliers or vendors that provide a material economic or operational advantage when compared to other available suppliers and vendors (to the extent any exist).

113. As the majority of the Debtors' sales are driven through e-commerce, the Debtors' relationships with their phone and telecommunications service providers, software licensors and marketing and brand awareness partners are critically important. As such, these Critical Vendors are in a unique position and would be difficult to replace with respect to the services they provide. Disruption in the provision of services from the Critical Vendors, even for a short duration, could significantly impact the Debtors' operations and cause immediate and irreparable harm to the Debtors' businesses and their ability to operate during the course of these chapter 11 cases.

[13] For the avoidance of doubt, the amounts proposed to be paid to each Vendor on account of its claims are only captured once. For instance, if a Critical Vendor Claim (as defined below) is subject to a valid lien or entitled to administrative expense priority status under section 503(b)(9) of the Bankruptcy Code, that claim will instead be categorized as a Lien Claim (as defined below) or 503(b)(9) Claim (as defined below), as appropriate. Additionally, amounts proposed to be paid to the Vendors do not include claims of creditors whose prepetition claims are addressed in any other first-day motion filed contemporaneously herewith.

[14] For the avoidance of doubt, requested amounts of Critical Vendor Claims, Lien Claims, and 503(b)(9) Claims the Debtors seek authority to pay on a final basis are inclusive of Critical Vendor Claims, Lien Claims, and 503(b)(9) Claims, respectively, paid on an interim basis.

114. The Debtors, with the assistance of their advisors, undertook an analysis to identify the universe and type of vendors they deem to be critical to their ongoing operations. Through this process, the Debtors and their advisors spent significant time reviewing and analyzing the Debtors' books and records, consulting operations management and purchasing personnel, reviewing contracts and supply agreements, and analyzing applicable laws and historical practices to identify certain critical business relationships and/or suppliers of goods and services, the loss of which could materially harm their businesses, reduce their enterprise value, and/or impair their going-concern viability during the chapter 11 cases and their ability to consummate a Sale Transaction. The Debtors considered a variety of factors, including, among other things:

- whether a vendor is a sole- or limited-source or high-volume supplier for goods or services critical to the Debtors' business operations;
- whether alternative vendors are available that can provide requisite volumes of similar goods or services on equal or better terms and, if so, whether the Debtors would be able to continue operating while transitioning business thereto;
- the degree to which replacement costs (including pricing, transition expenses, professional fees, and lost sales of future revenue) exceed the amount of a vendor's prepetition claim;
- whether an agreement exists by which the Debtors could compel a vendor to continue performing on prepetition terms without paying such vendor's prepetition claim at the outset of these chapter 11 cases;
- whether certain specification or contract requirements prevent, directly or indirectly, the Debtors from obtaining goods or services from alternative sources;

- whether failure to pay all or part of a particular vendor's claim could cause the vendor to refuse to provide critical services on a postpetition basis;
- whether failure to pay a particular vendor could result in contraction of trade terms as a matter of applicable non-bankruptcy law or regulation; and
- whether authorization for payment of a particular vendor is being sought under another motion of the Debtors for first day relief.

115. Following this analysis, the Debtors identified certain Critical Vendors utilized in the ordinary course that would be difficult or impossible to replace or could only be replaced at substantially higher costs for the Debtors as they transition into chapter 11. As of the Petition Date, the Debtors estimate that approximately $50,000 in prepetition obligations owed to Critical Vendors has accrued and is outstanding (such obligations, "***Critical Vendor Claims***") all of which will become due and payable within the first 21 days after the Petition Date.

116. Based on the foregoing, I believe the Debtors and their estates would be immediately and irreparably harmed if they were to lose access to the services provided by the Critical Vendors. The Debtors therefore seek authority to pay Critical Vendor Claims on an interim basis in an amount not to exceed $50,000, and on a final basis in an amount not to exceed $50,000. The Debtors submit that the requested relief will allow them to preserve the value of their estates by paying the prepetition claims of certain counterparties that are critical to their businesses. Moreover, the relief requested herein is necessary because the Critical Vendors have no obligation to continue providing goods and services under relevant contracts, and, as a result, the Debtors would be unable to force those vendors to continue to perform under section 365 of the Bankruptcy Code.

117. Additionally, the Debtors do not seek authorization to honor prepetition obligations arising under contract, except where the Debtors determine in their business judgment that such parties may be capable of terminating their contracts notwithstanding section 362(a) of the Bankruptcy Code or may otherwise inflict immediate and irreparable harm on the Debtors by their refusal to continue providing goods or services.

118. The Debtors routinely engage a number of third parties that may be able to assert and perfect liens, including transportation and freight liens, possessory liens, and other similar liens, against the Debtors' property if the Debtors fail to pay for the services rendered by such parties (such parties, collectively, the "***Lien Claimants***").

119. The Lien Claimants include common carriers, trucking, shipping, and rail companies, distributors, and other third-party transport service providers (collectively, the "***Shippers***") that ship, transport, and otherwise facilitate the movement of the Debtors' finished goods or other property (collectively, the "***Transported Property***") among the Debtors' facilities and to their customers. As of the Petition Date, the Shippers may possess Transported Property that belong to the Debtors. The Debtors require ready access to the Transported Property as such property generally consists of finished product the Debtors must deliver to their customers.

120. Moreover, under most state laws, a Lien Claimant is granted a lien on the goods in its possession, which secures any charges or expenses incurred in connection with the transportation or storage of such goods. *See* Uniform Commercial Code § 7-209(a) (creating a lien in favor of lien claimants for services provided). Lien Claimants may, as a result, refuse to deliver or release Transported Property and other goods in their possession or control before the Debtors satisfy any outstanding prepetition amounts owed (collectively, the "***Lien Claimants Claims***") and any Lien Claimant's liens are released. If the Debtors are unable to timely pay the

Lien Claimants Claims, they risk being unable to safely maintain their business operations as they transition into chapter 11, which would cause immediate and irreparable harm to the Debtors' estates.

121. As of the Petition Date, the Debtors believe that approximately $750,000 in Lien Claimants Claims has accrued and is outstanding, all of which will become due and payable within the first 21 days after the Petition Date. The Debtors therefore seek authority to pay Lien Claimants Claims on an interim basis in an amount not to exceed $375,000, and on a final basis in an amount not to exceed $750,000.

122. The Debtors may have received goods from certain Vendors (collectively, the "***503(b)(9) Claimants***") in the ordinary course of business within 20 days before the Petition Date. Amounts owed to such parties may be entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code (such amounts, "***503(b)(9) Claims***"). To the extent such goods are supplied on an order-by-order basis, a 503(b)(9) Claimant could refuse to accept new orders without payment of its prepetition claims. The Debtors also believe certain 503(b)(9) Claimants may attempt to reduce the Debtors' existing trade credit or demand payment in cash on delivery, either of which would negatively impact the Debtors' liquidity. Further, 503(b)(9) Claims must be paid in full for the Debtors to confirm a chapter 11 plan. Consequently, payment of such claims as requested by this Motion only provides such parties with what they would be entitled to receive under a chapter 11 plan, and the Bankruptcy Code does not prohibit a debtor from paying such claims prior to confirmation.

123. As of the Petition Date, the Debtors believe that approximately $150,000 in 503(b)(9) Claims has accrued and is outstanding, approximately $100,000 of which will become due and payable within the first 21 days after the Petition Date. The Debtors therefore seek

authority to pay 503(b)(9) Claims on an interim basis in an amount not to exceed $100,000, and on a final basis in an amount not to exceed $150,000.

124. In the ordinary course of business, prior to the Petition Date, the Debtors may have ordered goods that will not be delivered until after the Petition Date (the "***Outstanding Orders***"). The suppliers that have supplied such goods may refuse to ship or otherwise transport such goods to the Debtors to avoid becoming general unsecured creditors of the Debtors unless and until the Debtors re-order such goods postpetition. Section 503(b) of the Bankruptcy Code provides administrative expense priority for goods attributable to prepetition orders which are subsequently delivered after the Petition Date. Therefore, to avoid any disruption to the Debtors' businesses, the Debtors respectfully request entry of an order (i) granting administrative expense priority to the undisputed obligations arising from the Debtors' receipt of Outstanding Orders and (ii) authorizing the Debtors to pay for the Outstanding Orders in the ordinary course of business.

125. The Debtors seek authority to pay Vendor Claims in the ordinary course of business; *provided* that any such payment of Vendor Claims shall be contingent upon the applicable Vendor agreeing to continue to supply goods or services to the Debtors on "Customary Trade Terms."[15]

126. The Debtors further propose that if a Vendor accepts payment for a Vendor Claim and thereafter refuses to continue to supply goods or services to the Debtors on Customary Trade Terms for the applicable period, then the Debtors may assert and request that the Court order: (i) that the payment of such Vendor Claim is a voidable postpetition transfer pursuant to section

[15] As used herein, "***Customary Trade Terms***" means, with respect to a Vendor, (i) the normal and customary trade terms, practices, and programs that were most favorable to the Debtors and in effect between such Vendor and the Debtors in the twelve-month period prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Vendor that, in the reasonable business judgment of the Debtors, are more favorable to the Debtors than the terms in the preceding clause (i).

549(a) of the Bankruptcy Code that the Debtors may recover from such Vendor in cash, (ii) that the Vendor immediately return such payments in respect of its Vendor Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) upon recovery of such payment by the Debtors, such Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the applicable Vendor to their original positions, as if the payment of the Vendor Claim had not been made.

127. To ensure that Vendors transact business with the Debtors on Customary Trade Terms, the Debtors propose the following procedures, to be implemented in the Debtors' discretion, as a condition to paying any Vendor Claim: (i) that a letter or contract including provisions substantially in the form of the letter attached to the Vendor Motion as **Exhibit C** (a "***Vendor Agreement***") be delivered to, and executed by, the Vendor along with a copy of the order granting relief sought herein and (ii) that payment of the Vendor Claim include a communication of the following statement:

> By accepting this payment, the payee agrees to the terms of the Order of the United States Bankruptcy Court for the Northern District of Texas, dated [•], 2024 in the jointly administered chapter 11 cases of KidKraft, Inc., entitled "*[Interim / Final] Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief"* and submits to the jurisdiction of that Court for enforcement thereof.

128. Through the Vendor Motion, the Debtors respectfully request only the authorization to enter into Vendor Agreements when the Debtors determine, in their sole

discretion, that entry into such Vendor Agreements is in the best interest of the Debtors' estates. The Debtors also request authorization to make payments on account of Vendor Claims in the absence of a Vendor Agreement if the Debtors determine, in their business judgment, that entry into such Vendor Agreements will result in harm to the Debtors' businesses.[16] However, the Debtors request that to the extent that the Debtors do not enter into a Vendor Agreement with a Vendor, such Vendor's acceptance of payment on account of its Vendor Claim be deemed as the Vendor's agreement to continue providing goods or services on Customary Trade Terms.[17]

129. I believe that any failure by the Debtors to pay the Vendor Claims could cause significant damage to the Debtors' business operations. The nature of the Debtors' businesses and the extent of their operations make the continued services from the Vendors critical, and the prompt payment of the Vendor Claims is crucial for the orderly and efficient operation of the Debtors' businesses. I further believe that failure to pay for these essential goods or services would cause immediate and irreparable harm to the Debtors' businesses. For the foregoing reasons, I believe that satisfying the Vendor Claims is necessary, appropriate, and in the best interests of the Debtors, their estates, and their stakeholders, and respectfully submit that the Court should authorize the Debtors to satisfy the Vendor Claims as set forth in the Vendor Motion.

130. I understand that if the Lien Claimants are not paid, the Lien Claimants may be entitled to adequate protection as holders of possessory liens. Therefore, the Debtors seek authority to pay all or a portion of the Lien Claimants Claims as they determine, in their discretion, is necessary or appropriate to obtain the release of, or prevent the assertion of, Liens and Interests

[16] For a matter of clarity, the Debtors request discretion to enter into Vendor Agreements because certain of the Vendors hold claims of modest size, and the anticipated cost to the Debtors' estates, in both time and expense, for the Debtors and their advisors to enter into Vendor Agreements with these Vendors would outweigh the size of the potential Vendor Claims being resolved.

[17] For the avoidance of doubt, nothing in the Vendor Motion should be construed as a waiver by any of the Debtors of their rights to contest any claim of a Vendor under applicable bankruptcy or non-bankruptcy law.

on estate property asserted by any Lien Claimant that is critical to the Debtors' ongoing business operations. I believe that allowing the Debtors to pay such Lien Claimants' Claims, in their discretion and as an exercise of their business judgment, in the ordinary course of business would avoid the irreparable harm that would occur absent payment of the Lien Claimants' Claims.

131. I believe that timely obtaining goods is key to the Debtors' survival and necessary to preserve the value of their estates. If the Debtors did not pay the 503(b)(9) Claims at the outset of these chapter 11 cases—which merely potentially accelerates the timing of payment and not the ultimate treatment of such claims—the Debtors could be denied access to the goods necessary to maintain their business operations. Failure to honor these claims in the ordinary course of business may also cause the Debtors' vendor base to withhold support for the Debtors during the chapter 11 process. 503(b)(9) Claimants could accelerate or eliminate favorable trade terms. Such costs and distractions could impair the Debtors' ability to stabilize their operations at this critical juncture to the detriment of all stakeholders

132. In the ordinary course of business, prior to the Petition Date, the Debtors may have ordered goods that will not be delivered until after the Petition Date (the "***Outstanding Orders***"). The suppliers that have supplied such goods (the "***Suppliers***") may refuse to ship or otherwise transport such goods to the Debtors to avoid becoming general unsecured creditors of the Debtors unless and until the Debtors re-order such goods postpetition. I believe that (a) granting administrative expense priority to the undisputed obligations arising from the Debtors' receipt of Outstanding Orders and (b) authorizing the Debtors to pay for the Outstanding Orders in the ordinary course of business will avoid any disruption to the Debtors' businesses. If the Debtors do not receive such relief, however, they may be forced to spend significant time and effort substituting the Outstanding Orders with postpetition orders or otherwise provide such claimants

with assurance that the claim will receive administrative priority. This potential disruption could have a significant negative impact on the Debtors' business operations, as the Debtors may not timely receive raw materials and goods necessary to operate, which would result in a cessation of operations, loss of revenue, and destruction of value of the Debtors' assets. Therefore, the Debtors respectfully request that the Court authorize them to pay the undisputed Outstanding Orders in the ordinary course of business and confirm the administrative expense priority of the Outstanding Orders.

133. I believe that the relief requested in the Vendor Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Vendor Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Vendor Motion should be approved.

D. Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief (the "*Utilities Motion*")

134. Through the Utilities Motion, the Debtors request entry of an order (i) approving the Debtors' proposed adequate assurance payments for future utility services; (ii) prohibiting utility companies from altering, discontinuing, or refusing services; (iii) approving the Debtors' proposed procedures for resolving additional adequate assurance requests; and (iv) granting related relief. I believe the Debtors have made a good-faith effort to identify all Utility Companies and list them on the Utility Services List and believe that the Utility Services List includes all of the Utility Companies.

135. I believe that the uninterrupted Utility Services are critical to the Debtors' ability to operate and maintain the value of their businesses while maximizing value for the benefit of

their estates. The Debtors could not operate their businesses without the Utility Services. Should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Debtors' business operations could be significantly disrupted, which could immediately and irreparably harm and jeopardize the Debtors' operations and strategic objectives. Accordingly, it is essential that the Utility Services continue uninterrupted during these chapter 11 cases.

136. I understand that, to the best of the Debtors' knowledge, there are no material defaults or arrearages with respect to the Debtors' undisputed invoices for prepetition Utility Services. The Debtors pay approximately $40,000 each month for Utility Services in the aggregate, which is calculated as the aggregate historical average for the 12-month payment period ended March 31, 2024 for each Utility Company (the "***Average Monthly Utility Company Cost***").

137. The Debtors intend to pay postpetition obligations owed to the Utility Companies in the ordinary course of business in a timely manner, and have sufficient funds to do so. The Debtors expect that cash generated from operations and anticipated access to cash collateral and debtor-in-possession financing will provide sufficient liquidity to pay obligations related to Utility Services in accordance with prepetition practices.

138. I further believe that the Utility Companies are adequately assured against any risk of nonpayment for future services, especially in light of the Debtors' general history of paying utility bills on time and in the ordinary course. The Adequate Assurance Deposit and the Debtors' ongoing ability to meet obligations as they come due in the ordinary course as a result of the Debtors' proposed budget provides assurance of the Debtors' payment of their future obligations. Moreover, termination of Utility Services could result in the Debtors' inability to operate their businesses to the detriment of all stakeholders

139. To provide the Utility Companies with adequate assurance of payment, the Debtors propose to deposit $20,000 (the "***Adequate Assurance Deposit***") into a segregated account (the "***Adequate Assurance Account***"). The amount of the Adequate Assurance Deposit is an amount equal to the lesser of, for each Utility Company, (a)(i) approximately half of the Average Monthly Utility Company Cost for such Utility Company, minus (ii) any deposit held by such Utility Company, plus (iii) the estimated amount owed to such Utility Company for prepetition services which have accrued but not come due; and (b) approximately half of the Average Monthly Utility Company Cost for such Utility Company. The Adequate Assurance Deposit will be held in the Adequate Assurance Account for the duration of these chapter 11 cases and may be applied to any postpetition defaults in payment to the Utility Companies.

140. I believe that the relief requested in the Utilities Motion and emergency consideration of the Utilities Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Utilities Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be approved.

E. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief (the "*Taxes Motion*")

141. By the Taxes Motion, the Debtors seek entry of an order (a) authorizing the Debtors to remit and pay (or use tax credits to offset) certain accrued and outstanding prepetition taxes and fees that will become payable during the pendency of these chapter 11 cases in the ordinary course of business and (b) granting related relief. In addition, for the avoidance of doubt, the Debtors seek authority to pay taxes and fees for so-called "straddle" periods.

142. In the ordinary course of business, the Debtors collect, withhold, or incur property taxes, franchise and income taxes, sales, use, and excise taxes, customs duties, and regulatory fees

and other miscellaneous taxes (collectively, the "***Taxes and Fees***"). The Debtors remit and pay the Taxes and Fees to various federal, state, local, and foreign governments, including taxing authorities (collectively, the "***Authorities***"). A schedule identifying the Authorities is attached to the Taxes Motion as **Exhibit B**.[18] The Debtors remit and pay the Taxes and Fees through checks and electronic funds transfers that are processed through their banks and other financial institutions. The Debtors may also receive tax credits from time to time for overpayments or refunds in respect of the Taxes and Fees, which the Debtors generally use to offset against future Taxes and Fees or have the amount of such credits refunded to the Debtors.

143. As of the Petition Date, the Debtors estimate that approximately $292,000 in Taxes and Fees is accrued and is outstanding, approximately $144,000 of which will become due and payable within the first 21 days after the Petition Date. Such estimated Taxes and Fees are summarized in the following table.

[18] While **Exhibit B** to the Taxes Motion is intended to be comprehensive, the Debtors may have inadvertently omitted Authorities from **Exhibit B** to the Taxes Motion. By the Taxes Motion, the Debtors respectfully request relief with respect to Taxes and Fees payable to all Authorities, regardless of whether such Authority is specifically identified on **Exhibit B** to the Taxes Motion.

Category	Description	Approximate Amount Accrued as of Petition Date	Approximate Amount Due Within 21 Days After the Petition Date
Property Taxes	Taxes and obligations related to personal property holdings	$148,000	$0
Franchise and Income Taxes	Taxes required to conduct business in the ordinary course and taxes on net corporate income	$21,000	$21,000
Sales, Use, and Excise Taxes	Taxes related to the sale and use of certain goods and services	$72,000	$72,000
Customs Duties	Taxes related to import of certain goods	$50,000	$50,000
Regulatory Fees and Other Miscellaneous Taxes	Taxes and fees related to business, administrative, and regulatory assessments	$1,000	$1,000
		$292,000	$144,000

144. The Debtors incur various state and local property taxes against the Debtors' personal property (collectively, "***Property Taxes***"). The Debtors are required to remit and pay Property Taxes on an annual basis to avoid the imposition and/or enforcement of statutory liens on their personal property. In 2023, the Debtors paid approximately $384,500 on account of Property Taxes.

145. As of the Petition Date, the Debtors estimate that approximately $148,000 in Property Taxes has accrued and is outstanding, approximately none of which will become due and payable within the first 21 days after the Petition Date.

146. The Debtors incur state franchise taxes on account of doing business in Texas (the "***Franchise Taxes***"). The Debtors are required to remit and pay Franchise Taxes in order to remain in good standing and continue conducting their businesses pursuant to applicable state and local laws. The Debtors also incur various corporate income taxes on their taxable income (collectively,

"***Income Taxes***"). Income Taxes are generally calculated as a percentage of net or gross income, as applicable. The Debtors are required to remit and pay Income Taxes on an annual basis in order to remain in good standing and continue conducting their businesses pursuant to applicable federal, state, and local laws. In 2023, the Debtors paid approximately $44,900 on account of Franchise Taxes. The Debtors did not pay and do not believe that they owe income taxes in 2023.

147. As of the Petition Date, the Debtors estimate that approximately $21,000 in Franchise Taxes has accrued and is outstanding, approximately all of which will become due and payable within the first 21 days after the Petition Date. The Debtors do not believe that any Income Taxes will be accrued or owed as of the Petition Date, or that any Income Taxes will become due or payable within the first 21 days after the Petition Date. [19]

148. The Debtors collect or incur various state, local, and foreign taxes in connection with the processing, sale, and distribution of products in the U.S., Canadian, and European markets, and other related services (collectively, "***Sales, Use, and Excise Taxes***"). Sales, Use, and Excise Taxes are essentially general consumption taxes charged at the point of purchase for certain goods and services, which are usually set up by the applicable Authority as a percentage of the price of the good or service purchased, and may also be charged for certain activities such as highway transportation. The Debtors are required to remit and pay Sales, Use, and Excise Taxes on a monthly or quarterly basis, as applicable. In 2023, the Debtors paid approximately $695,300 on account of Sales, Use, and Excise Taxes.

[19] The Debtors have received notices from the Internal Revenue Service (the "***IRS***") indicating that they owe approximately $120,000 in unpaid interest related to tax liabilities for Tax Year 2020, as well as $180,000 in unpaid taxes for Tax Year 2022. The Debtors do not believe that these amounts are in fact due and owing, and intend to dispute these claims. For the avoidance of doubt, nothing in this Motion or any related order constitutes or should be construed as an admission of liability by the Debtors with respect to any amounts claimed by the IRS.

149. As of the Petition Date, the Debtors estimate that approximately $72,000.00 in Sales, Use, and Excise Taxes has accrued and is outstanding, approximately all of which will become due and payable within the first 21 days after the Petition Date.

150. The Debtors incur, in the ordinary course of business, certain customs duties related to the importation of goods into the United States in accordance with federal laws (the "***Customs Duties***"). The Debtors remit and pay the Customs Duties to the relevant Authorities on a timely basis as required by the relevant Authorities.

151. As of the Petition Date, the Debtors submit that approximately $50,000 in Customs Duties has accrued and is outstanding, approximately all of which will become due and payable within the first twenty-one (21) days after the Petition Date.

152. The Debtors incur, in the ordinary course of business, certain regulatory fees, licensing fees, and other miscellaneous taxes and fees associated with conducting business in accordance with state and/or local laws (the "***Regulatory Fees and Other Miscellaneous Taxes***"). The Debtors remit and pay these fees to the relevant Authorities on a timely basis as required by the relevant Authorities.

153. As of the Petition Date, the Debtors submit that approximately $1,000 in Regulatory Fees and Other Miscellaneous Taxes has accrued and is outstanding, approximately all of which will become due and payable within the first twenty-one (21) days after the Petition Date.

154. I believe that if certain of the Taxes and Fees are not paid, the Debtors' officers and directors may be subject to lawsuits during the pendency of these chapter 11 cases. Such lawsuits would prove distracting for the Debtors and the named officers and directors, whose immediate and full-time attention to the Debtors' operations is required during these chapter 11 cases to ensure a swift restructuring. I further believe it is in the best interest of the Debtors' estates to

eliminate the possibility of such time-consuming, costly, and potentially damaging distractions. Moreover, I believe that the payment of the Taxes and Fees is necessary to avoid potential administrative difficulties is unquestionable. If the Taxes and Fees were not paid, the Authorities may attempt to take precipitous action, including additional state audits, lien filings, and lift stay motions. The emergence of liens, audits, and/or lawsuits as a result of failure to pay the Taxes and Fees would materially damage the Debtors' business. Only the prompt and regular payment of the Taxes and Fees will avoid these and other unnecessary governmental actions.

155. I believe that the relief requested in the Taxes Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Taxes Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully request that the Taxes Motion be approved.

F. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Coverage on a Postpetition Basis in the Ordinary Course; and (C) Continue Their Prepetition Customs Bond Program and Satisfy Prepetition Obligations Related Thereto; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief (the "*Insurance Motion*")

156. In the Insurance Motion, the Debtors seek entry of an order (i) authorizing the Debtors to (a) continue their prepetition insurance coverage and satisfy prepetition obligations related thereto; (b) renew, amend, supplement, extend, or purchase insurance coverage on a postpetition basis in the ordinary course; and (c) continue their prepetition Customs Bond Program (as defined below) and satisfy prepetition obligations related thereto; (ii) modifying the automatic stay solely with respect to workers' compensation claims; and (iii) granting related relief.

157. The Debtors maintain 18 insurance policies (collectively, the "***Insurance Policies***") through 17 third-party insurance carriers (collectively, the "***Insurance Carriers***") in the ordinary

course of their businesses. The insurance policies provide coverage for, among other things, losses related to the Debtors' real and personal property, commercial general liability, crime liability, employee benefits liability, cyber risk, directors' and officers' liability, automobile liability, cargo liability, workers' compensation liability, and product recall liability. In addition, certain of the Insurance Policies provide layers of excess liability coverage. A schedule of the Insurance Policies is attached as **Exhibit B** to the Insurance Motion.

158. I believe it is essential that the Debtors have the ability to continue or renew the Insurance Policies and enter into new insurance policies or agreements to preserve the value of their businesses. In many cases, regulations, laws, and contract provisions that govern the Debtors' commercial activities require the types of coverage provided under the Insurance Policies. In addition, the Bankruptcy Code and the operating guidelines issued by the United States Trustee for Region 6 (the "***U.S. Trustee Guidelines***") require the Debtors to maintain certain insurance coverage. The relief requested in the Insurance Motion is necessary to ensure uninterrupted coverage under the Insurance Policies. Accordingly, the Debtors respectfully request authority to maintain the existing Insurance Policies, pay prepetition obligations related thereto upon entry of the Order, renew, amend, supplement, extend, or purchase new Insurance Policies, and maintain the Customs Bond Program on a postpetition basis in the ordinary course of business.

159. The Debtors, in the ordinary course of business, incur obligations to pay premiums (collectively, the "***Insurance Premiums***") for the Insurance Policies based upon a fixed rate established and billed by their respective Insurance Carriers. The Debtors pay an aggregate amount of approximately $720,000 in Insurance Premiums each year, not including applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions. The Debtors pay the Insurance Premiums as they come due in the ordinary course of business pursuant to various

coverage terms which, along with the term of each of the Insurance Policies, the categories of insurance coverage, the Insurance Carriers' names, and the policy numbers, are provided on the schedule of Insurance Policies attached to the Insurance Motion as **Exhibit B**.

160. The Debtors pay the Insurance Premiums related to 5 of the Insurance Policies in 12 installments over the course of the year. The Debtors estimate that, as of the Petition Date, there is approximately $2,400 outstanding pursuant to upcoming Insurance Premium installment payments, approximately $2,400 of which will come due on May 16, 2024.

161. The Debtors utilize a financing agreement to finance certain of their Insurance Premiums (the "***Premium Financing Agreement***"). The Premium Financing Agreement is serviced by AFCO Credit Corporation. Further detail regarding the Premium Financing Agreement is provided in the schedule attached to the Insurance Motion as **Exhibit C**. The Debtors estimate that, on average, they pay approximately $51,250 monthly under the Premium Financing Agreement. As of the Petition Date, approximately $51,250 is outstanding pursuant to the existing Premium Financing Agreement, approximately $51,250 of which will come due on June 1, 2024.

162. Finally, the Debtors incur various fees, taxes, and deductibles related to their Insurance Policies (together with the Insurance Premiums, collectively, the "***Insurance Obligations***"). As of the Petition Date, the Debtors estimate that no amounts are owed on account of prepetition fees, taxes, or deductibles related to their Insurance Policies; provided, however, to the extent the Debtors subsequently determine that any prepetition amounts are owed on account of such fees, taxes, or deductibles, the Debtors respectfully request authority to pay such amounts in the ordinary course of business.

163. The Debtors respectfully request authority to pay all prepetition outstanding Insurance Obligations in the ordinary course of business and consistent with past practice. In addition, out of an abundance of caution, the Debtors respectfully request authority to continue to honor the Insurance Obligations as they come due on a postpetition basis in the ordinary course of business and consistent with past practice.

164. The Debtors maintain workers' compensation insurance (the "***Workers' Compensation Program***") for their employees consistent with law in the states in which the Debtors operate for claims arising from or related to the employees' employment with the Debtors (the "***Workers' Compensation Obligations***"). The Debtors must continue the claim assessment, determination, adjudication, and payment process pursuant to the Workers' Compensation Program without regard to whether such liabilities were outstanding before the Petition Date, to ensure that the Debtors comply with applicable workers' compensation laws and requirements.

165. The Debtors maintain third-party insurance for Workers' Compensation Obligations through American Casualty Company of Reading, Pennsylvania ("***ACC***") and Transportation Insurance Company ("***TIC***"). The Debtors pay monthly premiums in connection with the Workers' Compensation Program to ACC in the amount of approximately $1,710 and TIC in the amount of approximately $225. As of the Petition Date, the Debtors estimate that there are no open claims in the Workers' Compensation Program.

166. In the twelve months prior to the Petition Date, the Debtors paid approximately $0 on account of Workers' Compensation Obligations related to the Workers' Compensation Program. The Debtors respectfully request authority to pay prepetition Workers' Compensation Obligations that may come due during the postpetition period in the ordinary course of business as they come due. Out of an abundance of caution, the Debtors also request authority to pay any

postpetition amounts associated with the continuation, renewal, or extension of the Workers' Compensation Program.

167. The Debtors, in the ordinary course of business, are required to maintain one or more bonds to assure the United States Customs and Border Protection Agency ("***U.S. Customs***") of their ability to pay applicable duties, taxes, and fees on account of their imports (the "***Customs Bond Program***"). As of the Petition Date, the Debtors maintain one customs bond in the bond amount of approximately $400,000 (the "***Customs Bond***"). Failure to provide, maintain, or timely replace the Customs Bond may prevent the Debtors from importing essential products, which may create an interruption in the Debtors' business operations. The Debtors obtain the Customs Bond through C.A. Shea & Company, Inc. (the "***Customs Bond Issuer***"). Further detail regarding the Customs Bond is provided in the schedule attached to the Insurance Motion as **Exhibit D**.

168. The issuance of a customs bond shifts the risk of the Debtors' nonperformance or nonpayment from U.S. Customs to a Customs Bond Issuer. Unlike an insurance policy, if a Customs Bond Issuer incurs a loss on a customs bond due to such nonperformance or nonpayment by the Debtors, the Customs Bond Issuer is entitled to recover the full amount of that loss from the Debtors.

169. The Debtors have entered into an indemnity agreement that sets forth the Customs Bond Issuer's rights to recover from the Debtors (collectively, the "***Customs Indemnity Agreement***"). Under the Customs Indemnity Agreement, the Debtors agree to indemnify the Customs Bond Issuer from certain losses, costs, or expenses that the Customs Bond Issuer may incur on account of the issuance of the Customs Bond on behalf of the Debtors (the "***Indemnity Obligations***").

170. The premium for the Customs Bond (the "***Customs Premium***" and, together with the Indemnity Obligations, the "***Customs Bond Obligations***") is generally determined on an annual basis by the Customs Bond Issuer. Payment is remitted by the Debtors when the Customs Bond is issued and annually upon each renewal. In the twelve months preceding the Petition Date, the Customs Premium totaled approximately $2,000. As of the Petition Date, the Debtors estimate that no amounts are owed on account of prepetition Customs Bond Obligations; provided, however, to the extent the Debtors subsequently determine that any prepetition amounts are owed on account of Customs Bond Obligations, the Debtors respectfully request authority to pay such amounts in the ordinary course of business. Out of an abundance of caution, the Debtors also request authority to pay any postpetition amounts associated with the continuation, renewal, or extension of the Customs Bond.

171. I believe that the relief requested in the Insurance Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Insurance Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be approved.

G. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain and Administer Their Customer Programs; (B) Renew, Replace, Implement, or Modify Their Customer Programs; and (C) Honor Their Obligations Related to the Customer Programs, and (II) Granting Related Relief (the "*Customer Programs Motion*")

172. In the Customer Programs Motion the Debtors seek entry of interim and final orders (i) authorizing the Debtors to: (a) maintain and administer their Customer Programs (as defined herein); (b) renew, replace, implement, or modify their Customer Programs; and (c) honor their obligations related to the Customer Programs, in the ordinary course of business consistent with past practice and in the Debtors' business judgment and (ii) granting related relief.

173. The Debtors have developed their brand and designed various marketing strategies to generate business in the face of sophisticated competition. Among these strategies are certain customer programs, promotions, and practices (collectively the "***Customer Programs***") designed to enhance revenues by, among other things, encouraging repeat business and developing new customer relationships. As of the Petition Date, Customer Programs consist of various discounts, rebates, returns, and markdowns, all of which are considered when determining the transaction price. Certain allowances are fixed and determinable and are recorded at the time of sale as a reduction to revenues. Other allowances can vary depending on future outcomes such as customer sales volume.

174. The Customer Programs offered are unique to each customer and may be contractual or discretionary depending on the customer and the circumstances. In general, the Debtors offer (i) discounts that range from 0.5 percent to 10 percent of sales; (ii) rebates that range from 1 percent to 6 percent of sales; (iii) allowances to cover returns that range from 1 percent to 5 percent of sales; and (iv) markdowns that range from 0.5 percent to 5 percent of sales, in each case to a given customer. The majority of these Customer Programs are booked as deductions from invoices, and the remainder are paid through invoices received from customers. The Debtors also spend a variable discretionary budget on key retail website advertising programs to drive sales.

175. The success of the Debtors' businesses is dependent upon the loyalty of the Debtors' customers. Consequently, continuation of the Customer Programs is vital to maintaining and maximizing the value of the Debtors' estates. If the Debtors are unable to honor Customer Program obligations, the Debtors' brand could be immediately and irreparably harmed. Continued use of the Customer Programs, on the other hand, will enable the Debtors to protect their customer base and maximize the value of their estates.

176. I believe that the relief requested in the Customer Programs Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity to pay the amounts described in the Customer Programs Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Customer Programs Motion should be approved.

EXHIBIT B

RSA

Execution Version

KIDKRAFT, INC.

RESTRUCTURING SUPPORT AGREEMENT

This Restructuring Support Agreement (together with the exhibits and schedules attached hereto, as each may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this "***Agreement***"),[1] dated as of April 25, 2024, is entered into by and among the following parties (each a "***Party***" and collectively, the "***Parties***"):

(i) KidKraft, Inc. ("***KidKraft***") and those certain additional affiliates of KidKraft listed on **Schedule 1** hereto (the "***Affiliates***," such affiliates and KidKraft, Inc. each a "***Debtor***" and, collectively, the "***Debtors***");

(ii) (A) GB Funding, LLC in its capacity as Administrative Agent and Collateral Agent (the "***Prepetition Agent***") and 1903 Partners, LLC in its capacity as Lender (the "***Prepetition Secured Lender***") under that certain *Amended and Restated First Lien Credit Agreement* dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V. as borrower (collectively, the "***Borrowers***"), KidKraft Intermediate Holdings, LLC ("***Holdings***") and the subsidiaries of Holdings that are guarantors thereto (collectively, with Holdings, the "***Guarantors***"), as amended by (a) Forbearance and Amendment No. 1 to Amended and Restated First Lien Credit Agreement, dated as of January 13, 2023, (b) Amendment No. 2 to Amended and Restated First Lien Credit Agreement, dated as of March 22, 2023, (c) Forbearance and Amendment No. 3 to Amended and Restated First Lien Credit Agreement, dated as of September 29, 2023, (d) Forbearance and Amendment No. 4 to Amended and Restated First Lien Credit Agreement, dated as of October 27, 2023, and (e) Forbearance, Amendment No. 5 and Joinder to Amended and Restated First Lien Credit Agreement and Amendment No. 1 to Amended and Restated First Lien Credit Agreement, dated as of January 31, 2024 (such credit agreement, as so amended and as further amended, restated, supplemented or otherwise modified from time to time, the "***Prepetition Credit Agreement***") and such claims arising thereunder (the "***Prepetition Secured Claims***") and (B) GB Funding, LLC in its capacity as Administrative Agent and Collateral Agent (the "***DIP Agent***") and 1903 Partners, LLC in its capacity as DIP Lender (the "***DIP Lender***" and together with the Prepetition Agent, the Prepetition Secured Lender, and the DIP Agent, "***Gordon Brothers***") under the DIP Facility Documents and such claims arising thereunder (the "***DIP Claims***", and together with the Prepetition Secured Claims, the "***Secured Claims***");

(iii) MidOcean Partners IV, L.P. in its capacity as the holder of 80.3% of the Preferred A Units in KidKraft Group Holdings, LLC and party to that certain *Note Purchase*

[1] All terms not otherwise defined herein shall have the meanings ascribed to them in the Plan Term Sheet, the DIP Facility Term Sheet, or the Purchase Agreement (each as defined herein, collectively, the "***RSA Documentation***"), as applicable.

Agreement, dated as of January 13, 2023, pursuant to which KidKraft agreed to issue and sell to MidOcean, and MidOcean agreed to purchase, notes in the aggregate principal amount of up to $5,000,000 (the "***Note Purchase Agreement***") and MidOcean US Advisor, L.P. (MidOcean US Advisor, L.P. and MidOcean Partners IV, L.P., together, "***MidOcean***") as party to that certain *Professional Services Agreement* dated as of July 15, 2015 by and among Holdings, KidKraft, and MidOcean US Advisor, L.P., as amended by that First Amendment to the Professional Services Agreement dated as of September 30, 2016 (the "***Professional Services Agreement***");

(iv) Backyard Products, LLC and any entity designated by it to perform its obligations under this Agreement (collectively, the "***Purchaser***"); and

(v) Any other party who executes the joinder attached as **Exhibit D** agreeing to be bound by this Agreement.

RECITALS

WHEREAS, the Parties have agreed to pursue and consummate the transactions described herein, including without limitation those certain (i) restructuring transactions (the "***Restructuring***"), on terms consistent with the Plan Term Sheet attached hereto as **Exhibit A** (as may be amended, restated, supplemented, or otherwise modified from time to time in accordance herewith, the "***Plan Term Sheet***") and (ii) sale transactions (the "***Sale Transaction***"), on terms consistent with the Asset Purchase Agreement dated as of the date hereof between KidKraft, Inc. and certain of its affiliates and Backyard Products, LLC, attached hereto as **Exhibit B** (the "***Purchase Agreement***," and together with the Plan Term Sheet, Sale Transaction, and the Restructuring, collectively, the "***Restructuring Transactions***"), each incorporated herein by reference pursuant to Section 27 hereof, that will be implemented through (i) voluntary, jointly administered prepackaged cases commenced by the Debtors (the "***Chapter 11 Cases***") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the "***Bankruptcy Code***"), in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***"), through the Plan and the Purchase Agreement, as applicable, and (ii) proceedings pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) ("***CCAA***" and the related recognition proceedings, the "***CCAA Recognition Proceedings***") in the Ontario Superior Court of Justice (Commercial List) (the "***CCAA Court***"), in each case, pursuant to the Purchase Agreement and the applicable Definitive Documentation (as defined below).

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

AGREEMENT

1. **RSA Effective Date**. This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties, upon the first date (such date, the "***RSA***

Effective Date") that each of (i) the Debtors; (ii) Gordon Brothers; (iii) MidOcean; and (iv) the Purchaser shall have executed and delivered counterpart signature pages to this Agreement to each of the other Parties.

2. **Definitive Documentation.**

(a) "***Definitive Documentation***" shall include, without limitation, the RSA Documentation and the following definitive documents and agreements:

(i) the Plan and all exhibits thereto, including the Plan Supplement documents;

(ii) the Confirmation Order;

(iii) the Disclosure Statement;

(iv) the solicitation materials with respect to the Plan (collectively, the "***Solicitation Materials***");

(v) the Purchase Agreement, including the exhibits and schedules thereto (including the Schedule of Assumed Contracts);

(vi) an escrow agreement consistent with the terms and conditions to be set forth within the escrow agreement contemplated by the Purchase Agreement (the "***Escrow Agreement***");

(vii) the Sale Order, if not incorporated as part of the Confirmation Order;

(viii) any documentation or budget related to the Post-Sale Reserve and Foreign Sale Reserve;

(ix) the Transition Services Agreement (as defined below);

(x) any budget regarding applicable Vendor Payments from the RSA Effective Date through the Petition Date (the "***Prepetition Budget***"), which, for the avoidance of doubt, shall be in a form similar to the Approved Budget;

(xi) (1) the interim order of the Bankruptcy Court authorizing the Debtors to use cash collateral and obtain debtor-in-possession financing (the "***Interim DIP Order***"), (2) the final order of the Bankruptcy Court authorizing the Debtors to use cash collateral and obtain debtor-in-possession financing (the "***Final DIP Order***"), (3) a supplemental order of the CCAA Court recognizing and giving effect in Canada to the Interim DIP Order (the "***Interim DIP Recognition Order***"), (4) a further order of the CCAA Court recognizing and giving effect in Canada to the Final DIP Order (the "***Final DIP Recognition Order***" and, together with the Interim DIP Order, the Final DIP Order, and the Interim DIP Recognition Order, the "***DIP Orders***"), and (5) the debtor-in-possession facility term sheet (the "***DIP Facility Term Sheet***" attached hereto as **Exhibit C**, any credit agreement, Approved

Budget (including estimated Administrative Expense Claim and Priority Tax Claim Backstop Amount), and all related documentation regarding the debtor-in-possession financing (collectively, the "***DIP Facility Documents***"));

(xii) all "first day" motions, applications, and other documents that any Debtor intends to file with the Bankruptcy Court and seeks to have heard on an expedited basis at the "first-day hearing" in the Chapter 11 Cases and any proposed orders related thereto;

(xiii) all motions, applications, and other documents that any Debtor (including a foreign representative appointed by the Bankruptcy Court for any Debtor) or any Canadian Affiliates of Debtors (the "***Canadian Debtors***") intend to file with the CCAA Court in the CCAA Recognition Proceedings, and any proposed orders related thereto;

(xiv) any provision in any documentation regarding (a) releases of Claims, causes of action, and avoidance actions or (b) Assumed Liabilities or Assumed Contracts under the Purchase Agreement;

(xv) such other agreements, instruments, and documentation as may be necessary or reasonably desirable to consummate and document the Restructuring Transactions (including, without limitation, in connection with the CCAA Recognition Proceedings);

(xvi) any and all filings with or requests for regulatory or other approvals from any Governmental Body (including, without limitation, in connection with the CCAA Recognition Proceedings); and

(xvii) to the extent not included, any motions and related proposed orders seeking approval of each of the above.

(b) The Definitive Documentation identified in Section 2(a) not executed prior to or as of the RSA Effective Date, or in a form attached to this Agreement will, after the RSA Effective Date, remain subject to negotiation and completion. Upon completion, the Definitive Documentation shall contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement and the applicable RSA Documentation, and otherwise be in form and substance acceptable to (1) the Debtors, (2) Gordon Brothers, (3) the Purchaser, and (4) with respect to MidOcean, solely with respect to any provision therein (x) having a material effect on MidOcean, (y) relating to the treatment of Claims held by MidOcean or its Affiliates in the Plan, or (z) releasing Claims or causes of action by or against MidOcean or its affiliates thereunder.

3. **Milestones**. As provided in and subject to Section 6, the Debtors shall implement the Restructuring Transactions on the following timeline (each deadline, a "***Milestone***" and, collectively, the "***Milestones***"):

(a) On or before April 26, 2024, the Company shall have retained KSV Advisory, Inc. to act as the CCAA Court-appointed Information Officer for the CCAA Recognition Proceedings.

(b) On or before April 29, 2024, the Company shall have delivered to Gordon Brothers and the Purchaser drafts of all first day pleadings, including the Plan and Disclosure Statement.

(c) On or before May 2, 2024, the Company shall have begun solicitation for the Plan.

(d) On or before May 2, 2024, the Company shall have delivered to Gordon Brothers and the Purchaser the draft CCAA application record, including factum and related documents seeking recognition of the chapter 11 proceedings in Canada.

(e) On or before May 3, 2024, the Company shall have completed solicitation for the Plan.

(f) On or before May 6, 2024, the Company shall have commenced the Chapter 11 Cases by filing petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (the date of filing, "***Petition Date***").

(g) On or before May 13, 2024, the Company shall have commenced the filing of the CCAA Recognition Proceedings.

(h) No later than one (1) day after the Petition Date, the Debtors shall have filed the Plan, Disclosure Statement, and a motion seeking, among other things: (i) approval of procedures for soliciting, receiving, and tabulating votes on the Plan and for filing objections to the Plan, (ii) approval of the Solicitation Materials, and (iii) to schedule a hearing to consider approval of the Disclosure Statement and confirmation of the Plan (the "***Confirmation Hearing***").

(i) No later than two (2) Business Days after the Petition Date, the Debtors shall have obtained entry of the Interim DIP Order by the Bankruptcy Court.

(j) No later than five (5) Business Days after the Bankruptcy Court enters the Interim DIP Order, the Debtors shall have obtained entry by the CCAA Court of the Interim DIP Recognition Order.

(k) No later than thirty (30) days after the Petition Date, the Debtors shall have obtained entry of the Final DIP Order by the Bankruptcy Court.

(l) No later than five (5) Business Days after the Bankruptcy Court enters the Final DIP Order, the Debtors shall have obtained entry by the CCAA Court of the Final DIP Recognition Order.

(m) No later than forty-five (45) days after the Petition Date, the Bankruptcy Court shall have entered the Confirmation Order.

(n) No later than forty-five (45) days after the Petition Date, the Bankruptcy Court shall have entered the final Sale Order (which may be entered as part of the Confirmation Order or a separate order at the option of the Purchaser), approving the Sale Transaction.

(o) No later than five (5) Business Days after the Bankruptcy Court enters the Confirmation Order, the CCAA Court shall have entered an Order in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the Confirmation Order (the "***Confirmation Recognition Order***").

(p) No later than five (5) Business Days after the Bankruptcy Court enters the Sale Order, the CCAA Court shall have entered an order in the CCAA Recognition Proceedings recognizing and giving effect to the Sale Order (which may be entered as part of the Confirmation Recognition Order or a separate order at the option of the Purchaser) in Canada, and vesting the Canadian Transferred Assets (as defined in the Plan Term Sheet) in and to the Purchaser, free and clear of claims and encumbrances other than any permitted encumbrances set forth in the Purchase Agreement or otherwise specified by the Purchaser (the "***CCAA Sale Order***").

(q) No later than five (5) Business Days after the later of entry of the Sale Order and entry of the CCAA Sale Order, all conditions to Closing under the Purchase Agreement shall have been satisfied or waived in accordance with the terms therein and the Sale Transaction shall have been consummated.

Each of the Milestones may be extended or waived with the express prior written consent of both Gordon Brothers and the Purchaser; *provided*, in the event the failure to satisfy a Milestone following the Petition Date is attributable to the Bankruptcy Court's or, with respect to the CCAA Court, such court's unavailability, such Milestone shall be automatically extended to the date that is one (1) Business Day after the first date that the Bankruptcy Court or the CCAA Court is available, as applicable.

4. **Commitments of Gordon Brothers.** Gordon Brothers shall, from the RSA Effective Date until the occurrence of a Termination Date (as defined in Section 13) applicable to Gordon Brothers:

(a) support and cooperate with the Debtors to take all actions reasonably necessary to consummate the Restructuring Transactions in accordance with the Plan and the Purchase Agreement and the terms and conditions of this Agreement and the RSA Documentation;

(b) provide any applicable consents as may be necessary or required to effectuate the Restructuring Transactions as set forth herein, in the RSA Documentation, the Plan, and/or the Purchase Agreement;

(c) provide the debtor-in-possession financing on the terms set forth in the DIP Facility Term Sheet and DIP Facility Documents;

(d) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions, agree to negotiate in good faith with respect to appropriate additional or alternative provisions to address any such impediment;

(e) negotiate in good faith and use reasonable efforts to execute (as applicable) and implement the Definitive Documentation and the Restructuring Transactions;

(f) vote all of its claims against, or interests in, as applicable, the Debtors now or hereafter owned by Gordon Brothers (or for which Gordon Brothers now or hereafter has voting control) to accept the Plan in accordance with the applicable procedures set forth in the Disclosure Statement and the Solicitation Materials, and timely return a duly-executed ballot in connection therewith;

(g) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its tender, consent, or vote with respect to the Chapter 11 Cases, the Plan, the Sale Order, the CCAA Recognition Proceedings, or the CCAA Sale Order;

(h) not "opt out" (to the extent applicable) of any releases to be provided under the Plan, and on the Plan Effective Date, release and unconditionally waive all Claims against MidOcean, the Purchaser and the Debtors, consistent with the Plan Term Sheet, the Confirmation Order, the Sale Order and the CCAA Sale Order, as applicable;

(i) support approval of the Sale Order and the CCAA Sale Order, and the consummation of the Sale Transaction in accordance with the Purchase Agreement, including on an independent, private sale basis under section 363 of the Bankruptcy Code or pursuant to a Sale Toggle (if triggered);

(j) not object to, delay, impede, or take any other action inconsistent with the Restructuring Transactions, or propose, file, support, or vote for any Alternative Transaction or any other restructuring, workout, or chapter 11 plan for any of the Debtors other than the Restructuring Transactions, the Plan, and the Purchase Agreement (but without limiting consent, approval, or termination rights provided in this Agreement and the Definitive Documentation);

(k) if applicable, not object to the payment of the Break-Up Fee and Expense Reimbursement to the Purchaser (in each case, pursuant to the terms and subject to the conditions of the Purchase Agreement);

(l) not object to the retention and consent to the payment of reasonable and documented fees and expenses, in accordance with the Approved Budget (subject to the Professional Fee Variance), of: (i) Vinson & Elkins LLP and any required foreign counsel, including Osler, Hoskin & Harcourt and NautaDutilh New York P.C. as legal counsel; (ii) Robert W. Baird & Co. as investment banker; and (iii) SierraConstellation Partners, LLC as financial advisor;

(m) fund all Vendor Payments incurred and payable in accordance with the Prepetition Budget and the Approved Budget, as applicable;

(n) consent to the use of the Post-Sale Reserve for the orderly wind down of the Wind Down Estates;

(o) work with the Debtors in good faith to amend this Agreement or enter into a separate agreement (or as may be otherwise agreed with the reasonable consent of Gordon Brothers and the Debtors) to obtain Netherlands Subsidiaries' consent to and cooperation with the transfer of certain assets in support of the Sale Transaction and acknowledgment of this Agreement within five (5) Business Days of the RSA Effective Date; and

(p) work with the Debtors in good faith to effectuate (i) a post-petition transfer of certain of the Netherlands Subsidiaries' assets in support of the Sale Transaction, (ii) a consensual liquidation of the Netherlands Subsidiaries' assets that are not Transferred Assets, (iii) distribution of proceeds of liquidated collateral of the Netherlands Subsidiaries to Gordon Brothers, to the extent such proceeds are available after the orderly out-of-court wind down referenced in (v) below, (iv) release of all Gordon Brothers' Claims against the Netherlands Subsidiaries, and (v) the orderly out-of-court wind down of the Netherlands Subsidiaries utilizing the Foreign Sale Reserve (and other assets of the Netherlands Subsidiaries as may be agreed), *provided that* the costs of (ii) and (v) be funded solely by the Foreign Sale Reserve and other proceeds from the sale or other monetization of the assets of the Netherlands Subsidiaries.

Nothing in this Agreement and neither a vote to accept the Plan by Gordon Brothers nor the acceptance of the Plan by Gordon Brothers shall (i) be construed to prohibit Gordon Brothers from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or the Definitive Documentation, or exercising rights or remedies specifically reserved herein, (ii) except as expressly set forth in Section 33, be construed to limit Gordon Brothers' rights under any applicable indenture, credit agreement, other loan document (including the DIP Facility Documents), and/or applicable law or to prohibit Gordon Brothers from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases or the CCAA Recognition Proceedings, so long as, from the RSA Effective Date until the occurrence of a Termination Date applicable to Gordon Brothers, such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring Transactions, (iii) limit Gordon Brothers' right to take or direct any action relating to maintenance, protection, or preservation of any collateral provided that such action is not inconsistent with this Agreement and does not hinder, delay or prevent consummation of the Restructuring Transactions, or (iv) impair or waive the rights of Gordon Brothers to assert or raise any objection permitted under this Agreement in connection with any hearing on confirmation of the Plan or in the Bankruptcy Court.

5. **Commitments of MidOcean**. MidOcean shall, from the RSA Effective Date until MidOcean's obligations are terminated under and in accordance with this Agreement and a Termination Date occurs with respect to MidOcean:

(a) not (i) pledge, encumber, assign, sell, or otherwise transfer, including by the declaration of a worthless stock deduction (or the declaration of any other deduction related to the worthlessness of any indirect Interest in the Debtors) for any tax year ending on or prior to the Plan Effective Date, or (ii) offer or contract to pledge, encumber, assign, sell, or otherwise transfer, in each case, in whole or in part, any portion of its right, title, or interests in any Claims against or Interests in the Debtors, whether held directly or indirectly;

(b) not make or cause any Debtor to make any amendments, elections or modifications to the current tax classification or accounting principles of any Debtor;

(c) provide any applicable consents as may be necessary or required to effectuate the Restructuring Transactions contemplated herein and in the RSA Documentation (other than the Purchase Agreement);

(d) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions, negotiate in good faith with respect to appropriate additional or alternative provisions to address any such impediment;

(e) negotiate in good faith and use reasonable efforts to execute (as applicable) and implement the Definitive Documentation and the Restructuring Transactions;

(f) support approval of the Sale Order and the CCAA Sale Order, and the consummation of the Sale Transaction on terms consistent with this RSA and the Plan Term Sheet;

(g) on the Plan Effective Date, consent to and not object to the termination or rejection of the Professional Services Agreement and any other related party agreement and to waive and release any fees and expenses and rights to indemnification thereunder; *provided* that, at no point during the Chapter 11 Cases may MidOcean file an Administrative Expense Claim arising under such agreements;

(h) on the Plan Effective Date, consent to the waiver of all obligations owed under the Note Purchase Agreement, the Professional Services Agreement, and any other agreements that exist between MidOcean, the Company, and any of their affiliated entities; *provided* that, at no point during the Chapter 11 Cases may MidOcean file an Administrative Expense Claim arising under such agreements;

(i) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its tender or consent with respect to the Chapter 11 Cases, the Plan, the Sale Order, the CCAA Recognition Proceedings, or the CCAA Sale Order;

(j) subject to Section 10(d), not "opt out" (to the extent applicable) of any releases to be provided under the Plan and on the Plan Effective Date, release and unconditionally waive all Claims against Gordon Brothers, the Purchaser and the Debtors, consistent with the Plan Term Sheet, the Confirmation Order, the Sale Order and the CCAA Sale Order, as applicable;

(k) not, directly or indirectly, file any pleading with the Bankruptcy Court, CCAA Court or otherwise support, encourage, seek, solicit, pursue, initiate, assist, join or participate in any challenge to the validity, enforceability, perfection or priority of, or any action seeking avoidance, clawback, recharacterization or subordination of, any portion of the Secured Claims or any liens or collateral secured by such Secured Claims; and

(l) not object to, delay, impede, or take any other action inconsistent with the Restructuring Transactions, or propose, file, support, or vote for any restructuring, workout, plan, proposal or chapter 11 plan for any of the Debtors other than the Restructuring Transactions, and the Plan (but without limiting consent, approval, or termination rights provided in this Agreement and the Definitive Documentation).

6. **Commitments of the Debtors**. Each of the Debtors shall, from the RSA Effective Date until the occurrence of a Termination Date (as defined in Section 13) applicable to the Debtors:

(a) obtain, file, submit, or register any and all required governmental, regulatory, and third-party approvals that are necessary or required for the consummation of the Restructuring Transactions, including, if applicable, approval by the Bankruptcy Court and CCAA Court of the Definitive Documentation;

(b) not solicit proposals or offers for any chapter 11 plan, CCAA plan or restructuring transaction (including, for the avoidance of doubt, a transaction premised on an asset sale under section 363 of the Bankruptcy Code or pursuant to the CCAA) other than the Restructuring Transactions contemplated by this Agreement and the RSA Documentation; *provided*, however, that, notwithstanding the foregoing, the Debtors and their respective directors, officers, and advisors shall have the right to (A) consider, respond to, discuss, and negotiate unsolicited Qualifying Alternative Transactions (as defined in the Purchase Agreement); (B) provide access to nonpublic information concerning the Debtors to any person or entity that (1) provides an unsolicited Qualifying Alternative Transaction; (2) executes and delivers to the Debtors a customary confidentiality agreement; and (3) requests such information; and (C) maintain or continue discussions or negotiations with respect to any unsolicited Qualifying Alternative Transaction (the activities described in the immediately preceding clauses (B) and (C), "***Qualifying Alternative Transaction Negotiations***"), *provided* that prior to engaging in any Qualifying Alternative Transaction Negotiations, the Debtors shall provide notice to Gordon Brothers and Purchaser of such Qualifying Alternative Transaction Negotiations, and the board of directors of KidKraft shall have determined in good faith (upon

the advice of legal counsel) that (x) the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law, and (y) such Qualifying Alternative Transaction is reasonably likely to lead to a transaction that is more favorable to the holders of claims against, or interests in, the Debtors than the Restructuring Transactions and is reasonably capable of being completed in accordance with its terms, taking into account all legal, financial, financing, conditionality, timing, and other aspects of such Qualifying Alternative Transaction;

(c) promptly provide written notice to Gordon Brothers, the Purchaser, and MidOcean and each of their respective counsel of (A) the occurrence, or failure to occur, of any event of which the Debtors have actual knowledge which occurrence or failure would be likely to cause any condition precedent contained in this Agreement not to occur or become impossible to satisfy, (B) the receipt of any written notice from any governmental authority or third party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Restructuring Transactions, (C) receipt of any written notice of any proceeding commenced or, to the actual knowledge of the Debtors, threatened against the Debtors relating to or involving or otherwise affecting in any material respect the transactions contemplated by this Agreement or the Restructuring Transactions, or (D) a failure of the Debtors to comply in any material respect with a covenant or agreement to be complied with or by them hereunder;

(d) support and cooperate with the other Parties to take all actions reasonably necessary to consummate the Restructuring Transactions in accordance with the Plan, the Purchase Agreement and the terms and conditions of this Agreement and the RSA Documentation;

(e) provide any applicable consents as may be necessary or required to effectuate the Restructuring Transactions as set forth herein, in the RSA Documentation, the Plan, and/or the Purchase Agreement;

(f) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions, negotiate in good faith with respect to appropriate additional or alternative provisions to address any such impediment;

(g) negotiate in good faith and use reasonable efforts to execute (as applicable) and implement the Definitive Documentation and the Restructuring Transactions;

(h) support approval of the Sale Order and the CCAA Sale Order, and the consummation of the Sale Transaction on terms consistent with the RSA and RSA Documentation, including on an independent, private sale basis under section 363 of the Bankruptcy Code or pursuant to a Sale Toggle (if triggered);

(i) continue ordinary course practices to maintain good standing under the jurisdiction in which each Debtor is incorporated or organized;

(j) pay in full and in cash all fees, costs, and expenses in accordance with Section 16 of this Agreement;

(k) (A) consistent with the Approved Budget and, as applicable, subject to the Purchase Agreement, operate the business of each of the Debtors (and their Affiliates) in the ordinary course and materially consistent with past practice and in a manner that is materially consistent with this Agreement and confer with both Gordon Brothers and Purchaser and their respective representatives, as reasonably requested, on operational matters and the general status of ongoing operations, and (B) provide both Gordon Brothers and Purchaser with any information reasonably requested regarding the Debtors (and their Affiliates) and reasonable access to management and advisors of the Debtors (and their Affiliates) for the purposes of evaluating the Debtors' (and their Affiliates) assets, liabilities, operations, businesses, finances, strategies, prospects and affairs. Notwithstanding the generality of the foregoing, the Debtors (and their Affiliates, if applicable) shall, except as expressly contemplated by this Agreement or with the prior written consent of Gordon Brothers and Purchaser, not to be unreasonably withheld or delayed, and, subject to applicable bankruptcy law, use commercially reasonable efforts consistent with the Restructuring Transactions and the Approved Budget to (1) maintain their physical assets, properties and facilities in their current working order, condition and repair as of the date hereof, ordinary wear and tear excepted, (2) perform all obligations required to be performed by the Debtors under the Consulting Agreement with Gordon Brothers Commercial & Industrial LLC, (3) maintain their books and records on a basis consistent with prior practice, (4) bill for products sold or services rendered and pay accounts payable in a manner generally consistent with past practice, but taking into account the Restructuring Transactions, (5) maintain all insurance policies, or suitable replacements therefor, in full force and effect through the close of business on the Effective Date, (6) neither encumber nor enter into any material new leases, licenses or other use or occupancy agreements for real property or any part thereof; and (7) pay, in the ordinary course, all critical systems vendors, shippers, third party logistics providers, and all customs-related costs;

(l) timely file a formal objection to any motion filed with the Bankruptcy Court or CCAA Court by a third party seeking the entry of an order (i) directing the appointment of a trustee, monitor or examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code or model initial CCAA order, (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code or seeking a bankruptcy or the appointment of a receiver pursuant to the Bankruptcy and Insolvency Act (Canada), (iii) dismissing the Chapter 11 Cases or the CCAA Recognition Proceedings, or (iv) modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization, as applicable;

(m) not, directly or indirectly, file any pleading with the Bankruptcy Court or the CCAA Court, or otherwise support, encourage, seek, solicit, pursue, initiate, assist, join or participate in any challenge to the validity, enforceability, perfection or priority of,

or any action seeking avoidance, clawback, recharacterization or subordination of, any portion of the Secured Claims or any liens or collateral secured by such Secured Claims;

(n) pay in full and in cash all fees, costs, and expenses in accordance with the DIP Orders and otherwise comply with the terms, conditions, and obligations of the DIP Documents, including the DIP Orders, once approved and entered, as applicable, by the Bankruptcy Court or the CCAA Court;

(o) not make Vendor Start Up Cost Payments in excess of $5 million in the aggregate (unless otherwise mutually agreed in writing among Debtors, Gordon Brothers, and Purchaser and set forth in the Prepetition Budget or the Approved Budget);

(p) not sell any Purchased Inventory graded A, A+, B, C, Comp, I, New, New_FY24 or blank below 75 percent of the book value of such inventory as set forth in the KK Inventory File;

(q) solely upon execution of the Purchase Agreement, ship Ainsley RTV Inventory set forth in the KK Inventory File consistent with the Purchase Agreement, *provided that*, for the avoidance of doubt, any sales of Ainsley Inventory (other than the inventory identified as Ainsley RTV Inventory located in the Arlington, TX warehouse) shall not be sold or transferred below 75 cents of book value without the written approval of Gordon Brothers;

(r) to the extent necessary to facilitate the Sale Transaction, including the purchase and sale of all Transferred Assets, enter into a transition services agreement, or other similar agreement (the "***Transition Services Agreement***");

(s) submit drafts to counsel to each of Gordon Brothers and Purchaser of any press release (or any similar communications) that constitutes disclosure of the existence of the terms of this Agreement, the Restructuring Transactions, or Sale Transaction at least three (3) Business Days prior to making any such disclosure and shall afford them two (2) Business Days to comment on such documents and disclosures, final versions of which shall be reasonably satisfactory to Gordon Brothers and Purchaser;

(t) on and after the RSA Effective Date, coordinate with Purchaser regarding communications related to the Sale Transactions contemplated by this Agreement and the RSA Documentation, and shall facilitate Purchaser's negotiations with the Company's employees, customers, vendors or suppliers, or as may be necessary to obtain any required third-party consent or approval in connection therewith;

(u) work with Gordon Brothers in good faith to amend this Agreement or enter into a separate agreement (or as may be otherwise agreed with the reasonable consent of Gordon Brothers and the Debtors) to obtain Netherlands Subsidiaries' consent to and cooperation with the transfer of certain assets in support of the Sale Transaction and acknowledgment of this Agreement within five (5) Business Days of the RSA Effective Date; and

(v) work with Gordon Brothers in good faith to effectuate (i) a post-petition transfer of certain of the Netherlands Subsidiaries' assets in support of the Sale Transaction, (ii) a consensual liquidation of the Netherlands Subsidiaries' assets that are not Transferred Assets, (iii) distribution of proceeds of liquidated collateral of the Netherlands Subsidiaries to Gordon Brothers, to the extent such proceeds are available after the orderly out-of-court wind down referenced in (v) below, (iv) release of all Gordon Brothers' Claims against the Netherlands Subsidiaries, and (v) the orderly out-of-court wind down of the Netherlands Subsidiaries utilizing the Foreign Sale Reserve (and other assets of the Netherlands Subsidiaries as may be agreed), *provided that* the costs of (ii) and (v) be funded solely by the Foreign Sale Reserve and other proceeds from the sale or other monetization of the assets of the Netherlands Subsidiaries.

Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall require a Debtor or the board of directors, board of managers, members, or any similar governing body of a Debtor, after consulting with outside legal counsel, to take any action or to refrain from taking any action with respect to the Restructuring Transactions to the extent taking or failing to take such action would be inconsistent with applicable law or its fiduciary obligations under applicable law, and any such action or inaction pursuant to (and consistent with) such exercise of fiduciary duties shall not be deemed to constitute a breach of this Agreement.

7. **Commitments of the Purchaser**. The Purchaser shall, from the RSA Effective Date until the occurrence of a Termination Date (as defined in Section 13) applicable to the Purchaser:

(a) perform all its obligations consistent with the RSA Documentation (as applicable) and under the Definitive Documentation including, without limitation, its commitment to pay the Deposit Amount and the Purchase Price, and assume the Assumed Liabilities, in each case, consistent with the Purchase Agreement;

(b) cooperate and coordinate activities (to the extent practicable and subject to the terms hereof) with the other Parties and use commercially reasonable and good faith efforts to pursue, support, obtain additional support for, solicit, implement, confirm, and consummate the Restructuring Transactions, the Plan, and the Purchase Agreement, and to execute and take all actions contemplated thereby and as reasonably necessary, or as may be required by order of the Bankruptcy Court or the CCAA Court, to support and achieve consummation of the Restructuring Transactions;

(c) obtain, file, submit, or register any and all required governmental, regulatory, and third-party approvals that are necessary or required for the consummation of the Restructuring Transactions;

(d) not, directly or indirectly, object to, delay, impede, or take any other action to interfere with the acceptance, implementation, or consummation of the Restructuring Transactions;

(e) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated in the Plan or in this Agreement, negotiate in good faith appropriate additional or alternative provisions to address any such impediment;

(f) support approval of the Sale Order and the CCAA Sale Order, and the consummation of the Sale Transaction and Purchase Agreement;

(g) to the extent necessary to facilitate the Sale Transaction, including the purchase and sale of all Transferred Assets, enter into the Transition Services Agreement;

(h) negotiate in good faith upon reasonable request of the Debtors or Gordon Brothers in connection with any modifications to the Restructuring Transactions that improve the tax efficiency of the Restructuring Transactions for the Debtors or Gordon Brothers; *provided that* such modifications do not adversely impact MidOcean's treatment under the Plan, the terms and conditions of the Purchase Agreement, or the Purchaser's ability to consummate the Sale Transaction;

(i) execute and deliver such other instruments and perform such acts, in addition to the matters specified herein, as may be reasonably appropriate or necessary, or as may be required by order of the Bankruptcy Court or the CCAA Court to effect the Restructuring Transactions; and

(j) on the Plan Effective Date, release and unconditionally waive all Claims against MidOcean, Gordon Brothers and the Debtors, consistent with the Plan Term Sheet, in each case other than with respect to the Purchase Agreement.

8. **Representations and Warranties**.

(a) Each Party (other than the Debtors) hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that the following statements are true, correct, and complete, as of the date hereof:

(i) it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement by such Party and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;

(iii) the execution, delivery, and performance by it of this Agreement does not violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation, bylaws, or other organizational documents in any material respect;

(iv) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is the legally valid and binding obligation of such Party,

enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability;

(v) the claims or interests, as applicable, held by any Party are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition, transfer, or encumbrances of any kind, that would materially and adversely affect in any way such Party's ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed; and

(vi) it (A) either (1) is the sole owner of the claims and interests identified herein, or (2) has all necessary investment or voting discretion with respect to the principal amount of claims and interests identified below its name on its signature page hereof, and has the power and authority to bind the owner(s) of such claims and interests to the terms of this Agreement; (B) is entitled (for its own accounts or for the accounts of such other owners) to all of the rights and economic benefits of such claims and interests; or (C) does not directly or indirectly own any claims against any Debtor other than as identified below its name on its signature page hereof.

(b) Each Debtor hereby represents and warrants on a joint and several basis (and not on behalf of any other person or entity other than the Debtors) that the following statements are true, correct, and complete as of the date hereof:

(i) it has the requisite corporate or other organizational power and authority to enter into this Agreement and, subject to entry of the Confirmation Order, Sale Order, and CCAA Sale Order, as applicable, to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement by such Debtor and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;

(iii) the execution and delivery by it of this Agreement do not (A) violate its certificates of incorporation, or bylaws, or other organizational documents, or (B) result in a breach of, or constitute (with due notice or lapse of time or both) a default (other than, for the avoidance of doubt, a breach or default that would be triggered as a result of the Chapter 11 Cases, the CCAA Recognition Proceedings, or any Debtor's undertaking to implement the Restructuring Transactions through the Chapter 11 Cases and the CCAA Recognition Proceedings) under any material contractual obligation to which it is a party;

(iv) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code and, to the extent applicable, approval by the Bankruptcy Court or the CCAA Court, this Agreement is a legally valid and binding obligation of each Debtor that is enforceable against each Debtor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability; and

(v) it has sufficient knowledge and experience to evaluate properly the terms and conditions of the Plan and this Agreement and has been afforded the opportunity to consult with its legal and financial advisors with respect to its decision to execute this Agreement, and it has made its own analysis and decision to enter into this Agreement and otherwise has investigated this matter to its full satisfaction.

9. **GB / Purchaser Termination Events**. Each of Gordon Brothers and the Purchaser shall have the right, but not the obligation, to terminate its obligations under this Agreement upon the occurrence of any of the following events (each, a "***GB / Purchaser Termination Event***"), if such event remains uncured (to the extent curable) for a period of five (5) Business Days after providing written notice to the other Parties in accordance with Section 26 of this Agreement, unless (i) waived, in writing, by Gordon Brothers, or the Purchaser, as applicable, or (ii) cured by the Debtors (if susceptible to cure):

(a) failure of the Debtors to meet any of the Milestones in Section 3 unless (i) such failure is the direct result of any act, omission, or delay on the part of either Gordon Brothers or Purchaser, as applicable, in violation of its respective obligations under this Agreement, or (ii) such Milestone is extended by Gordon Brothers and the Purchaser in accordance with Section 3;

(b) the entry of an order by the Bankruptcy Court, or the filing of a motion or application by any Debtor seeking an order (i) converting one or more of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code; (ii) appointing an examiner with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code or a trustee in one or more of the Chapter 11 Cases; (iii) dismissing one or more of the Chapter 11 Cases of a Debtor; (iv) rejecting, disclaiming or otherwise terminating or seeking an order pursuant to which the Debtors will fail to perform this Agreement; or (v) invalidating, disallowing, subordinating, recharacterizing, or limiting the enforceability, priority, or validity of any of the Claims held by Gordon Brothers without Gordon Brothers' prior written consent, and any such order entered with respect to any of (i) through (v) which has not been otherwise withdrawn, stayed, modified, or vacated on appeal within thirty (30) days;

(c) the entry of an order by the CCAA Court, or the filing of a motion or application by any Debtor (or its affiliate) seeking an order, (i) dismissing the CCAA Recognition Proceedings, or (ii) invalidating, disallowing, subordinating,

recharacterizing, or limiting the enforceability, priority, or validity of any of the Claims held by Gordon Brothers, without Gordon Brothers' prior written consent and which has not been otherwise withdrawn, stayed, modified, or vacated on appeal within thirty (30) days;

(d) if any Debtor (i) files, amends or modifies, or files a pleading seeking authority to amend or modify, the Definitive Documentation in a manner that is inconsistent with this Agreement, or (ii) announces that it will no longer support the Restructuring Transactions, in each case without the prior written consent of Gordon Brothers and Purchaser;

(e) if any Debtor joins in or supports any Alternative Transaction (it being understood that the Debtors engaging in Qualifying Alternative Transaction Negotiations is not joining in or supporting an Alternative Transaction), or files any motion or application seeking authority to sell any assets, without the prior written consent of Gordon Brothers and Purchaser;

(f) the issuance of any ruling or order by any governmental authority, including the Bankruptcy Court or the CCAA Court, or any other court of competent jurisdiction, or other regulatory authority, enjoining or otherwise making impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the RSA Documentation, the Purchase Agreement, or the Plan, or the commencement of any action by any governmental authority or other regulatory authority that could reasonably be expected to enjoin or otherwise make impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the RSA Documentation, the Purchase Agreement, or the Plan; *provided*, *however*, that the Debtors shall have five (5) Business Days after issuance of such ruling, order, or action to obtain relief that would allow consummation of the Restructuring Transactions in a manner that does not prevent or diminish in a material way compliance with the terms of the Plan, the Purchase Agreement and this Agreement;

(g) a material breach by any Debtor of any covenant of such Debtor set forth in this Agreement that could reasonably be expected to have an adverse impact on the Restructuring Transactions or the existence of an inaccuracy in any material respect in a representation or warranty of any Debtor as of the RSA Effective Date and, in either case such breach or inaccuracy remains uncured for a period of five (5) Business Days after the receipt of written notice of such breach or inaccuracy; *provided, however,* that if the material breach of the covenants set forth in Section 6(j) of this Agreement is the result of Gordon Brothers' failure to provide any available borrowings to the Company in accordance with the Prepetition Credit Agreement, no such termination event shall occur;

(h) if the Bankruptcy Court enters an order in the Chapter 11 Cases terminating any Debtor's exclusive right to file a plan or plans of reorganization pursuant to section 1121 of the Bankruptcy Code;

(i) if the Bankruptcy Court enters an order denying confirmation of the Plan, and the Bankruptcy Court does not within twenty-one (21) Business Days enter a revised order confirming the Plan;

(j) if the CCAA Court enters an order denying approval of the Confirmation Recognition Order and does not, within twenty-one (21) Business Days enter a revised order approving the Confirmation Recognition Order;

(k) the Bankruptcy Court or the CCAA Court (with respect to the Canadian Transferred Assets) enters an order denying approval of the Sale Order or the CCAA Sale Order, as applicable, and such Bankruptcy Court or CCAA Court does not within five (5) Business Days enter a revised order approving the Sale Order or the CCAA Sale Order, as applicable;

(l) if a court of competent jurisdiction has entered a final, non-appealable order or judgment declaring this Agreement to be unenforceable;

(m) the reversal, stay, dismissal, vacation, reconsideration, material modification, or material amendment of the Confirmation Order or an order approving the Disclosure Statement, without the prior written consent of Gordon Brothers and Purchaser;

(n) if the Bankruptcy Court or the CCAA Court enters an order granting relief from the automatic stay imposed by section 362 of the Bankruptcy Code or the stay imposed by order of the CCAA Court, as applicable, authorizing any party to proceed against any material asset of the Debtors or that would materially and adversely affect the Debtors' ability to operate the Debtors' businesses in the ordinary course;

(o) termination of the DIP Facility as defined in the DIP Documents;

(p) prior to the Petition Date, the occurrence of an "Event of Default" under (and as defined in) the Prepetition Credit Agreement, but excluding any Specified Event of Default (as defined below), that has not been cured (if susceptible to cure) or waived in accordance with its terms; or

(q) (x) with respect to the termination right of Gordon Brothers, if any of the Debtors, or the Purchaser terminates this Agreement, and (y) with respect to the termination right of the Purchaser, if any of the Debtors or Gordon Brothers terminates this Agreement.

provided, however, that in the event the Debtors or Gordon Brothers, as applicable, fail to timely pay or fund in full all Vendor Payments incurred and payable in accordance with the Prepetition Budget or Approved Budget, as applicable, Purchaser shall have the right, but not the obligation, to terminate its obligations under this Agreement, in each case, if the applicable Vendor Payments remain unpaid or unfunded for a period of three (3) Business Days upon written notice from the Purchaser to the other Parties in accordance with Section 26 of this Agreement, unless, in each case, (i) waived, in writing, by the Purchaser in its reasonable discretion, or (ii) cured by Gordon Brothers or the Debtors, as applicable.

10. **MidOcean Termination Events**. MidOcean shall have the right, but not the obligation, upon written notice to the other Parties, to terminate the obligations of MidOcean under this Agreement upon the occurrence of any of the following events, unless waived, in writing, by MidOcean (each, a "***MidOcean Termination Event***"):

(a) the entry of an order by the Bankruptcy Court, or the filing of a motion or application by any Debtor seeking an order (i) converting one or more of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code; (ii) appointing an examiner with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code or a trustee in one or more of the Chapter 11 Cases; or (iii) dismissing one or more of the Chapter 11 Cases of a Debtor, and which order has not been otherwise stayed, modified, or vacated on appeal within thirty (30) days;

(b) any other Party (i) files, amends or modifies, or files a pleading seeking authority to amend or modify the Definitive Documentation in a manner that is inconsistent with this Agreement, or (ii) announces that it will no longer support the Restructuring Transactions, in each case without MidOcean's prior consent;

(c) any other Party joins in or supports any Qualifying Alternative Transaction that is otherwise inconsistent with this Agreement and Plan Term Sheet, without MidOcean's prior written consent;

(d) the issuance of any ruling or order by any governmental authority, including the Bankruptcy Court or the CCAA Court, or any other court of competent jurisdiction, or other regulatory authority, enjoining or otherwise making impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the Plan Term Sheet, or the commencement of any action by any governmental authority or other regulatory authority that could reasonably be expected to enjoin or otherwise make impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the Plan Term Sheet; *provided*, *however*, that the Debtors shall have five (5) business days after issuance of such ruling, order, or action to obtain relief that would allow consummation of the Restructuring Transactions in a manner that does not prevent or diminish in a material way compliance with the terms of the Plan, the Purchase Agreement and this Agreement;

(e) a material breach by any other Party of any covenant of such Party set forth in this Agreement or the existence of an inaccuracy in any material respect in a representation or warranty of such Party as of the RSA Effective Date, in each case, that has an adverse impact on MidOcean with respect to the Restructuring Transactions;

(f) any other Party (i) files any pleading, Plan, or other Definitive Documentation containing release provisions that are inconsistent with the release provisions in the Plan Term Sheet, (ii) amends or modifies, or files a pleading seeking authority to amend or modify the Plan or other Definitive documentation containing release

provisions in a manner that is inconsistent with the release provisions in the Term Sheet, or (iii) announces that it will no longer support the release of MidOcean consistent with the Plan Term Sheet, in each case without MidOcean's prior consent, subject in each case to MidOcean's compliance in all material respects with the terms and conditions set forth herein;

(g) the Bankruptcy Court enters an order in the Chapter 11 Cases terminating any Debtor's right to file a plan or plans of reorganization pursuant to section 1121 of the Bankruptcy Code; or

(h) a court of competent jurisdiction has entered a final, non-appealable order or judgment declaring this Agreement to be unenforceable.

11. **Debtors' Termination Events**. Each Debtor shall have the right, but not the obligation, upon notice to the other Parties, to terminate its obligations under this Agreement upon the occurrence of any of the following events (each a "***Debtor Termination Event***," and together with the GB / Purchaser Termination Events, and the MidOcean Termination Events, collectively, the "***Termination Events***"), in which case this Agreement shall terminate with respect to all Parties, subject to the rights of the Debtors to waive, in writing, the occurrence of a Debtor Termination Event:

(a) the issuance of any ruling or order by any governmental authority, including the Bankruptcy Court or the CCAA Court, or any other court of competent jurisdiction, or other regulatory authority, enjoining or otherwise making impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the RSA Documentation, the Purchase Agreement, or the Plan, or the commencement of any action by any governmental authority or other regulatory authority that could reasonably be expected to enjoin or otherwise make impractical the substantial consummation of the Restructuring Transactions on the terms and conditions set forth in the RSA Documentation, the Purchase Agreement, or the Plan; *provided*, *however*, that the Debtors have made commercially reasonable, good faith efforts to cure, vacate, or have overruled such ruling or order prior to terminating this Agreement;

(b) a material breach by any other Party of any covenant set forth in this Agreement that would reasonably be expected to have an adverse impact on the Restructuring Transactions or the existence of an inaccuracy in any material respect in a representation or warranty of such Party as of the RSA Effective Date, and, in either case such breach or inaccuracy remains uncured for a period of five (5) Business Days after the receipt of written notice from the Debtors and description of such breach or inaccuracy;

(c) the occurrence of a breach of this Agreement by any other Party that has the effect of materially impairing any of the Debtors' abilities to effectuate the Restructuring Transactions that remains uncured for a period of five (5) Business Days after the receipt of written notice from the Debtors and description of such breach;

(d) if the board of directors or board of managers, as applicable, of any Debtor determines, in good faith based upon advice of outside legal counsel, that proceeding with the Restructuring Transactions (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of their fiduciary duties under applicable law;

(e) Gordon Brothers fails to provide (i) the debtor-in-possession financing in accordance with this Agreement, the DIP Documents, or the DIP Orders or (ii) the Administrative Expense Claim and Priority Tax Claim Backstop Amount or the Post-Sale Reserve in accordance with this Agreement and the Plan Term Sheet;

(f) the Bankruptcy Court enters an order denying confirmation of the Plan, and the Bankruptcy Court does not within twenty-one (21) Business Days enter a revised order confirming the Plan;

(g) the Bankruptcy Court or the CCAA Court (with respect to the Canadian Transferred Assets) enters an order denying approval of the Sale Order or the CCAA Sale Order, as applicable; and such Bankruptcy Court or CCAA Court does not within five (5) Business Days enter a revised order approving the Sale Order or the CCAA Sale Order, as applicable;

(h) Gordon Brothers or the Purchaser terminates this Agreement; or

(i) the failure to satisfy any requirement under Section 2 that the Plan, or any other agreement or document that is included in the Definitive Documentation, contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement and be reasonably acceptable to the Debtors.

12. **Mutual Termination; Automatic Termination**. This Agreement and the obligations of all Parties hereunder may be terminated by mutual written agreement by and among (a) the Debtors, (b) Gordon Brothers, and (c) the Purchaser. This Agreement shall terminate automatically upon the later of (1) occurrence of the Effective Date of the Plan or (2) consummation of the Sale Transaction, as applicable.

13. **Effect of Termination**. The earliest date on which termination of this Agreement as to a Party is effective in accordance with Sections 9, 10, 11, or 12 of this Agreement shall be referred to, with respect to such Party, as a "***Termination Date***." Upon the occurrence of a Termination Date, the terminating Party's and, solely in the case of a Termination Date in accordance with Section 12, all Parties' obligations under this Agreement shall be terminated effective immediately, and such Party or Parties hereto shall be released from all commitments, undertakings, and agreements hereunder; *provided*, *however*, that each of the following shall survive any such termination: (a) any claim for breach of this Agreement that occurs prior to such Termination Date, and all rights and remedies with respect to such claims shall remain in full force and effect and not be prejudiced in any way by such termination; (b) the Debtors' obligations in Section 16 of this Agreement accrued up to and including such Termination Date; and (c) Sections 13, 17, 18, 19, 20, 21, 22, 23, 24, 25, 28, 29, 30, 35, and 36 hereof.

14. **Cooperation and Support**. The Debtors shall use commercially reasonable efforts to provide draft copies of all motions, applications, and other documents that any Debtor intends to file with the Bankruptcy Court or the CCAA Court, other than motions, applications, and documents constituting the Definitive Documentation set forth in Section 2 above, to counsel to Gordon Brothers, MidOcean, and the Purchaser at least four (4) Business Days prior to the date when such Debtor intends to file such document or as soon as reasonably practicable. Gordon Brothers, the Purchaser, and MidOcean shall use commercially reasonable efforts to provide all comments to all such documents by no later than two (2) Business Days prior to the date when the Debtors intend to file such documents, to the extent practicable, and their respective counsels shall consult in good faith regarding the form and substance of any such proposed filing with the Bankruptcy Court or the CCAA Court.

15. **No Transfers of Claims and Interests**. Gordon Brothers shall not sell, transfer, assign, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, its right, title, or interest in respect of any claims against, or interests in, any Debtor subject to this Agreement or any other Loan Party (as such term is defined in the Prepetition Credit Agreement), as applicable, in whole or in part, or deposit any of such Gordon Brothers' claims or interests against any Debtor or other Loan Party, as applicable, into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such claims or interests, unless such transferee agrees to be bound by this Agreement (including any applicable obligations arising under the DIP Facility) by executing the joinder, attached hereto as **Exhibit D**. Any action taken in violation of this Section 15 shall be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided to the Debtors, any other Loan Party and/or any Party, and shall not create any obligation or liability of any Debtor, other Loan Party, or any other Party to the purported transferee. Notwithstanding the forgoing, Gordon Brothers may, in its sole discretion, prior to the Effective Date, designate its equity interests in Reorganized Parent to another entity.

16. **Fees and Expenses**. Subject to Section 12, the DIP Facility Term Sheet, and the other RSA Documentation, the Debtors shall pay or reimburse when due all reasonable and documented fees and expenses, regardless of whether such fees and expenses were incurred before or after the Petition Date, in connection with, or arising as a result of Restructuring Transactions, the Plan, or the Chapter 11 Cases, of Gordon Brothers, including the reasonable, documented fees and expenses of (a) Katten Muchin Rosenman LLP, as legal counsel, (b) one local counsel (to the extent necessary), and (c) Fasken Martineau DuMoulin LLP as Canadian legal counsel, and one foreign local counsel in each other applicable jurisdiction (to the extent necessary) (in the case of the foregoing (a)-(c) solely as and to the extent provided for in such advisors' engagement letters (which agreements shall not be terminated by the Debtors before the termination of this Agreement as to Gordon Brothers)), and (d) any such other advisors or consultants as may be reasonably retained on behalf of Gordon Brothers with the consent of the Debtors (not to be unreasonably withheld) and, in each case, the Debtors shall seek to pay such fees and expenses in connection with the DIP Orders, the Confirmation Order, and the Confirmation Recognition Order.

17. **Consents and Acknowledgments**. Each Party irrevocably acknowledges and agrees that this Agreement is not and shall not be deemed to be a solicitation for acceptances to the Plan. The acceptance of the Plan by any Party will not be solicited until such Party has received the Disclosure Statement and related ballots in accordance with applicable law, and will be subject to sections 1125, 1126 and 1127 of the Bankruptcy Code.

18. **Survival of Agreement**. Each of the Parties acknowledges and agrees that this Agreement is being executed in connection with negotiations concerning the Restructuring Transactions and in contemplation of possible chapter 11 filings by the Debtors and recognition thereof under the CCAA and the rights granted in this Agreement are enforceable by each signatory hereto without approval of any court, including the Bankruptcy Court or the CCAA Court.

19. **Rights and Settlement Discussions**. If the transactions contemplated herein are not consummated, and/or following the termination of this Agreement, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, other than as provided in Section 20, and the Parties expressly reserve any and all of their respective rights. The Parties acknowledge that this Agreement, the Plan, and all negotiations relating hereto are part of a proposed settlement of matters that could otherwise be the subject of litigation. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, the RSA Documentation, this Agreement, the Purchase Agreement, the Plan, any related documents, and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

20. **Waiver and Amendments**.

(a) Other than as set forth in Section 20(b), this Agreement, including the Exhibits and Schedules, may not be waived, modified, amended, or supplemented except with the prior written consent of (i) the Debtors, Gordon Brothers, and the Purchaser; and (ii) MidOcean, solely to the extent such waiver, modification, amendment, or supplement impacts MidOcean's rights, obligations, or Interests under this Agreement, including for the avoidance of doubt, any release of Claims or causes of action proposed to be granted to or received by MidOcean or its affiliates thereunder.

(b) Notwithstanding Section 20(a), (i) any waiver, modification, amendment, or supplement to this Section 20 shall require the prior written consent of all the Parties and (ii) any waiver, modification, amendment, or supplement to Section 33 shall be in accordance with Section 33(e).

(c) The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy or any provision of this Agreement, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. All remedies under this Agreement are cumulative and are not exclusive of any other remedies provided by Law.

21. **Specific Performance**. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable

relief as a remedy of any such breach of this Agreement, including an order of the Bankruptcy Court, the CCAA Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder. Each Party also agrees that it will not (a) seek, and will waive any requirement for, the securing or posting of a bond in connection with any Party seeking or obtaining such relief or (b) raise as a defense thereto the necessity of proving the inadequacy of money damages as a remedy.

22. **Governing Law & Jurisdiction**. Except to the extent the mandatory provisions of the Bankruptcy Code or the CCAA apply, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to such state's choice of law provisions which would require or permit the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each Party irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter arising under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit, or proceeding, shall be brought in the federal or state courts located in the Northern District of Texas, and by executing and delivering this Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to Texas jurisdiction, after the Petition Date, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement. By executing and delivering this Agreement, and upon the Petition Date, each of the Parties irrevocably and unconditionally submits to the personal jurisdiction of the Bankruptcy Court solely for purposes of any action, suit, proceeding, or other contested matter arising out of or relating to this Agreement, or for recognition or enforcement of any judgment rendered or order entered in any such action, suit, proceeding, or other contested matter. Notwithstanding the foregoing, the CCAA Court shall have exclusive jurisdiction of the CCAA Recognition Proceedings.

23. **Waiver of Right to Trial by Jury**. Each of the Parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between any of the Parties arising out of, connected with, relating to, or incidental to the relationship established between any of them in connection with this Agreement. Instead, any disputes resolved in court shall be resolved in a bench trial without a jury.

24. **Successors and Assigns**. Except as otherwise provided herein, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective permitted successors, assigns, heirs, executors, administrators, and representatives.

25. **No Third-Party Beneficiaries**. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary of this Agreement.

26. **Notices**. All notices (including, without limitation, any notice of termination or breach) and other communications from any Party hereunder shall be in writing and shall be deemed to have been duly given if delivered by courier service, messenger, email, or facsimile to the other Parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing. Any notice of termination or breach shall be delivered to all other

Parties. Where a written consent, acceptance, approval, or waiver is required pursuant to or contemplated by this Agreement, such written consent, acceptance, approval, or waiver shall be deemed to have occurred if, by agreement between counsel to the Parties submitting and receiving such consent, acceptance, approval, or waiver, it is conveyed in writing (including email) between each such counsel without representations or warranties of any kind on behalf of such counsel.

(a) If to any Debtor:

KidKraft, Inc.
4630 Olin Road
Dallas, TX 75244
United States
Attn: Geoffrey Walker
Tel: (214) 393-3804
Email: geoff.w@kidkraft.com

With a copy to:

Vinson & Elkins LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Attn: David S. Meyer
Lauren R. Kanzer
Tel: (212) 237-0000
Email: dmeyer@velaw.com
lkanzer@velaw.com

(b) If to Gordon Brothers:

To the address set forth on its signature page hereto

with a copy to

Katten Muchin Rosenman LLP
50 Rockefeller Plaza
New York, NY 10020-1605
Attn: Cindi M. Giglio
Steven J. Reisman
Tel: (212) 940-3828
Email: cgiglio@katten.com
sreisman@katten.com

(c) If to MidOcean:

To the address set forth on its signature page hereto

with a copy to

Gibson Dunn & Crutcher LLP

200 Park Avenue
New York, NY 10166
Attn: Andrew Herman
Email: aherman@gibsondunn.com

(d) If to Purchaser:

To the address set forth on its signature page hereto

with a copy to

King & Spalding LLP
1180 Peachtree Street, NE, Suite 1600
Atlanta, GA 30309
Attn: Spencer Stockdale
Email: SStockdale@KSLAW.com

27. **Exhibits and Schedules Incorporated by Reference**. Each of the exhibits attached hereto and any schedules to such exhibits (collectively, the "***Exhibits and Schedules***") is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include the Exhibits and Schedules. In the event of any inconsistency between this Agreement and the Exhibits and Schedules, this Agreement shall govern. For the avoidance of doubt, to the extent of any conflict between the terms of this Agreement and the terms of the DIP Facility Documents or the Purchase Agreement, the terms of the DIP Facility Documents or the Purchase Agreement, respectively, shall control, as applicable.

28. **Relationship Among Parties.** Notwithstanding anything herein to the contrary, (i) except where otherwise specified in this Agreement, the agreements, representations, warranties, duties, and obligations of the Parties under this Agreement shall be several and not joint, (ii) no Party shall have any responsibility by virtue of this Agreement for any trading by any other entity; (iii) no prior history, pattern, or practice of sharing confidences among or between the Parties shall in any way affect or negate this Agreement; (iv) the Parties acknowledge that this Agreement does not constitute an agreement, arrangement or understanding with respect to acting together for the purpose of acquiring, holding, voting or disposing of any equity securities of the Debtors and the Parties do not constitute a "group" within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934, as amended; (v) none of the Parties shall have any fiduciary duty, any duty of trust or confidence in any form, or other duties or responsibilities in any kind or form to each other, including as a result of this Agreement or the transactions contemplated herein or in the Plan; and (vi) no action taken by any Party pursuant to this Agreement shall be deemed to constitute or to create a presumption by any of the Parties that the Parties are in any way acting in concert or as such a "group." Notwithstanding anything to the contrary herein, this Agreement (including the Plan) and the transactions contemplated hereby shall not create any fiduciary duties between and among Gordon Brothers, the Purchaser, and MidOcean, or except as otherwise expressly set forth herein, other duties or responsibilities to each other, the Debtors, or any of the Debtors' creditors or other stakeholders.

29. **Severability and Construction.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect if essential terms and conditions of this Agreement for each Party remain valid, binding, and enforceable.

30. **Remedies Cumulative**. All rights, powers, and remedies provided under this Agreement or otherwise available in respect of this Agreement at Law or in equity shall be cumulative and not alternative. The exercise of any right, power, or remedy by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party. The failure of any Party to exercise any right, power, or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon strict compliance by any other Party with its obligations hereunder, and any custom or practice of the Parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such or other right, power, or remedy or to demand such strict compliance.

31. **Entire Agreement**. This Agreement (including the Exhibits and Schedules) constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

32. **Reservation of Rights**.

(a) Except as expressly provided in this Agreement, the Plan, the Purchase Agreement, or the RSA Documentation, including Section 4(a) and Section 33 of this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties.

(b) Without limiting Sub-Clause (a) of this Section 32 in any way, if the Plan or the Sale Transaction is not consummated in the manner set forth, and on the timeline set forth, in this Agreement and the RSA Documentation (taking into account any extension of applicable Milestones pursuant to the terms hereof), or if this Agreement is terminated for any reason in accordance herewith, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses and the Parties expressly reserve any and all of their respective rights, remedies, claims and defenses, subject to Section 18 of this Agreement. None of the RSA Documentation, this Agreement, the Purchase Agreement or the other Definitive Documentation, nor any related document shall in any event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing and liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

33. **Forbearance; Specified Events of Default**.

(a) Each of the Loan Parties, the Prepetition Agent, and the Prepetition Secured Lender acknowledges and agrees that certain Defaults and Events of Default (each such term as used in this Section 33, as defined in the Prepetition Credit Agreement) have occurred that are continuing under the Prepetition Credit Agreement on or prior to the date hereof (such Defaults and Events of Default, together with (i) any Default or Event of Default that occurs after the date hereof resulting from the performance by the Debtors of their obligations under this Agreement, the consummation of the Restructuring Transactions, the filing of the Chapter 11 Cases and the CCAA Recognition Proceedings, or any other action or circumstance attendant, ancillary or arising out of the foregoing, (ii) any Default or Event of Default that occurs as a result of the auditors of any Debtor or any other Loan Party (such term as used in this Section 33, as defined in the Prepetition Credit Agreement) adding a "going concern" or like qualification to such Debtor's or other Loan Party's audited financial statements, and (iii) such other Defaults and Events of Default that have not occurred as of the date hereof, but are reasonably likely to arise as a result of the facts and circumstances of the Debtors and the other Loan Parties existing on the date hereof, the "***Specified Events of Default***").

(b) Each of the Prepetition Agent and the undersigned Prepetition Secured Lender agrees that during the Forbearance Period (as defined below), it will forbear from exercising its remedies under the Prepetition Credit Agreement against the Debtors or any other Loan Party. As used herein, the term "***Forbearance Period***" shall mean the period beginning on March 1, 2024 and ending on the earlier to occur of the termination of this Agreement by Gordon Brothers as a result of a GB / Purchaser Termination Event and termination of this Agreement pursuant to Section 12.

(c) Notwithstanding anything to the contrary contained in the Prepetition Credit Agreement or any other Loan Document (as defined in the Prepetition Credit Agreement), the Prepetition Agent and the undersigned Prepetition Secured Lender agree that the Borrowers shall be permitted to continue borrowing Priority Revolving Loans (as defined in the Prepetition Credit Agreement) pursuant to and in accordance with the Prepetition Credit Agreement without providing any representation and warranty as to the absence of the Specified Events of Default or a Material Adverse Effect (as defined in the Prepetition Credit Agreement).

(d) In the event of a conflict between the terms of this Section 33 and the terms of the Prepetition Credit Agreement, the terms of this Section 33 shall govern.

(e) Each Loan Party that is not a Debtor shall be an express third party beneficiary of this Section 33 and Section 15 (and all defined terms as used herein and therein) with the right to directly enforce the provisions of this Section 33 and Section 15. No provision of this Section 33 or Section 15 (or any defined term as used in this Section 33 or Section 15) may be waived, amended, supplemented or otherwise modified except in writing executed by each of the Parties and each of the Loan Parties that are not Debtors. This Section 33 and Section 15 are each a material inducement for the Parties to enter into this Agreement.

34. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument, and the counterparts may be delivered by electronic mail in portable document format (.pdf).

35. **Headings**. The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

36. **Interpretation**. This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion hereof, shall not be effective in regard to the interpretation hereof.

[*Signatures and exhibits follow.*]

KIDKRAFT, INC., a Delaware corporation

KIDKRAFT INTERMEDIATE HOLDINGS, LLC, a Delaware limited liability company, **by its sole member KIDKRAFT GROUP HOLDINGS, LLC**

KIDKRAFT INTERNATIONAL HOLDINGS, INC., a Delaware corporation

KIDKRAFT EUROPE, LLC, a Delaware limited liability company

KIDKRAFT PARTNERS, LLC, a Delaware limited liability company

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC, a Delaware limited liability company

SOLOWAVE DESIGN CORP., a Delaware corporation

SOLOWAVE DESIGN HOLDINGS LIMITED, an Ontario corporation

SOLOWAVE INTERNATIONAL INC., an Ontario corporation

SOLOWAVE DESIGN INC., an Ontario corporation

SOLOWAVE DESIGN LP, an Alberta limited partnership, **by its general partner SOLOWAVE DESIGN, INC.**

By: Geoffrey Walker
157075C3EBC384B20D8FCABA09D766A7 contractworks

Name: Geoffrey Walker

Title: Chief Executive Officer

GB FUNDING, LLC, as Administrative Agent and Collateral Agent under the Prepetition Credit Agreement

1903 PARTNERS, LLC, as Lender under the Prepetition Credit Agreement

By: DocuSigned by: 3B97CA97C59842E...

Name: Kyle Shonak

Title: Senior Managing Director

Address for Notices:

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com
Telephone: 888-424-1903

GB FUNDING, LLC, as Administrative and Collateral Agent under the DIP Facility

1903 PARTNERS, LLC, as Lender under the DIP Facility

By: DocuSigned by: 3B97CA97C59842E...

Name: Kyle Shonak

Title: Senior Managing Director

Address for Notices:

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com
Telephone: 888-424-1903

MIDOCEAN PARTNERS IV, LP

MIDOCEAN US ADVISOR, L.P.

By: _____

Name: Daniel Penn

Title: Managing Director

Address for Notice

MidOcean Partners
245 Park Avenue
38th Floor
New York, NY 10167
Attn: Daniel Penn
Email: dpenn@midoceanpartners.com

BACKYARD PRODUCTS LLC

By: _____

Name: Thomas M. van der Meulen

Title: CEO

Address for Notice

Backyard Products LLC
317 S. Main Street
Ann Arbor, MI 48104
Attn: Thomas van der Meulen, CEO
Email: tvandermeulen@backyardproducts.com

Execution Version

Schedule 1

Affiliates

1. KidKraft Intermediate Holdings, LLC
2. KidKraft International Holdings, Inc.
3. KidKraft Europe, LLC
4. KidKraft International IP Holdings, LLC
5. KidKraft Partners, LLC
6. Solowave Design Corp.
7. Solowave Design Holdings Limited
8. Solowave International Inc.
9. Solowave Design Inc.
10. Solowave Design LP

Execution Version

Exhibit A

Plan Term Sheet

Execution Version

KIDKRAFT, INC.
Plan Term Sheet

This term sheet (the "***Plan Term Sheet***")[1] sets forth the principal terms of the Restructuring Transactions including, without limitation, the Sale Transaction pursuant to the Purchase Agreement of all or a portion of the business or assets of KidKraft, Inc. and certain of its affiliates and directly and/or indirectly owned subsidiaries (collectively, the "***Company***"), to be implemented through (i) an in-court chapter 11 process pursuant to a chapter 11 plan of reorganization and (ii) proceedings pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) ("***CCAA***" and the related recognition proceedings, the "***CCAA Recognition Proceedings***") in the Ontario Superior Court of Justice (Commercial List) (the "***CCAA Court***"), in each case, pursuant to all other necessary Definitive Documentation reflecting the transactions described herein (all of the foregoing, collectively, the "***Restructuring***").

The terms and conditions described herein are part of a comprehensive proposal, which includes the RSA and RSA Documentation, each element of which is consideration for the other elements and is an integral aspect of such proposal.

THIS PLAN TERM SHEET DOES NOT CONSTITUTE AN OFFER OF SECURITIES OR A SOLICITATION OF THE ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN FOR PURPOSES OF SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

THIS PLAN TERM SHEET DOES NOT INCLUDE A DESCRIPTION OF ALL OF THE TERMS, CONDITIONS, AND OTHER PROVISIONS THAT ARE TO BE CONTAINED IN THE DEFINITIVE DOCUMENTATION GOVERNING THE RESTRUCTURING IDENTIFIED IN THE RSA.

THIS PLAN TERM SHEET IS BEING PROVIDED AS PART OF A PROPOSED COMPREHENSIVE COMPROMISE AND SETTLEMENT, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING. THE STATEMENTS CONTAINED HEREIN ARE PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE, AND NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER. EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS AND DEFENSES OF GORDON BROTHERS, PURCHASER, MIDOCEAN AND THE COMPANY.

[1] Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Restructuring Support Agreement ("***RSA***"), the DIP Facility Term Sheet, or the Purchase Agreement (together with the Plan Term Sheet, collectively, the "***RSA Documentation***"), as applicable.

TERMS AND CONDITIONS OF THE RESTRUCTURING	
A. Overview	
Restructuring Overview	The Company will seek to effectuate the Restructuring and the Sale Transaction consistent with the terms of this Plan Term Sheet and the other RSA Documentation, as applicable, through Restructuring Transactions (including the Sale Transaction) implemented through a prepackaged chapter 11 plan of reorganization, which shall also constitute a motion seeking an order of the Bankruptcy Court approving the Sale Transaction in accordance with the Purchase Agreement and consistent with the terms of the RSA Documentation, as applicable; *provided* that all terms in this Plan Term Sheet, the other RSA Documentation, the RSA, and the other Definitive Documents may be modified in accordance with Section 20 of the RSA. This Plan Term Sheet is confidential and may not be released to any other party without the consent of each of the Parties.
B. Defined Terms	
Administrative Expense Claim	"***Administrative Expense Claim***" means a Claim (other than any adequate protection claims) for costs and expenses of administration of the Debtors' estates pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (i) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Debtors' estates and operating the Debtors' businesses and (ii) any Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code. Allowed Administrative Expense Claims shall be paid in full, up to the Administrative Expense Claim and Priority Tax Claim Backstop Amount.
Administrative Expense Claim and Priority Tax Claim Backstop Amount	"***Administrative Expense Claim and Priority Tax Claim Backstop Amount***" means the amount set forth in the Approved Budget (or as otherwise agreed upon by the Debtors, Gordon Brothers, and Purchaser, each in its sole discretion), and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims and Priority Tax Claims, excluding Allowed Professional Fee Claims; *provided* that in no event will Gordon Brothers' obligation to provide such funding exceed the Administrative Expense Claim and Priority Tax Claim Backstop Amount.
Allowed	"***Allowed***" means with reference to any Claim or Interest, (i) any Claim or Interest (or portion thereof) against the Debtors arising on or before the Effective Date (a) as to which no objection to allowance has been made within the time period set forth in the Plan or (b) as to which any objection has been determined by a final order of the Bankruptcy Court to the extent such objection is determined in favor of the respective

	holder, (ii) any Claim as to which the liability of the Debtors and the amount thereof are determined by a final order of a court of competent jurisdiction other than the Bankruptcy Court, or (iii) any Claim or Interest expressly allowed under the Plan; *provided*, *however*, that notwithstanding the foregoing, the Wind Down Estates will retain all claims and defenses with respect to Allowed Claims that are reinstated or otherwise unimpaired pursuant to the Plan.
Assumed Contracts	**"*Assumed Contracts*"** means the Transferred Contracts (as such term is defined in the Purchase Agreement).
Assumed Liabilities	"***Assumed Liabilities***" has the meaning set forth in the Purchase Agreement.
Bankruptcy Code	"***Bankruptcy Code***" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended).
Bankruptcy Court	"***Bankruptcy Court***" means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.
Claim	"***Claim***" has the meaning ascribed to it in section 101(5) of the Bankruptcy Code.
Confirmation Order	"***Confirmation Order***" means the order confirming the Plan, which, for avoidance of doubt, shall, among other things, approve the Restructuring Transactions. The Sale Order may be included as part of the Confirmation Order.
Debtors	"***Debtors***" means KidKraft, Inc.; KidKraft Intermediate Holdings, LLC; KidKraft International Holdings, Inc.; KidKraft Europe, LLC; KidKraft Partners, LLC; KidKraft International IP Holdings, LLC; Solowave Design Corp.; Solowave Design Holdings Limited; Solowave International Inc.; Solowave Design Inc.; Solowave Design LP, and may include any of their affiliates, as determined by the Company, with the consent of Gordon Brothers, and in the case of KidKraft Group Holdings, LLC, with the consent of Gordon Brothers and MidOcean.
DIP Claims	"***DIP Claims***" means all Claims held by the DIP Lender or the DIP Agent on account of, arising under, or relating to the DIP Facility Documents (as defined in the RSA) or the DIP Facility, including Claims for all principal amounts outstanding, and any and all fees, interest, expenses, indemnification obligations, reimbursement obligations, and other amounts due under the DIP Documents.
DIP Facility	"***DIP Facility***" means the senior secured superpriority debtor in possession credit facility provided by the DIP Lender to the Borrower (as defined in the DIP Facility Term Sheet).
DIP Facility Term Sheet	"***DIP Facility Term Sheet***" means the term sheet documenting the DIP Facility.

DIP Lender	"***DIP Lender***" means the lender under the DIP Facility.
Disclosure Statement	"***Disclosure Statement***" means the disclosure statement for the Plan, which shall be filed in the Chapter 11 Cases, which, for the avoidance of doubt, may be a combined Disclosure Statement and Plan.
Distributable Value	"***Distributable Value***" means the Purchase Price *plus* any of the Debtors' cash on hand as of the Effective Date *plus* proceeds of the monetization of any Excluded Assets of the Debtors *plus* proceeds of any other collateral securing the DIP Claims or Prepetition Secured Party Claims *minus* amounts held-back in escrow pursuant to the Purchase Agreement (unless and until distributed to the Debtors in accordance therewith) *minus* the amount of the Foreign Sale Reserve *minus* the amount of the Post-Sale Reserve.
Effective Date	"***Effective Date***" means the date of consummation of the Restructuring Transactions, including the Sale Transaction, as set forth in the Plan.
Employee Transaction Incentive and Retention Plan	"***Employee Transaction Incentive and Retention Plan***" means all applicable agreements by and among KidKraft, Inc. and the employees party thereto arising under that certain *Transaction Incentive and Retention Plan*.
Excluded Assets	"***Excluded Assets"*** has the meaning set forth in the Purchase Agreement.
Excluded Liabilities	"***Excluded Liabilities***" has the meaning set forth in the Purchase Agreement.
Final Order	"***Final Order***" means an order or judgment of (a) the Bankruptcy Court, as entered on the docket in any Chapter 11 Case (or any related adversary proceeding or contested matter) or (b) any other court of competent jurisdiction; *provided*, *however*, that for any such order or judgment to be a Final Order, such order or judgment must not be stayed and must not have been reversed, modified, or amended; and, *provided*, *further*, that if such order or judgment is subject to an appeal, or if the time to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has not expired according to applicable law, such order or judgment shall be a Final Order unless the appealing party has obtained a stay pending appeal.
Foreign Sale Reserve	"***Foreign Sale Reserve***" means the amount of the Purchase Price allocated to the inventory transferred from the Netherlands Subsidiaries to Debtors to facilitate the Sale Transaction, which amount will be distributed from Debtors to the Netherlands Subsidiaries pursuant to the Plan.
General Unsecured Claim	"***General Unsecured Claim***" means any Claim other than an Administrative Expense Claim, an Intercompany Claim, an Other Priority Claim, a Priority Tax Claim, or a Professional Fee Claim.
Interests	"***Interests***" means, collectively, the shares (or any class thereof), common stock, preferred stock, limited liability company interests, and

	any other equity, ownership, or profits interests of any of the Debtors, and options, warrants, rights, or other securities or agreements to acquire or subscribe for, or which are convertible into the shares (or any class thereof) of, common stock, preferred stock, limited liability company interests, or other equity ownership, or profits interests of any of the Debtors (in each case whether or not arising under or in connection with any employment agreement).
Netherlands Subsidiaries	"***Netherlands Subsidiaries***" means KidKraft Netherlands C.V., KidKraft Holdings B.V., and KidKraft Netherlands B.V.
Other Priority Claims	"***Other Priority Claims***" means any Claims other than Administrative Expense Claims or Priority Tax Claims that are entitled to priority of payment under section 507(a) of the Bankruptcy Code.
Other Secured Claims	"***Other Secured Claims***" means Secured Claims other than Priority Tax Claims, DIP Claims, or Prepetition Secured Party Claims.
Petition Date	"***Petition Date***" means the date of filing of chapter 11 petitions by the Debtors.
Plan	"***Plan***" means the chapter 11 plan, which shall be consistent with the RSA Documentation and the RSA (which may be amended, modified, and supplemented as agreed between the Debtors, Gordon Brothers, Purchaser, and, solely subject to Section 20 of the RSA, MidOcean).
Plan Supplement	"***Plan Supplement***" means the compilation of documents and forms of documents, and all exhibits, attachments, schedules, agreements, documents and instruments referred to therein, ancillary or otherwise, including, without limitation, the Purchase Agreement, Transition Services Agreement, and the Schedule of Assumed Contracts, all of which shall be incorporated by reference into, and are an integral part of, the Plan, as may be amended, modified, replaced and/or supplemented from time to time, which shall be filed with the Bankruptcy Court on or before seven (7) business days prior to Plan Confirmation.
Post-Sale Reserve	"***Post-Sale Reserve***" means a cash reserve in the amount of $650,000 to fund the budgeted costs necessary for the wind down of the Wind Down Estates, including an estimated amount of reasonable fees and expenses that may be incurred by professionals for services rendered after the Effective Date and statutory fees, which shall be funded into a segregated account on the Effective Date. For the avoidance of doubt, the Post-Sale Reserve shall include $55,000 for the orderly wind down of KidKraft Group Holdings, LLC, if such entity is not a debtor in the Restructuring.
Prepetition Secured Parties	"***Prepetition Secured Parties***" means, GB Funding, LLC, as agent, and 1903 Partners, LLC, as lender.

Prepetition Secured Party Claims	"***Prepetition Secured Party Claims***" means all Claims against the Debtors held by the Prepetition Secured Parties on account of, arising under, or relating to their respective capacities as lender or agent under the Prepetition Credit Agreement.
Priority Tax Claims	"***Priority Tax Claims***" means Claims held by a Governmental Unit of the kind entitled to priority of payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code. Allowed Priority Tax Claims up to the Administrative Expense Claim and Priority Tax Claim Backstop Amount shall be paid in full.
Professional Fee Claims	"***Professional Fee Claims***" means all Claims (other than any adequate protection claims) for the compensation of Professionals and the reimbursement of expenses incurred by such Professionals through and including the Effective Date to the extent such fees and expenses have not been previously paid pursuant to an order of the Bankruptcy Court or the CCAA Court. To the extent that either such Court denies or reduces by a Final Order any amount of a Professional's requested fees and expenses, then the amount by which such fees or expenses are reduced or denied shall reduce the applicable Allowed Professional Fee Claim.
Pro Rata	"***Pro Rata***" means, unless indicated otherwise, the proportion that an Allowed Claim or an Allowed Interest bears to the aggregate amount of Allowed Claims, Allowed Interests, or other matter so referenced, as the context requires.
Purchase Agreement	"***Purchase Agreement***" shall have the meaning set forth in the RSA.
Purchase Price	"***Purchase Price"*** has the meaning set forth in the Purchase Agreement.
Sale Order	"***Sale Order***" means the order approving the Sale Transaction and the Purchase Agreement, which, for avoidance of doubt, shall, among other things, approve all actions necessary to effectuate the transfer of the Transferred Assets and Assumed Liabilities to Purchaser in accordance with the Purchase Agreement free and clear of all liens, claims and encumbrances; *provided that,* in each case, (i) the Sale Order may, but is not required to, transfer any Transferred Assets and Assumed Liabilities of non-Debtor Sellers to Purchaser free and clear of all liens, claims and encumbrances; (ii) the Sale Order may, but is not required to, be part of the Confirmation Order; and (iii) to the extent the Confirmation Order is not entered on the timeline contemplated by the Milestones (after giving effect to any agreed extension of the Milestone for entry of the Confirmation Order), entry of the Sale Order and consummation of the Sale Transaction may proceed independently.

Schedule of Assumed Contracts	"***Schedule of Assumed Contracts***" means the schedule of Executory Contracts and Unexpired Leases mutually agreed by Purchaser and Debtors to be assumed and assigned to Purchaser pursuant to the Plan and the Purchase Agreement, if any, and to be included as Transferred Contracts and/or as an exhibit to the Purchase Agreement and/or the Plan Supplement, in each case, as the same may be amended, modified, or supplemented from time to time in accordance with the Purchase Agreement or the Plan, as applicable.
Transferred Assets	***"Transferred Assets"*** shall have the meaning set forth in the Purchase Agreement.
Wind Down Estate	"***Wind Down Estate***" means, collectively, the estates of the Debtors and their non-Debtor affiliates, as applicable, following the Effective Date.

C. Treatment of Certain Claims and Interests under the Chapter 11 Plan

Type of Claim	Treatment	Impairment / Voting
Administrative Expense Claims and Priority Tax Claims	Except to the extent that a Holder of an Allowed Administrative Expense Claim or an Allowed Priority Tax Claim agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim and an Allowed Priority Tax Claim will receive, in full and final satisfaction of such Claim, cash in an amount equal to such Allowed Claim on the Effective Date or as soon as practicable thereafter or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code; *provided* that all such Allowed Administrative Expense Claims and Allowed Priority Tax Claims, in the aggregate, shall not exceed the Administrative Expense Claim and Priority Tax Claim Backstop Amount.	N/A
DIP Claims	Except to the extent that a Holder of an Allowed DIP Claim and the Debtors agree otherwise, on the Effective Date, to the extent any DIP Claims have not otherwise been repaid, in full and final satisfaction of such Allowed DIP Claims, each holder of an Allowed DIP Claim will receive payment in full, in cash from the Distributable Value, which may be paid directly by the Purchaser.	N/A
Other Priority Claims	On the Effective Date, each Holder of an Allowed Priority Claim (other than a Priority Tax Claim or Administrative Expense Claim) shall receive (i) payment in full, in cash, of the unpaid portion of its claim or (ii) such other treatment as may otherwise be agreed to by such Holder and the Debtors; *provided* that all such Other Priority Claims, together with the Allowed Administrative Expense Claims and Allowed Priority Tax Claims, in the aggregate, shall not exceed the	Unimpaired – Not Entitled to Vote

	Administrative Expense Claim and Priority Tax Claim Backstop Amount.	
Other Secured Claims	On the Effective Date, each Holder of an Allowed Secured Claim (other than a Prepetition Secured Party Claim) shall receive, at the Debtors' election, either (i) cash equal to the full allowed amount of its claim, (ii) reinstatement of such holder's claim, (iii) the return to or abandonment of the collateral securing such holder's claim, or (iv) such other treatment as may otherwise be agreed to by such Holder and the Debtors.	Unimpaired – Not Entitled to Vote
Prepetition Secured Party Claims	Except to the extent that the Holder of Prepetition Secured Party Claims agrees to less favorable treatment, on the Effective Date, each Holder of an Allowed Prepetition Secured Party Claim will receive the remaining Distributable Value following payment of Administrative Expense Claims and Priority Tax Claims, Allowed Professional Fee Claims, DIP Claims, Other Priority Claims, and Other Secured Claims, each in accordance with the provisions of this Plan Term Sheet.	Impaired – Entitled to Vote
General Unsecured Claims	On the Effective Date, all General Unsecured Claims will be canceled, released, extinguished and discharged. Holders of General Unsecured Claims will receive no recovery or distribution on account of such claims.	Impaired – Deemed to Reject
Intercompany Claims	All Claims against the Debtors held by another Debtor (the "***Intercompany Claims***") will be unaltered and otherwise unaffected by the Plan, or canceled on the Effective Date, in the Debtors' discretion, with the consent of Purchaser and Gordon Brothers.	Unimpaired – Presumed to Accept / Impaired – Deemed to Reject
Intercompany Interests	All Interests in the entities comprising the Company shall be maintained under the Plan, solely for purposes of administrative convenience or canceled on the Effective Date, in the Debtors' discretion, subject to the consent of Gordon Brothers.	Unimpaired – Presumed to Accept / Impaired – Deemed to Reject
KidKraft Intermediate Holdings, LLC Interests	All prepetition Interests in KidKraft Intermediate Holdings, LLC will be canceled on the Effective Date and Holders of such Interests shall receive no recovery or distribution on account of their Interests.	Impaired – Deemed to Reject
D. <u>Other Provisions</u>		
CCAA Recognition Proceedings	The Debtors shall commence the CCAA Recognition Proceedings to implement the sale of the Transferred Assets of the Company's Canadian subsidiaries and any other Transferred Assets of the Company that may be located in Canada (collectively, the "***Canadian Transferred Assets***") in and to Purchaser pursuant to the Purchase Agreement and a plan confirmation or sale	

	order approving such sale to Purchaser pursuant to the CCAA. The CCAA Recognition Proceedings shall be administered and consummated pursuant to similar terms and conditions set forth in this Plan Term Sheet (and consistent with the RSA, RSA Documentation, and all other applicable Definitive Documentation) to the extent applicable under governing Canadian law.
Foreign Subsidiaries	The Company's Netherlands Subsidiaries will be wound down utilizing the Foreign Sale Reserve and other assets of the Netherlands Subsidiaries, as may be agreed among the Netherlands Subsidiaries and Gordon Brothers. The Company, the Netherlands Subsidiaries, and Gordon Brothers will work together in good faith to determine the structure, timing, and documentation necessary to effectuate (i) a post-petition transfer of the Transferred Assets of the Netherlands Subsidiaries, (ii) a consensual liquidation of the Netherlands Subsidiaries' assets that are not Transferred Assets, (iii) distribution of proceeds of liquidated collateral of the Netherlands Subsidiaries to Gordon Brothers, to the extent such proceeds are available after the orderly out-of-court wind down referenced in (v) below, (iv) release of all Gordon Brothers' Claims against the Netherlands Subsidiaries, and (v) an out-of-court wind down of the Netherlands Subsidiaries, *provided that* the costs of (ii) and (v) be funded solely by the Foreign Sale Reserve and other proceeds from the sale or other monetization of the assets of the Netherlands Subsidiaries. The Company's non-Debtor foreign subsidiaries (other than the Netherlands Subsidiaries) and the Debtors will be wound down utilizing the Post-Sale Reserve as part of the Wind Down Estates.
Executory Contracts and Unexpired Leases	As of and subject to the occurrence of the Closing under the Purchase Agreement and the payment of any applicable cure amount by the Purchaser, all executory contracts and unexpired leases to which any of the Debtors are parties shall be deemed rejected, unless such contract or lease: (i) was previously assumed by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (ii) is the subject of a motion to assume filed by the Debtors on or before the confirmation date; or (iii) is specifically designated as a contract or lease to be assumed in the Schedule of Assumed Contracts in accordance with the Purchase Agreement. Notwithstanding the foregoing, consistent with the Purchase Agreement, Purchaser will have the right at any time prior to the Designation Deadline to designate any other contract of a Seller which has not been assumed by the Company or Purchaser, as applicable, to be a Rejected Contract.

Sale Toggle	In the event the Administrative Expense Claim and Priority Tax Claim Backstop Amount is insufficient to satisfy the requirements of Section 1129(a)(9) with respect to confirmation of the Plan (or the Parties otherwise agree), the Debtors shall, in consultation with the DIP Agent, seek to consummate the Sale Transaction under section 363 of the Bankruptcy Code (the "***363 Sale***") rather than pursuant to the Plan (the "***Sale Toggle***"), in which case (i) the Parties shall work in good faith to modify the Definitive Documentation to proceed with such 363 Sale along similar Milestones, and (ii) the proceeds of such 363 Sale shall be paid directly to the DIP Secured Parties to the extent of the DIP Claims and the Prepetition Secured Parties to the extent of the Prepetition Obligations other than an amount to be negotiated in good faith by the DIP Agent and the Debtors not to exceed (A) amounts set forth in the DIP Budget (subject to Permitted Variances) up to closing of the 363 Sale other than with respect to Allowed Professional Fees, (B) accrued and unpaid Allowed Professional Fees in accordance with clause (iii) of the Carve Out as though the Carve-Out Trigger Notice was delivered at the closing of the 363 Sale, (C) the amounts set forth in sections (i), (ii), (iv) and (v) of the Carve Out (as defined in the DIP Term Sheet) and (D) a "wind-down amount" not to exceed the sum of the Administrative Expense Claim and Priority Tax Claim Backstop Amount *plus* the Post-Sale Reserve *plus* the Foreign Sale Reserve; provided that no amounts set forth above shall be double-counted.
Conditions Precedent to Confirmation	The Plan shall contain customary conditions to confirmation in form and substance to be agreed upon by the Debtors, Gordon Brothers, the Purchaser, and MidOcean, to the extent required in the RSA, including, without limitation: (i) the RSA shall not have been breached or terminated and shall remain in full force and effect; (ii) an order approving the Disclosure Statement shall have been entered by the Bankruptcy Court; (iii) the Plan and the Plan Supplement (including any exhibits, schedules, amendments, modifications or supplements thereto) shall have been filed, each in form and substance acceptable to the Debtors, Purchaser, Gordon Brothers, and MidOcean to the extent required in the RSA; (iv) the Final DIP Order and Final DIP Recognition Order shall have been entered by the Bankruptcy Court and the CCAA Court, respectively, and shall be in full force and effect, and no stay thereof shall be in effect; and there shall not have been any termination of the DIP Facility; (v) the Purchase Agreement shall be executed by the parties thereto, shall not have been breached or terminated and shall remain in full force and effect; (vi) the Confirmation Order and the Confirmation Recognition Order shall have been entered by the Bankruptcy Court and the CCAA Court, respectively, and shall be in full force and effect, and no

	stay thereof shall be in effect; (vii) the Confirmation Order shall, *inter alia*: a. authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, and other agreements or documents created in connection with the Plan; b. approve and/or ratify the Debtors' entry into and performance under the Purchase Agreement, including consummation of the Sale Transaction in accordance therewith with respect to the Debtors free and clear of any and all pledges, options, charges, liabilities, liens, claims, encumbrances, successor liability or security interests except certain permitted liens to be agreed (if any) and the Assumed Liabilities, and the assumption by Purchaser of the Assumed Liabilities; c. decree that the provisions of the Confirmation Order and the Plan are non-severable and mutually dependent; d. authorize the Debtors and Wind Down Estates, as applicable/necessary to, among other things: (i) implement the Restructuring; (ii) make all distributions and issuances as required under the Plan; and (iii) enter into any agreements, transactions, and sales of property as set forth in the Plan; e. be in form and substance satisfactory to the Debtors, Purchaser and Gordon Brothers, and otherwise consistent with the RSA; (viii) the Administrative Expense Claim and Priority Tax Claim Backstop Amount shall have been funded by cash on hand of the Debtors and the proceeds of the DIP Facility into a reserve account and shall be added to the outstanding obligations under the DIP Facility (less cash on hand); (ix) the Special Committee's investigation shall have concluded; and (x) a plan and/or sale motion (including any exhibits, schedules, amendments, modifications or supplements thereto) shall have been filed in the CCAA Recognition Proceedings, seeking the CCAA Court's approval to consummate and effectuate the sale of the Canadian Transferred Assets to Purchaser pursuant to the Purchase Agreement and consistent with the terms and conditions of the RSA and the RSA Documentation.
Conditions Precedent to the Effective Date	The Plan shall contain customary conditions to the effectiveness of the Plan in form and substance to be agreed upon by the Debtors, Purchaser and Gordon Brothers, and to MidOcean to the extent required in the RSA, including, without limitation:

	(i)	the RSA shall not have been breached or terminated and shall remain in full force and effect;
	(ii)	the Confirmation Order shall have been entered, and shall not have been stayed or modified;
	(iii)	the Sale Order shall have been entered (whether or not included as a part of the Confirmation Order), and shall not have been stayed or modified;
	(iv)	the Sale Transaction (including with respect to the sale of the Canadian Transferred Assets to Purchaser pursuant to the CCAA Recognition Proceedings) shall have been consummated in accordance with the Purchase Agreement;
	(v)	the CCAA Court shall have entered an order recognizing and giving effect to the Confirmation Order and the Sale Order (whether or not included as part of the Confirmation Order) in Canada;
	(vi)	the Final DIP Order and Final DIP Confirmation Order shall have been entered by the Bankruptcy Court and the CCAA Court, respectively, and shall be in full force and effect, and no stay thereof shall be in effect and there shall not have been any termination of the DIP Facility Documents;
	(vii)	an escrow account to reserve for Allowed Professional Fee Claims shall be funded using cash on hand of the Debtors, proceeds of the DIP Facility, or proceeds of the Sale Transaction, as applicable, equal to the amount of unpaid compensation and unreimbursed expenses incurred by each Professional Person from the Petition Date through and including the Effective Date, subject to the Approved Budget (including the Professional Fee Variance).
	(viii)	all governmental approvals, including Bankruptcy Court approval, necessary to effectuate the Restructuring and Sale Transaction will have been obtained and all applicable waiting periods will have expired;
	(ix)	subject to Section 2 of the RSA, the Definitive Documentation relating to the Restructuring will be executed and delivered by the respective parties;
	(x)	the Bankruptcy Court shall have approved the Plan's releases and such approval shall have been recognized and given effect in Canada by the CCAA Court;
	(xi)	the Post-Sale Reserve shall have been funded using cash on hand of the Debtors and/or proceeds of the DIP Facility or the Sale Transaction, as applicable;
	(xii)	the applicable parties shall have executed the Transition Services

	Agreement; and (xiii) the Gordon Brothers Fees will have been paid in full.
Releases	To the fullest extent permitted by applicable law, the Plan shall include full mutual releases from liability in favor of the Debtors, Gordon Brothers, Purchaser, MidOcean, and each of the foregoing parties' respective current and former officers and directors, professionals, advisors, accountants, attorneys, investment bankers, consultants, employees, agents, and other representatives, from any claims and causes of action related to or in connection with the Debtors, the RSA, the Chapter 11 Cases, the CCAA Recognition Proceedings, the Restructuring, the Sale Transaction, the Purchase Agreement, and the Plan arising on or prior to the Effective Date; *provided*, however, that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification claims against the Debtors or any of their respective insurance carriers or any rights as beneficiaries of any insurance policies.
Exculpation	To the fullest extent permitted by applicable law, the Plan shall include customary exculpation provisions in favor of the Debtors relating to the Debtors, the Chapter 11 Cases, the CCAA Recognition Proceedings, the Restructuring, the Sale Transaction, the Purchase Agreement, and the Plan arising on or prior to the Effective Date; *provided*, however, that no party will be exculpated from any claim or cause of action that was a result of such party's gross negligence, willful misconduct, or bad faith, as determined by a Final Order of a court of competent jurisdiction.
Injunction and Discharge	Ordinary and customary injunction provisions shall be included in the Plan and Confirmation Order.
Insurance	All of the Debtors' insurance policies, including all directors' and officers' liability insurance and any "tail" policy, shall be deemed assumed, or assumed and assigned by the Debtors, under the Plan.
Assumption of Go-Forward Employee Obligations	Not later than three (3) Business Days prior to the Designation Deadline, Purchaser shall provide (or cause an Affiliate to provide) to each Seller employee identified on Section 6.3 of the Disclosure Letter, an offer of employment which such employment shall commence as of the Closing, in each case, subject to and in accordance with the terms of the Purchase Agreement.

Employee Transaction Incentive and Retention Plan	All amounts earned by employees that are not offered employment by the Purchaser under the Employee Transaction Incentive and Retention Plan, in an amount not to exceed $205,000, shall be paid prior to the Petition Date, it being understood that, notwithstanding anything to the contrary in the Employee Transaction Incentive and Retention Plan, no Transaction Incentive Bonus Award (as defined in the Employee Transaction Incentive and Retention Plan) shall be earned as a result of the Restructuring Transactions (including the Sale Transaction) or any other transactions contemplated under the Plan, the RSA, the RSA Documentation, or the Purchase Agreement. For the avoidance of doubt, the Employee Transaction Incentive and Retention Plan and/or the Company's obligations and liabilities thereunder shall only constitute Assumed Liabilities under the Purchase Agreement if Purchaser expressly agrees to assume such liabilities in accordance with the Purchase Agreement. Under no circumstances shall any payments under the Employee Transaction Incentive and Retention Plan be Allowed Administrative Expense Claims.
Tax Provisions	The Parties shall work together in good faith and will use their reasonable best efforts to structure and effectuate the terms and conditions of the Restructuring in a tax efficient and cost effective manner reasonably satisfactory to the Parties.
Reservation of Rights	The Debtors, Purchaser and Gordon Brothers reserve their rights to dispute, object to the allowance of, or move to subordinate any Claims, in accordance with the RSA; *provided*, that nothing herein shall be deemed to grant standing to the DIP Lender to move to subordinate any Claims, to the extent that a motion for standing to pursue such causes of action is necessary.
Definitive Documentation	Any documents necessary to implement the Restructuring, including any Definitive Documentation, that remain the subject of negotiation as of the RSA Effective Date shall be subject to the rights and obligations set forth in Section 2 of the RSA. Failure to reference such rights and obligations as they relate to any document referenced in this Term Sheet shall not impair such rights and obligations.
Fees and Expenses	The Debtors shall pay or reimburse when due all reasonable and documented fees and expenses regardless of whether such fees and expenses were incurred before or after the Petition Date, in connection with, or arising as a result of the Restructuring, the Plan, or the Chapter 11 Cases, or the CCAA Recognition Proceedings, of (i) Gordon Brothers; and (ii) the DIP Lender (collectively, the "***Gordon Brothers Fees***").
Wind Down of Debtors' Estates	On the Effective Date, the Wind Down Estate shall be vested with all Excluded Assets (to the extent not monetized, and as and when monetized, shall become Distributable Value under the Plan) and Excluded Liabilities. The Wind Down Estate shall be charged with, among other things, reconciling Claims, making all distributions under the Plan and fulfilling the Debtors' obligations under the Transition Services Agreement, if any.

	On the Effective Date, the DIP Lender shall fund the Post-Sale Reserve to effectuate the wind down of the Wind Down Estate (to the extent cash on hand and/or proceeds of the Sale Transaction are not sufficient). After the Closing of the Sale, Purchaser shall be solely responsible for all costs associated with the Transition Services Agreement. Any amounts remaining in the Wind Down Estate following completion of the wind down thereof shall be remitted to the Prepetition Secured Parties as Distributable Value.

Execution Version

Exhibit B

Purchase Agreement
Omitted

Execution Version

Exhibit C

DIP Facility Term Sheet

KIDKRAFT, INC.

Priming Superpriority Debtor-In-Possession Financing
Term Sheet

Dated as of April 25, 2024

This Priming Superpriority Debtor-in-Possession Financing Term Sheet (including all schedules, annexes and exhibits hereto, this "**Term Sheet**") describes the principal terms and conditions of a proposed DIP Facility to be provided by the DIP Lender to the Borrower in connection with cases (collectively, the "**Chapter 11 Cases**") to be filed by the Debtors in the United States Bankruptcy Court for the Northern District of Texas (the "**Bankruptcy Court**") pursuant to chapter 11 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**") on or around May 6, 2024 (the date of filing, the "**Petition Date**") and proceedings to be commenced pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**" and the related recognition proceedings, the "**CCAA Recognition Proceedings**") in the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**").

The parties contemplate the sale of the Debtors' assets to Backyard Products, LLC or its designee (the "**Backyard Sale**") pursuant to that certain Asset Purchase Agreement (the "**APA**") dated as of the date hereof between KidKraft, Inc., and certain of its affiliates and Backyard Products, LLC (the "**Purchaser**") and an orderly wind down pursuant to a chapter 11 plan (the "**Plan**") to be consummated in the Chapter 11 Cases pursuant to that certain Restructuring Support Agreement to which this Term Sheet is attached (the "**RSA**") and the Plan Term Sheet attached thereto (the "**Plan Term Sheet**").

This Term Sheet is being provided on a confidential basis and it, along with its contents and existence, may not be distributed, disclosed or discussed with any other party. This Term Sheet is not an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or to subscribe for any securities. The terms and conditions set forth in this Term Sheet do not constitute or create an agreement, obligation or commitment of any kind by or on behalf of any party, unless and until executed by each of the undersigned parties hereto.

BORROWER:	KidKraft, Inc. ("**KidKraft**" or "**Borrower**")
GUARANTORS:	The affiliates of KidKraft listed on Schedule 1 hereto (such affiliates and KidKraft, Inc., each a "**Debtor**" and collectively, the "**Debtors**"), as may be modified with the consent of the DIP Agent and any additional guarantor.
DIP LENDER:	1903 Partners, LLC (the "**DIP Lender**")
DIP AGENT:	GB Funding, LLC (the "**DIP Agent**", and together with the DIP Lender, the "**DIP Secured Parties**")
DIP COMMITMENT:	The DIP Lender agrees to make senior secured superpriority priming debtor-in-possession loans (each, a "**DIP Loan**" and

	in the aggregate, the "**DIP Loans**") to Borrower from time to time pursuant to a multi-draw debtor-in-possession term loan facility (the "**DIP Facility**") in an aggregate amount (i) not to exceed at any time outstanding aggregate commitments of $[12.0] million (the "**DIP Commitment**") consisting of a $[1.1] million DIP Commitment as of the Interim Closing Date (the "**Interim Commitment**") and an incremental $[10.9] million DIP Commitment as of the Final Closing Date (the "**Final Commitment**") *plus* (ii) the Roll-Up Amount.
PURCHASE PRICE CALCULATION:	Every Wednesday beginning the first full calendar week following the Petition Date, the Debtors shall deliver an updated calculation of the "Purchase Price at close" in accordance with Exhibit B of the APA as though the Backyard Sale was closing on such date (each such calculation, a "**Purchase Price Calculation**") to the DIP Agent and the Purchaser. If the aggregate "Purchase Price at close" in any such Purchase Price Calculation is 20% or more below the Example Purchase Price Calculation set forth in the Exhibit B of the APA, it shall be deemed a "**Negative Purchase Variance**."
ROLL UP:	Upon entry of the Interim Order, $[__][1] million of the Prepetition Obligations shall be "rolled up" and converted into DIP Loans on a dollar-for-dollar cashless basis (the "**Roll-Up Amount**").
CASH COLLATERAL:	"**Cash Collateral**" consists of: (i) cash collateral (as such term is defined in section 363(a) of the Bankruptcy Code, including, without limitation, any accounts receivable and general intangible and any other cash or right that would be included in such definition of "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code) including, without limitation, all cash or cash equivalents and other amounts, including the cash in any deposit or securities accounts, wherever located; (ii) any cash or cash equivalents received as proceeds of Prepetition Collateral or DIP Collateral; and (iii) all other cash or cash equivalents of the Debtors. Subject to the terms of the DIP Documents, the Prepetition Secured Parties (as defined below) shall consent to the Debtors' use of Cash Collateral during the Chapter 11 Cases and CCAA Recognition Proceedings to fund (i) working capital,

[1] [**NTD**: Roll-Up Amount to equal all amounts loaned to Company by Gordon Brothers under the Prepetition Credit Agreement (as defined below) from January 31, 2024 to the Petition Date excluding accrued and unpaid interest/fees/expenses]

	(ii) general corporate purposes, (iii) restructuring costs and expenses, and (iv) any other fees required under the DIP Documents and the other definitive documentation during the pendency of the Chapter 11 Cases and CCAA Recognition Proceedings, in each case, subject to the Approved Budget (as defined below), including the Permitted Variances. To the extent any amounts required to be funded under this Term Sheet, the DIP Documents, the RSA, the Plan, or the APA or any other document or order (including the Administrative Expense Claim and Priority Tax Claim Backstop Amount, Post-Sale Reserve, and Foreign Sale Reserve) are not actually expended, such amounts shall be deemed Cash Collateral and distributed to the DIP Agent or Prepetition Agent, as applicable.
CLOSING DATES:	"**Interim Closing Date**" means the date on which the "Conditions Precedent to Each Interim DIP Loan" (including, without limitation, entry of the Interim Order) are satisfied or waived in accordance with this Term Sheet. "**Final Closing Date**" means the date on which the "Conditions Precedent to Each Final DIP Loan" as set forth below (including, without limitation, entry of the Final Order) shall have been satisfied or waived in accordance with this Term Sheet.
DIP LOAN DOCUMENTATION:	At the option of the DIP Lender in its sole discretion, Debtors shall execute definitive financing documentation with respect to the DIP Loans, including, without limitation, all guaranties thereof, satisfactory in form and substance to each of the DIP Lender and Debtors (and together with this Term Sheet and other documents governing the DIP Facility, the "**DIP Documents**"). The provisions of the DIP Documents shall, upon execution, supersede the provisions of this Term Sheet. The provisions of the DIP Documents shall be substantially the same as the Prepetition Loan Documents with such changes as are necessary to reflect the terms of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders (once entered). "**Canadian DIP Recognition Orders**" shall mean, as applicable, an order (after hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral situated in Canada), recognizing and giving effect in Canada to: (i) the Interim Order (the "**Interim DIP Recognition Order**," and together with the Interim Order, the "**Interim Orders**"), and (ii) the Final Order (the "**Final DIP**

	Recognition Order" and together with the Final Order, the "**Final Orders**"). In addition to the provisions set forth herein, the DIP Orders and the Canadian DIP Recognition Orders shall contain additional customary protections for the DIP Lenders. Each of the parties' rights and obligations hereunder shall be subject to entry of the DIP Orders and the Canadian DIP Recognition Orders.
ACKNOWLEDGMENT; RATIFICATION:	Each Debtor hereby acknowledges, confirms, and agrees that: (i) as of the Petition Date, the Debtors are jointly and severally indebted under and in connection with that certain *Amended and Restated First Lien Credit Agreement* dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V. as borrowers, KidKraft Intermediate Holdings, LLC ("**Holdings**"), the subsidiaries of Holdings that are guarantors thereto (collectively, with Holdings, the "**Guarantors**") GB Funding, LLC in its capacity as administrative agent and collateral agent (the "**Prepetition Agent**"), and 1903 Partners, LLC in its capacity as Lender (the "**Prepetition Secured Lender**", and together with the Prepetition Agent, the "**Prepetition Secured Parties**") (as may be amended, supplemented or otherwise modified from time to time, the "**Prepetition Credit Agreement**", and together with all related security agreements, collateral agreements, pledge agreements, control agreements, guarantees, the "**Prepetition Loan Documents**") in the aggregate principal amount of not less than $[__][2] (together with any other amounts outstanding under the Prepetition Credit Agreement, including interest costs, expenses, indemnification obligations, and fees (including attorneys' fees and legal expenses) (collectively, the "**Prepetition Obligations**")); (ii) the Prepetition Obligations constitute the legal, valid and binding obligations of each Debtor enforceable against it in accordance with the terms thereof, and each Debtor has no valid defense, offset or counterclaim to the enforcement of such obligations; (iii) the Prepetition Obligations are secured by valid, enforceable and perfected (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims,

[2] [**NTD**: To equal the principal amount of loans under the Prepetition Credit Agreement prior to January 31, 2024 plus any incremental borrowings from January 31, 2024 to the Petition Date.]

	letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) first priority and senior security interests in and liens (subject in priority only to those "Liens" permitted under Section 7.01 of the Prepetition Credit Agreement (the "**Prepetition Permitted Liens**") and the DIP Liens) upon all of the Debtors' assets and property other than Excluded Assets, Excluded Receivables and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "**Prepetition Collateral**"), including Cash Collateral; (iv) each of the Prepetition Loan Documents to which it is a party was duly executed and delivered by such Debtor, and each is in full force and effect as of the date hereof; (v) the Prepetition Secured Parties are and shall be entitled to all of the rights, remedies and benefits provided for in the Prepetition Loan Documents and the DIP Orders; and (vi) all of the terms and conditions of the Prepetition Loan Documents, as amended and supplemented pursuant hereto and pursuant to the DIP Orders and the Canadian DIP Recognition Orders, are ratified, restated, assumed, adopted and affirmed, and each Debtor agrees (a) to be fully bound, as debtor and debtor-in-possession, by the terms of the Prepetition Loan Documents to which such Debtor is a party, (b) to pay all of the Prepetition Obligations in accordance with the terms of such Prepetition Loan Documents and in accordance with the DIP Orders, and (c) each of the Prepetition Loan Documents are hereby incorporated herein by reference and hereby are and shall be deemed adopted and assumed in full by each Debtor, each as Debtor and debtor-in-possession, and considered as agreements between such Debtor, on the one hand, and the Prepetition Secured Parties on the other hand. The Interim Order and Final Order shall include typical acknowledgments regarding the validity and priority of the Prepetition Secured Parties and Prepetition Obligations.
CHALLENGE PERIOD:	The "ACKNOWLEDGMENT; RATIFICATION" section of this Term Sheet and portion of the "RELEASES" sections of this Term Sheet pertaining to the Prepetition Obligations, Prepetition Loan Documents, and Prepetition Secured Parties shall be subject to a typical "challenge period" (the

	"**Challenge Period**") to be set forth in the Interim Order and Final Order, which Challenge Period shall expire prior to the date that the Plan is confirmed by the Bankruptcy Court.
CARVE OUT:	"**Carve Out**" shall mean the sum of: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code *plus* interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise all unpaid fees, costs, disbursements and expenses (the "**Allowed Professional Fees**") incurred or earned by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Committee (if any) pursuant to sections 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**," and, together with the Debtor Professionals, the "**Professional Persons**") at any time on or before the first business day following delivery by the DIP Lender to the Debtors of a Carve-Out Trigger Notice (as defined in the Interim Order and Final Order), but shall not include any restructuring, sale, transaction or other "success" fee except for such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; (a) Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility or cash on hand, a segregated account (the "**Professional Carve Out Reserve Account**") held by Vinson & Elkins LLP in trust for the benefit of the Debtor Professionals in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures herein in the "Debtor Professional Budget and Reporting" section. (iv) Allowed Professional Fees of the Professional Persons in an aggregate amount not to exceed $150,000 accrued after the first business day following delivery by the DIP Agent of a Carve-Out Trigger Notice, to the extent allowed at any time,

	whether by interim order, procedural order, final order, or otherwise; and (v) an amount up to the amount secured by and necessary to fund the Administration Charge (as defined below) for the beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings.
USE OF PROCEEDS:	Proceeds of the DIP Loans (and Cash Collateral) will be used solely in accordance with the Approved Budget (as defined below) for (a) working capital and general corporate purposes of the Debtors, (b) restructuring costs and expenses, (c) costs and expenses related to the DIP Facility, (d) payment of interest on the DIP Loans, and (e) other costs to ensure consummation of the Plan. Neither proceeds of the DIP Loans nor any Cash Collateral shall be used (i) to permit the Borrower, the Guarantors or any other party-in-interest or any of their representatives to challenge or otherwise contest or institute any proceeding to determine (x) the validity, perfection or priority of security interests in favor of any of the DIP Secured Parties or the Prepetition Secured Parties, or (y) the enforceability of the obligations of the Debtors under the DIP Documents or the Prepetition Loan Documents, (ii) to investigate, commence, prosecute or defend any claim, motion, proceeding or cause of action against any of the DIP Secured Parties or the Prepetition Secured Parties, each in such capacity, and their respective agents, attorneys, advisors or representatives.
APPROVED BUDGET; APPROVED CASH FLOW PROJECTION; AND VARIANCE REPORTS:	By no later than two (2) Business Days before the Petition Date, Debtors shall deliver to the DIP Lender a weekly budget for the [9]-week period commencing on the Petition Date, and such weekly budget shall be approved by the DIP Lender in its sole discretion and shall set forth, among other things, all projected cash receipts, sales, and cash disbursements, a copy of which is attached as **Exhibit A** hereto (the "**Approved Budget**"). Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other time as the Debtors may elect with the consent of the DIP Lender), the weekly budget shall be updated, and if such updated budget is in form and substance satisfactory to

	the DIP Lender in its sole discretion, it shall become the "Approved Budget" for purposes of this Term Sheet and the DIP Orders. Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of the DIP Lender) the Debtors shall deliver to the DIP Lender a variance report in form and substance reasonably acceptable to the DIP Lender (an "**Approved Variance Report**") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, Debtors shall deliver to the DIP Lender, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "**Permitted Variances**" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons) line-items in the Approved Budget, (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "**Professional Fee Variance**") in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing to begin three (3) weeks from the Petition Date, except that the Professional Fee Variance shall be calculated weekly and not on a rolling four (4) week basis. Any amendments, supplements or modifications to the Approved Budget or an Approved Variance Report shall be subject to the prior written approval of the DIP Lender in its sole discretion prior to the implementation thereof. Other than as set forth below in the "Debtor Professional Budgeting and Reporting" section of this term sheet, if any Professional Person exceeds the Professional Fee Variance, such Professional Person will, if requested by the DIP Lender within two (2) Business Days of receipt of such adverse variance report, make a representative available to meet and confer with the DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved

	Variance Report, to discuss a good faith modification to the Approved Budget (the "**Meet and Confer**"). If the DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, the DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein. To the extent the amount of actual fees and expenses of any Professional Person is less than the amount set forth in the Approved Budget on a weekly basis, such amount for such Professional Person may be rolled forward to increase the amount available to the applicable Professional Person in any subsequent week.
DEBTOR PROFESSIONAL BUDGETING AND REPORTING	Notwithstanding anything to the contrary herein, the following requirements shall apply to each Debtor Professional. (i) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "**Debtor Professional Report**"). (ii) The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "**Review Period**"). (a) If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Professional Carve Out Reserve Account. (b) If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. (c) At the conclusion of the Meet and Confer, if the DIP Agent elects to declare an Event of Default, the Debtors shall only fund an amount not to exceed 150% of such

	Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Professional Carve Out Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documentation, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Professional Carve Out Reserve Account in accordance with the DIP Term Sheet after a Meet and Confer is requested.
ADMINISTRATIVE EXPENSE CLAIM AND PRIORITY TAX CLAIM BACKSTOP AMOUNT:	The amount, to be agreed upon by the Debtors and both the DIP Lender and Backyard Products, LLC, each in its sole discretion, and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims and Priority Tax Claims, excluding Allowed Professional Fee Claims; *provided*, *that* in no event will the DIP Lender's obligation to provide such funding exceed the Administrative Expense Claim and Priority Tax Claim Backstop Amount (as defined and set forth in the Plan Term Sheet).
FIRST PRIORITY SECURITY INTEREST:	All DIP Loans and other liabilities and obligations of Debtors to the DIP Secured Parties under or in connection with this Term Sheet, the DIP Documents, and the DIP Orders (collectively, the "**DIP Obligations**") shall be: (i) pursuant to section 364(c)(1) of the Bankruptcy Code, constitute an allowed superpriority administrative expense claim (the "**DIP Superpriority Claim**") in the Chapter 11 Cases of the Debtors with priority over any and all administrative expenses, whether heretofore or hereafter incurred, of the kind specified in sections 503(b) or 507(a) of the Bankruptcy Code but shall be subject to the Carve-Out and, shall be payable from the proceeds of DIP Collateral; (ii) pursuant to sections 364(c)(2), secured by a perfected first priority lien on the DIP Collateral, to the extent that such DIP Collateral is not subject to valid, perfected, and non-avoidable

	liens as of the Petition Date (but in all cases subject to the Carve-Out); (iii) pursuant to section 364(c)(3), secured by a perfected junior lien on DIP Collateral (as defined below), to the extent such DIP Collateral is subject to a Permitted Lien; (iv) pursuant to section 364(d) of the Bankruptcy Code, secured by the DIP Liens, which shall constitute a perfected, senior secured superpriority priming security interest and lien on the DIP Collateral (but in all cases subject to the Carve-Out); and (v) pursuant to the Canadian DIP Recognition Orders, secured by a super-priority CCAA Court-ordered charge upon DIP Collateral which is property of a Debtor formed under the laws of Canada (the "**Canadian Debtors**") or DIP Collateral situated in Canada (all such collateral, the "**Canadian Collateral**"). For clarity, all existing liens, including the liens granted in connection with the Prepetition Loan Documents shall be primed and made subject to and subordinate to the DIP Liens. The DIP Liens shall not be *pari passu* with or subordinated to any other liens or security interests (whether currently existing or hereafter created), except (i) the Carve Out, (ii) such liens or interests expressly agreed upon in writing by the DIP Agent in its sole discretion, (iii) with respect to the Canadian Collateral, (A) the super-priority administration charge to be established by the CCAA Court on the Canadian Collateral in the Supplemental Order (Foreign Main Proceeding) as security for the professional fees and disbursements of Canadian counsel to the Debtors, the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings (the "**Information Officer**") and legal counsel to the Information Officer incurred in respect of the CCAA Recognition Proceedings in an amount not to exceed C$750,000 (the "**Administration Charge**"), or (iv) such priming liens or interests imposed by applicable non-bankruptcy law and disclosed to the DIP Agent prior to the entry of the Interim Order, are in existence as of the Petition Date, and otherwise unavoidable (collectively, the "**Permitted Liens**"). For the avoidance of doubt, the Permitted Liens shall not include any liens which are junior in priority to the liens held by the Prepetition Secured Parties.

GRANT OF SECURITY INTEREST:	As collateral security for the prompt performance, observance, and payment in full of the DIP Obligations, each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to the DIP Agent, for the benefit of the DIP Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**DIP Liens**"). As collateral security for the prompt performance, observance, and payment in full of the Adequate Protection Superpriority Claim (as defined below), each Debtor, as debtor and debtor-in-possession, hereby grants, pledges, and assigns to Prepetition Agent, for the benefit of the Prepetition Secured Lender, continuing security interests in and liens upon, and rights of setoff against, all of the DIP Collateral (the "**Replacement Lien**").
ADEQUATE PROTECTION:	As adequate protection for any diminution of the Prepetition Secured Parties' interest in the Prepetition Collateral resulting from the use of Cash Collateral, the subordination of their existing liens to the DIP Liens, and the imposition of the Carve-Out, the Prepetition Secured Parties shall receive: (i) pursuant to sections 361, 363(e), and 364(d)(l) of the Bankruptcy Code, the Replacement Lien, which shall be subject and subordinated only to the Carve-Out, the DIP Liens, and the Permitted Liens; (ii) an administrative expense claim, junior and subordinate only to the Carve-Out and the DIP Superpriority Claim with priority over any and all other administrative expenses (the "**Adequate Protection Superpriority Claim**"); and (iii) payment of all reasonable, documented out-of-pocket costs and expenses of the Prepetition Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors). Such adequate protection shall in all cases be subject to the Carve-Out and shall be entitled to the full protections of Section 507(b) of the Bankruptcy Code and shall be payable from Avoidance Actions upon entry of the Interim Order. The Prepetition Secured Parties reserve all rights with respect to additional adequate protection, including adequate

	protection payments substantially equal to interest on the Prepetition Obligations.
DIP COLLATERAL:	"**DIP Collateral**" means, collectively, all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and upon entry of the Final Order, avoidance actions under chapter 5 of the Bankruptcy Code and proceeds thereof (collectively, the "**Avoidance Actions**"). For the avoidance of doubt, any amounts paid by Purchaser to the Debtors in the event of a breach or termination of the APA shall be Cash Collateral. The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by the DIP Agent in order to claim or perfect such rents, issues, products, or proceeds. The Debtors shall take all action that may be reasonably necessary or desirable or that the DIP Agent may reasonably request, to at all times maintain the validity, perfection, enforceability and priority of the security interest and liens of the DIP Agent in the DIP Collateral, or to enable the DIP Agent to protect, exercise or enforce its rights hereunder, under the DIP Orders, the Canadian DIP Recognition Orders and in the DIP Collateral.
DIP FEES:	The Debtors shall pay the (A) DIP Lender (i) an origination fee of 2.00% of the DIP Commitment, which shall be fully earned and non-refundable on the Interim Closing Date, and shall be paid from the proceeds of the initial funding of DIP Loans, and (ii) an exit fee of 2.00% of the DIP Commitment, which shall be fully earned and non-refundable upon consummation of the Plan and (B) the DIP Agent, a weekly administrative fee of $7,500.
INTEREST RATE:	The interest rate on the DIP Loans shall be a rate per annum equal to Adjusted Term SOFR for an Interest Period (as such terms are defined in the Prepetition Credit Agreement) of one

	month plus 8.50%. Interest shall be paid at the end of each Interest Period in cash, using Cash Collateral or proceeds of the DIP Loans. On the last day of each Interest Period the interest rate on the outstanding DIP Loans will be automatically deemed continued at Adjusted Term SOFR for an Interest Period of one month determined as of such date. Interest shall be paid monthly on the DIP Loans in cash, using Cash Collateral or proceeds of the DIP Loans.
DEFAULT RATE:	At all times following the occurrence and during the continuance of an Event of Default, principal, interest and other amounts due on the DIP Loans shall bear interest at a rate equal to the "Interest Rate" section above *plus* 3.00%.
MATURITY DATE:	The DIP Loans (together with all other DIP Obligations) shall mature and be due and payable on the earliest to occur of the following (such date, the "**Maturity Date**"): (i) [the date that is sixty (60) days after the Petition Date (the "**Outside Date**"), which may be extended in the sole discretion of the DIP Lender;] (ii) the date which is thirty (30) days following the entry of the Interim Order if the Bankruptcy Court has not entered the Final Order on or prior to such date; (iii) the date of the Debtors' receipt of notice of the acceleration of any of the DIP Loans and the termination of the commitments to make the DIP Loans resulting from the occurrence of an Event of Default (including, without limitation, the failure to meet any Chapter 11 Milestone set forth in the RSA (collectively, the "**Chapter 11 Milestones**")); (iv) the effective date of the Plan; (v)a sale of all or substantially all of the Debtors' assets is consummated under Section 363 of the Bankruptcy Code (which for the avoidance of doubt shall include the Backyard Sale after the occurrence of the Sale Toggle (as defined in the Plan Term Sheet)); and (vi) the filing of a motion by the Debtors seeking dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the dismissal or termination of any or all of the Chapter 11 Cases or the CCAA Recognition Proceedings, the filing of a motion by the

	Debtors seeking to convert any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, the conversion of any or all of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or entry of an order appointing a trustee under chapter 11 of the Bankruptcy Code, a responsible officer or examiner with enlarged powers relating to the operation of the Debtors' business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1106 of the Bankruptcy Code, the making of an assignment in bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case without the prior written consent of the DIP Agent.
OPTIONAL PREPAYMENTS:	The Debtors may prepay the DIP Loans in whole or in part at any time without premium or penalty. All optional prepayments shall be applied to the DIP Loans in accordance with the Prepayment Waterfall set forth below. Any amounts so prepaid may not be reborrowed.
MANDATORY PREPAYMENTS; APPLICATION OF PREPAYMENTS:	The Debtors shall pay or prepay the DIP Loans and all other DIP Obligations (together with a cash reserve established for the benefit of the DIP Agent to cover asserted contingent and indemnity obligations) in accordance with the Prepayment Waterfall, upon receipt of any of the following (each, a "**Mandatory Prepayment Event**"): (i) net proceeds (after funding the Carve-Out, reserving proceeds sufficient to pay accrued and unpaid expenses to the extent set forth in the Approved Budget, and reserving for amount secured by and necessary to fund the Canadian Priority Charges (without duplication)) of any sale or disposition of all or substantially all of Debtors' assets pursuant to section 363 of the Bankruptcy Code simultaneous with the consummation thereof, other than the Backyard Sale. (ii) net proceeds of any other sale or other disposition by any Debtor of any assets, in a single transaction or series of related transactions, having a value in excess of $10,000 (except for the sale of goods or services in the ordinary course of business, sales contemplated by the Approved Budget, and certain other sales to be agreed on); and

	(iii) 100% of the net proceeds of extraordinary receipts (including tax refunds, indemnity payments, pension reversions, acquisition purchase price adjustments and insurance proceeds not included as proceeds of asset dispositions) by any Debtor, excluding any tax refunds contemplated to be received by any of the Debtors as set forth in the Approved Budget. Any amounts so paid or prepaid may not be reborrowed. No reinvestment of the proceeds of any extraordinary receipts, asset sales or other proceeds described above shall be permitted without the prior written consent of the DIP Lender. All payments or prepayments and proceeds of DIP Collateral received by the Debtors outside the ordinary course of business (other than the Backyard Sale) will be applied in the following order of priority (the "**Prepayment Waterfall**" (unless otherwise determined by the DIP Lender in its sole discretion)): (i) *first*, to pay all reasonable documented out-of-pocket expenses of the DIP Secured Parties (including, without limitation, reasonable and documented out-of-pocket fees and expenses of counsel and external advisors); (ii) *second*, to pay an amount equal to all accrued and unpaid interest (including, without limitation, any interest that accrued and was "paid in kind") owing to the DIP Secured Parties; (iii) *third*, to repay any principal amounts outstanding in respect of the DIP Loans (including any amounts, other interest, that have been added to the principal balance); and (iv) *fourth*, all other amounts owing to the DIP Secured Parties. Proceeds from the Backyard Sale shall be distributed in accordance with the Plan.
INDEFEASIBLE PAYMENT:	All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason.

CONDITIONS PRECEDENT TO EACH INTERIM DIP LOAN:	The obligations of the DIP Lender to make any Interim DIP Loans will be subject to satisfaction, or written waiver, by the DIP Lender in its sole and absolute discretion, of each of the following conditions precedent in connection with each draw request: (i) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Interim DIP Loan; (ii) Debtors shall have timely delivered to the DIP Lender the Approved Budget or any update thereto required to be delivered in accordance with this Term Sheet; (iii) Debtors shall have delivered to the DIP Agent a Closing Certificate, duly executed by the chief executive officer, president, or chief financial officer of the Borrower and appropriately completed, by which such officer shall certify to the DIP Agent all of the conditions precedent to the Interim DIP Loans have been satisfied (at any time delivered, a "**Closing Certificate**"); (iv) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances; (v) Debtors shall be in compliance with and satisfied the applicable Chapter 11 Milestones; (vi) the interim order has been entered by the Bankruptcy Court (after a hearing on notice to all parties having or asserting a lien on all or any portion of the DIP Collateral) and shall not have been reversed, modified, amended, stayed or vacated, or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Interim Order**"), and the Debtors shall be in compliance in all respects with the Interim Order; (vii) the DIP Lender shall be satisfied that the DIP Liens have been properly perfected and shall constitute first-priority liens (subject only to Permitted Liens); (viii) all reasonable, documented fees and out-of-pocket expenses of the DIP Secured Parties relating to the DIP

	Facility (including, without limitation, the reasonable, documented fees and out-of-pocket expenses of their counsel and external advisors) shall have been paid in full to the extent invoiced at least two (2) business days prior; (ix) Debtors shall have insurance (including, without limitation, commercial general liability and property insurance) with respect to the DIP Collateral in such amounts and scope as is customary for companies similarly-situated to the Debtors and otherwise reasonably acceptable to the DIP Agent, and the DIP Agent shall have received additional insured and loss payee endorsements, as applicable, with respect thereto, in form and substance reasonably acceptable to the DIP Agent; (x) the DIP Agent shall have received the results of a recent lien, tax, and judgment search in each relevant jurisdiction with respect to Debtors, and such search shall reveal no liens on any of the assets of Debtors other than Permitted Liens and Permitted Prepetition Liens; (xi) no Event of Default shall have occurred and be continuing on the Interim Closing Date, or after giving effect to the Interim DIP Loan; (xii) all representations and warranties of the Debtors hereunder shall be true and correct in all material respects; (xiii) subject to Bankruptcy Court approval, (i) each Debtor shall have the corporate power and authority to make, deliver and perform its obligations under this Term Sheet and the Interim Order, and (ii) no consent or authorization of, or filing with, any person (including, without limitation, any governmental authority) shall be required in connection with the execution, delivery or performance by each Debtor, or for the validity or enforceability in accordance with its terms against such Debtor, of this Term Sheet and the Interim Order, except for consents, authorizations and filings which shall have been obtained or made and are in full force and effect, relating to the CCAA Recognition Proceedings, or, the failure to obtain or perform, could not reasonably be expected to cause a Material Adverse Change; (xiv) no Material Adverse Change shall have occurred; (xv) the non-Debtor guarantors under the Prepetition Loan Documents shall have executed a reaffirmation and

	ratification agreement ratifying and confirming the security granted by each under the Prepetition Loan Documents, which agreement shall be in form and substance acceptable to the Prepetition Secured Parties; (xvi) DIP Agent shall have received, such certificates of good standing (to the extent such concept exists) from the applicable secretary of state (or equivalent) of the state (or other jurisdiction) of organization of each Debtor, certificates of resolutions or other corporate or limited liability company action, incumbency certificates and/or other certificates of responsible officers of each Debtor as the DIP Agent may reasonably require evidencing the identity, authority and capacity of each responsible officer thereof authorized to act as a responsible officer in connection with this DIP Term Sheet and the other DIP Documents to which such Debtor is a party or is to be a party on the Interim Closing Date and certifying the organization documents of each Debtor; and (xvii) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably require or request consistent with the Prepetition Loan Documents. "**Material Adverse Change**" means a material adverse effect on and/or material adverse developments arising after the Petition Date with respect to (i) the business operations, properties, assets, or financial conditions of the Debtors and their subsidiaries taken as a whole; (ii) the validity, perfection or priority of the DIP Liens granted by the Borrower and the Guarantors in favor of the DIP Secured Parties, (iii) the rights, remedies and benefits available to, or conferred upon, the DIP Secured Parties, taken as a whole; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change, or (iv) the Backyard Sale; *provided that* the filing and administration of the Chapter 11 Cases and the CCAA Recognition Proceedings and related events shall not constitute a Material Adverse Change.
CONDITIONS PRECEDENT TO EACH FINAL DIP LOAN:	The obligations of the DIP Lender to make any Final DIP Loans shall be subject to satisfaction or waiver of each of the following conditions:

	(i) all representations and warranties of the Debtors hereunder being true and correct in all material respects; (ii) no Event of Default shall exist or would immediately result from such proposed Final DIP Loan or from the application of the proceeds therefrom; (iii) all reasonable, documented fees and out-of-pocket expenses, including reasonable, documented and out-of-pocket attorney's fees of the DIP Secured Parties, shall have been paid in full; (iv) the applicable Chapter 11 Milestones shall have been satisfied; (v) a final order approving the DIP Facility shall have been entered, which final order shall not have been reversed, modified, amended, stayed or vacated or in the case of any modification or amendment, in a manner without the consent of the DIP Lender (the "**Final Order**," and together with the Interim Order, the "**DIP Orders**") and the Debtors shall be in compliance in all respects with the Final Order; (vi) no Material Adverse Change shall have occurred; (vii) the Debtors shall have delivered to the DIP Agent a Closing Certificate certifying all of the conditions precedent to such Final DIP Loan have been satisfied; (viii) DIP Agent shall have received a request in writing in form approved by DIP Agent, in each case signed by Borrower, not later than 5:00 p.m. New York time (or such later time as DIP Agent may consent to in its discretion) three (3) business days prior to the date of the proposed borrowing of such Final DIP Loan; (ix) DIP Agent shall have received with respect to the week in which such Final DIP Loan is to be made, an Approved Budget for such week, including an Approved Variance Report; (x) the Debtor shall have delivered all Purchase Price Calculations as required hereunder, and there shall have been no Negative Purchase Variances; and (xi) the DIP Secured Parties shall have received such other information and/or deliverables as they may reasonably

	require or request consistent with the Prepetition Loan Documents. Any modifications of the Final Orders shall require the prior written consent of the DIP Secured Parties.
REPRESENTATIONS AND WARRANTIES:	The representations and warranties set forth in Sections 5.01 through 5.04, 5.06 through 5.10, 5.12, 5.13, 5.15, 5.17, and 5.18 of the Prepetition Credit Agreement are incorporated herein by reference and shall be deemed made by the Debtors for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, *mutatis mutandis*, as if fully set forth herein, on the Interim Closing Date, on the Final Closing Date and on the date of each credit extension hereunder. Each Debtor further represents that the proceeds of each advance hereunder shall be used solely in accordance with the "Use of Proceeds" section of this Term Sheet.
AFFIRMATIVE COVENANTS:	From and after the Closing Date, each Debtor shall: (i) comply with the affirmative covenants set forth in Sections 6.04 through 6.08, 6.11 and 6.12 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (ii) timely deliver, or cause to be timely delivered, to the DIP Lender the Approved Budget and Approved Variance Reports, and all other financial reports, budgets, forecasts, and legal and financial documentation requested by the DIP Lender (or their respective legal advisors), all in accordance with the provisions set forth herein; (iii) deliver, or continue to deliver, to the DIP Lender all financial and other information required to be delivered by any Debtor under Sections 6.01, 6.02, and 6.03 of the Prepetition Credit Agreement which are incorporated herein by reference for the benefit of the DIP Secured Parties in respect of the DIP Facility and DIP Obligations, mutatis mutandis, as if fully set forth herein; (iv) (a) keep proper books, records and accounts in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to their business and activities and consistent with Section 6.09 of the Prepetition Credit Agreement, (b) cooperate, consult

	with, and provide to the DIP Secured Parties all such information as required or as reasonably requested by the DIP Secured Parties, (c) permit, upon three (3) business days' notice, representatives of the DIP Secured Parties to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective inventory and accounts, to tour the Debtors' business premises and other properties, and to discuss, and provide advice with respect to, their respective affairs, finances, properties, business operations and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired, and (d) permit representatives of the DIP Secured Parties to consult with and advise the Debtors' management on matters concerning the general status of the Debtors' business, financial condition and operations; (v) comply with the Approved Budget (subject to the Permitted Variances) and with provisions of this Term Sheet, DIP Orders and the Canadian DIP Recognition Orders (as applicable); (vi) except to the extent (a) contemplated by the Approved Budget, (b) the failure to do so could not reasonably be expected to cause a Material Adverse Change, or (c) otherwise consented to by the DIP Lender in writing, continue, and cause to be continued, the business of the Debtors, maintain, and cause to be maintained, the Debtors' existence and material relationships, rights and privileges, and comply with all material contractual obligations; (vii) take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable, to pursue and consummate the Plan in accordance with the Chapter 11 Milestones, and provide the DIP Lender with copies of any bids (including, without limitation, any information, financial or otherwise, submitted in connection with any bids) upon receipt by the Debtors; (viii) do or cause to be done all things reasonably necessary, proper or advisable under applicable law, and to execute and deliver such documents and other papers, as may be reasonably requested by the DIP Secured Parties to carry out the provisions of this Term Sheet, the Interim Order, the Final Order or the Canadian DIP Recognition Orders;

	(ix) take, or cause to be taken, all appropriate action to remain the sole owner of the DIP Collateral, free of liens other than Permitted Liens and Permitted Prepetition Liens; (x) take, or cause to be taken, all appropriate action to comply with all material applicable laws with respect to the DIP Collateral; (xi) pay when due all U.S. Trustee fees; (xii) provide all notices received from the Purchaser under the APA, and exercise or refrain from exercising, as applicable, such rights, in each case, in accordance with the written instructions (emails suffice) of the DIP Agent, and otherwise allow the DIP Agent to participate and audit any of the Debtors' rights under the APA; (xiii) the Debtors shall ensure that (and shall not cause) any security interest granted by the Debtors' non-debtor affiliates under the Prepetition Credit Agreement to be released or otherwise terminated before a substitute, valid right of pledge or similar charge has been created, consented to and perfected by such affiliate in favor of the Prepetition Secured Parties (which substitute shall include a right, pledge or charge against any proceeds of the asset on which the security interest has been released or terminated); and (xiv) promptly provide such additional information concerning the Debtors, the Plan, or the DIP Collateral as the DIP Secured Parties may reasonably request and access to Debtors' officers, directors, and advisors to discuss such information at reasonable times during normal business hours (and such officers, directors, and advisors shall be directed to discuss such information with the DIP Secured Parties).
NEGATIVE COVENANTS:	Unless otherwise provided in the Approved Budget, this Term Sheet or as part of the Plan, no Debtor shall, without the express, prior written consent of the DIP Agent, do, or cause to be done, any of the following: (i) create, incur, assume or suffer to exist any lien (other than a Prepetition Permitted Lien) upon any of its property, assets, income or profits, whether now owned or hereafter acquired, except valid, perfected and unavoidable liens existing as of the Petition Date which, other than Permitted Liens, are junior to the liens securing the DIP Facility, and shall not cause, or permit to be caused, any direct or indirect subsidiary of

	Borrower that is not a Debtor to, create, incur, assume or suffer to exist any such liens; (ii) convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger or consolidation) any of its property, business or assets, whether now owned or hereafter acquired, out of the ordinary course of business; (iii) incur or make any expenditure, investment or other payment, or any Restricted Payment (as defined in the Prepetition Credit Agreement), other than in accordance with the Approved Budget, subject to the Permitted Variances; (iv) create, or acquire any ownership interest in, any subsidiaries (whether direct or indirect) other than those existing on the Petition Date; (v) create, incur assume or suffer to exist any indebtedness other than (A) indebtedness of the Debtors under this Term Sheet, (B) indebtedness contemplated by the Approved Budget and (D) indebtedness permitted under Section 7.03(l), (o), (v) or (z) of the Prepetition Credit Agreement; (vi) enter into any transaction of any kind with any Affiliate of Borrower without the DIP Agent's prior written consent or as otherwise permitted by the order of the Bankruptcy Court governing the Debtors' authorization to continue using its cash management system; or (vi) consummate any amendment, restatement, supplement or other modification to or waiver of any of its organization documents.
EVENTS OF DEFAULT:	Each of the following shall constitute an "**Event of Default**": (i) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the Permitted Variances; *provided*, *that*, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer; (ii) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognition Orders or Approved Budget;

	(iii) any modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders; (iv) failure of any of the Chapter 11 Milestones to be satisfied; (v) failure by any Debtor to be in compliance in all material respects with the sections of the Term Sheet entitled "Affirmative Covenants" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) and "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of this Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders; (vi) failure of any representation or warranty to be true and correct in all material respects when made; (vii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under Section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or pursuant to any other financing agreement made with the prior written consent of the DIP Agent; (viii) the filing of any application by the Debtors for the approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion; (ix) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties; (x) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP

	Orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP Orders or the Canadian DIP Recognition Orders; (xi) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet is not valid and binding for any reason, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral (as defined in the DIP Orders), cease to be valid and binding (without the prior written consent of the DIP Secured Parties); (xii) the filing with the Bankruptcy Court of a plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan; (xiii) the appointment or entry of an order in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of the business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been reversed, stayed, or vacated within thirty (30) days after the entry of such order; (xiv) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate; (xv) failure to pay principal, interest or other DIP Obligations in full in cash when due, including without limitation, on the Maturity Date; (xvi) the allowance of any claim or claims under section 506(c)or 552(b) of the Bankruptcy Code against or with respect to any DIP Collateral; (xvii) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties;

	(xviii) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties; (xix) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan; (xx) the occurrence of any Material Adverse Change; (xxi) any termination of the RSA or the APA; (xxii) the actual amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim and Priority Tax Claim Backstop Amount; (xxiii) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; (xxiv) such other events of default to be included in the DIP Orders as reasonably specified by the DIP Secured Parties with the reasonable consent of the Debtors; and (xxv) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian court of a bankruptcy order in respect of any of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.
REMEDIES UPON EVENT OF DEFAULT:	Upon the occurrence and during the continuance of any Event of Default and delivery of a Carve-Out Trigger Notice (as defined in the Interim DIP Order or the Final DIP Order, as applicable) and delivery by the DIP Agent of five (5) business days' notice to the Debtors (the "**Notice Period**"), during which time the Debtors may seek an emergency hearing before the Bankruptcy Court, the DIP Secured Parties may not exercise rights or remedies; *provided*, *that*, if a hearing cannot be scheduled prior to the expiration of the Notice Period solely as a result of the Bankruptcy Court's unavailability, the Notice Period shall be automatically

	extended to the date that is one (1) business day after the first date that the Bankruptcy Court is available. After the expiration of the Notice Period, the DIP Secured Parties may (except as otherwise ordered by the Bankruptcy Court or the CCAA Court): (i) declare all DIP Obligations (including principal of and accrued interest on any outstanding DIP Loans) to be immediately due and payable; (ii) terminate the DIP Facility and/or any further commitment to lend to Borrower; and (iii) exercise rights and remedies pursuant to the terms of the DIP Documents, the DIP Orders, the Canadian DIP Recognition Orders or applicable law, and if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (A) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (B) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (B) provide the DIP Agent and their representatives or agents, at all reasonable times access to the Debtors' books and records and any information or documents requested by the DIP Agent or their respective representatives, (C) perform all other obligations set forth in the DIP Documents, and (D) take reasonable steps to safeguard and protect the DIP Collateral, and (iv) the Debtors shall not otherwise interfere with or actively encourage others to interfere with the DIP Agent's enforcement of rights including, without limitation, the right to (W) take any actions reasonably calculated to preserve or safeguard the DIP Collateral or to prepare the DIP Collateral for sale; (X) foreclose or otherwise enforce the DIP Liens on any or all of the DIP Collateral; (Y) immediately set off any and all amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the DIP Agent and DIP Lenders); and/or (Z) exercise any other default-related rights and remedies under the under the DIP Facility Documents, this Interim Order the DIP Orders, the Canadian DIP Recognition Orders or applicable law.

DIP SECURED PARTIES' EXPENSES:	All reasonable, documented out-of-pocket costs and expenses of the DIP Secured Parties relating to the DIP Facility, the Debtors' Chapter 11 Cases, and the CCAA Recognition Proceedings (including, without limitation, prepetition and post-petition reasonable and documented fees and disbursements of counsel and advisors) shall be payable by Borrower promptly upon written demand (together with summary backup documentation supporting such reimbursement request) and without the requirement for Bankruptcy Court or CCAA Court approval. A copy of summary invoices for the U.S. advisors to the DIP Secured Parties and Prepetition Secured Parties shall be provided by the Debtors to the Office of the U.S. Trustee, and counsel for any statutory committee, subject to customary review periods.
RELEASES:	The Interim Order and Final Order shall provide customary releases for each of the DIP Secured Parties and the Prepetition Secured Parties and each of their respective each of their respective former, current or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates and successors and predecessors in interest (in their respective capacities as such) (collectively, the "**Released Parties**") with respect to all claims and liabilities arising from the DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Documents and the Prepetition Secured Parties with respect to the Prepetition Obligations and the Prepetition Loan Documents; *provided that*, with respect to the Prepetition Secured Parties, such releases shall be subject to the Challenge Period.
INDEMNITY:	Each Debtor shall indemnify, pay and hold harmless the DIP Secured Parties (and each of their directors, officers, members, employees and agents) against any loss, liability, cost, or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence, or willful misconduct, bad faith, or a material breach of DIP Documents of the indemnified party, as determined by a final, nonappealable judgment of a court of competent jurisdiction).
CREDIT BID:	The DIP Agent shall have the right to credit bid the outstanding DIP Obligations on a dollar-for-dollar basis in

	any sale of DIP Collateral, subject to the requirement that the DIP Agent fund all Allowed Administrative Expenses, up to the Administrative Expense Claim and Priority Tax Claim Backstop Amount and the Carve-Out, and the amount secured by and necessary to fund the Canadian Priority Charges (without duplication).
DIP ORDERS GOVERN:	To the extent of any conflict or inconsistency between this Term Sheet and the DIP Orders, the DIP Orders shall govern.
AMENDMENT AND WAIVER:	No provision of this Term Sheet or the DIP Orders may be amended other than by an instrument in writing signed by the DIP Secured Parties and Debtors, provided, however on the Petition Date, the Parties agree to update the amounts set forth in (i) of the "Acknowledgment; Ratification" section herein and the "Roll-Up" section herein.
GOVERNING LAW AND JURISDICTION:	The laws of the State of New York (except as governed by mandatory provisions of the Bankruptcy Code or the CCAA) shall govern this Term Sheet. The parties to this Term Sheet shall submit to the exclusive jurisdiction of the Bankruptcy Court and shall waive any right to trial by jury. Notwithstanding the foregoing, the CCAA Court shall have exclusive jurisdiction of the CCAA Recognition Proceedings.
NOTICES:	All notices required to be provided hereunder shall be delivered to: (i) if to Debtors to: KidKraft, Inc. Attention: Geoffrey Walker Email: Geoff.W@kidkraft.com with a copy (which shall not constitute notice) to: Vinson & Elkins LLP Attention: David Meyer; William Wallander; Lauren Kanzer Email: dmeyer@velaw.com; bwallander@velaw.com; lkanzer@velaw.com (ii) if to Prepetition Secured Parties or DIP Secured Parties to: GB Funding, LLC Attention: David Braun and Kyle Shonak

	Email: dbraun@gordonbrothers.com; kshonak@gordonbrothers.com with a copy (which shall not constitute notice) to: Katten Muchin Rosenman LLP Attention: Steven Reisman; Cindi Giglio Email: sreisman@katten.com; cgiglio@katten.com
COUNTERPARTS AND ELECTRONIC TRANSMISSION:	This Term Sheet may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Term Sheet by facsimile, "PDF" or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Term Sheet.

Schedule 1

1. KidKraft, Inc.
2. KidKraft Intermediate Holdings, LLC
3. KidKraft International Holdings, Inc.
4. KidKraft Europe, LLC
5. KidKraft International IP Holdings, LLC
6. KidKraft Partners, LLC
7. Solowave Design Corp.
8. Solowave Design Inc.
9. Solowave Design LP
10. Solowave Design Holdings Limited
11. Solowave International Inc.

Exhibit A

Approved Budget

KidKraft, Inc. DIP Budget (9 Weeks)

DIP Week>>		0	0	1	2	3	4	5	6	7	8	9	Accruals	Funding Build-Up			Total
Week End>>		4/26/2024	5/3/2024	5/10/2024	5/17/2024	5/24/2024	5/31/2024	6/7/2024	6/14/2024	6/21/2024	6/28/2024	7/5/2024	Post DIP	Pre-Petition	DIP	Accruals/Post DIP	
Forecasted Receipts (AR)		1,500,000	2,306,190	1,447,969	2,904,740	1,637,189	578,839	1,531,042	1,851,652	1,857,726	1,747,505	1,527,362	-	3,806,190	15,084,025	-	18,890,215
Forecasted Receipts (Sales)		-	431,818	381,423	347,826	347,826	347,826	347,826	325,000	325,000	2,102,782	2,097,307	-	431,818	6,622,816	-	7,054,634
BK Collection Delay Estimate	5%	-	(136,900)	(91,470)	(162,628)	(99,251)	(46,333)	(93,943)	(108,833)	(109,136)	(192,514)	(181,233)	-	(136,900)	(1,085,342)	-	(1,222,242)
Dilution Estimate>>>	15%	-	(410,701)	(274,409)	(487,885)	(297,752)	(139,000)	(281,830)	(326,498)	(327,409)	(577,543)	(543,700)	-	(410,701)	(3,256,026)	-	(3,666,727)
Total Inflows		1,500,000	2,190,407	1,463,514	2,602,053	1,588,012	741,332	1,503,094	1,741,322	1,746,181	3,080,230	2,899,735	-	3,690,407	17,365,473	-	21,055,880
														-	-	-	-
Operating Cash Flow:																	
Factory Payments - Indoor FOB		-	81,286	119,966	376,780	249,111	40,643	1,091,670	78,661	296,120	194,533	-	-	81,286	2,447,483	-	2,528,769
Factory Payments - Indoor Domestic		385,953	138,357	17,447	20,843	38,189	190,152	407,318	513,577	549,138	520,419	694,866	-	524,310	2,951,949	-	3,476,260
Factory Payments - Outdoor FOB		33,745	-	-	141,164	37,390	-	-	771,417	526,059	47,173	-	-	33,745	1,523,203	-	1,556,947
Factory Payments - Start Up Costs ($5M)		3,375,000	1,125,000	500,000	-	-	-	-	-	-	-	-	-	4,500,000	500,000	-	5,000,000
Factory Payments - Outdoor Domestic		1,254,985	513,111	452,120	502,603	409,078	489,639	297,770	443,084	366,401	-	-	-	1,768,097	2,960,695	-	4,728,792
Factory Payments - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales (Shipping, Testing, etc.) -GB		270,754	129,545	124,427	104,348	223,002	104,348	107,335	100,988	208,726	100,988	100,988	-	400,300	1,175,148	-	1,575,448
Cost of Sales (Shipping, Testing, etc.) - Purchaser Reimburse		207,557	38,185	10,000	109,697	179,555	64,974	70,489	68,306	208,357	102,899	129,994	-	245,742	944,270	-	1,190,012
Payroll & 401k		419,000	69,254	419,000	39,254	291,039	39,254	291,039	39,254	291,039	39,254	291,039	99,254	488,254	1,740,170	99,254	2,327,677
Operating Expenses		403,884	451,673	370,676	274,700	236,444	310,319	373,684	468,699	175,317	321,912	391,821	-	855,557	2,923,572	-	3,779,129
Rent		-	-	-	-	-	-	450,000	-	-	-	72,581	450,000	-	522,581	450,000	972,581
Intercompany (from)/to China		-	-	325,000	360,000	-	-	-	225,000	360,000	-	-	94,355	-	1,270,000	94,355	1,364,355
Intercompany (from)/to Europe/Canada		87,500	-	-	-	-	-	-	-	-	-	-	-	87,500	-	-	87,500
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MidOcean Mgmt Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/Origination Fee/Exit Fee (See Below)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Payments		48,903	-	50,000	-	-	50,000	-	50,000	-	6,947	50,000	50,000	48,903	206,947	50,000	305,850
Other/Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operational Outflows		6,487,282	2,546,412	2,388,636	1,929,387	1,663,808	1,289,328	3,089,305	2,758,985	2,981,156	1,334,124	1,731,288	693,608	9,033,694	19,166,018	693,608	28,893,320
Restructuring Fees:																	
[1] Professional Fees - BK Restructuring		70,515	1,027,490	-	-	200,000	35,000	75,000	-	200,000	35,000	-	4,826,039	1,098,005	545,000	4,826,039	6,469,044
Professional Fees - OCPs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees - Trustee Fees (est.)		-	-	-	-	-	-	-	-	-	-	-	250,000	-	-	250,000	250,000
Other		-	-	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	-	-	67,500	-	67,500
Total Restructuring Outflows		70,515	1,027,490	7,500	7,500	207,500	42,500	82,500	7,500	207,500	42,500	7,500	5,076,039	1,098,005	612,500	5,076,039	6,786,544
Incremental Employee/Other Obligations (for discussion)																	
Statutory Employee Obligations		-	30,000	-	-	-	-	-	-	-	-	20,000	-	30,000	20,000	-	50,000
Priority Tax Claims (S&U; Business Pers. Prop., Income Tax		-	-	-	-	-	300,700	-	-	-	-	175,000	275,000	-	475,700	275,000	750,700
Retention Consideration		204,000	-	-	-	-	-	-	-	-	-	-	-	204,000	-	-	204,000
Severance (TBD)		-	79,000	-	-	-	-	-	-	-	-	21,000	-	79,000	21,000	-	100,000
Winddown Considerations		-	-	-	-	-	-	-	-	-	-	-	643,000	-	-	643,000	643,000
Pre-Petition Vendor Payments - CV		-	-	-	-	-	50,000	-	-	-	-	-	-	-	50,000	-	50,000
Pre-Petition Vendor Payments - 503(b)9		-	-	-	-	-	-	-	-	-	-	150,000	-	-	150,000	-	150,000
Shippers Motion		-	-	-	-	-	750,000	-	-	-	-	-	-	-	750,000	-	750,000
Letter of Credit Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility Deposit		-	-	50,000	-	-	-	-	-	-	-	-	-	-	50,000	-	50,000
Total Incremental Outflows		204,000	109,000	50,000	-	-	1,100,700	-	-	-	-	366,000	918,000	313,000	1,516,700	918,000	2,747,700
Net Cash Flow		(5,261,797)	(1,492,495)	(982,622)	665,166	(283,296)	(1,691,196)	(1,668,711)	(1,025,163)	(1,442,475)	1,703,606	794,947	(6,687,647)	(6,754,292)	(3,929,745)	(6,687,647)	(17,371,684)
Cash Requirement																	
Beginning Book Balance		1,913,464	(3,348,333)	(4,840,828)	(5,823,450)	(5,158,284)	(5,441,580)	(7,132,776)	(8,801,487)	(9,826,650)	(11,269,125)	(9,565,519)	(8,770,573)	1,913,464	(4,840,828)	(8,770,573)	1,913,464
Net Cash Flow		(5,261,797)	(1,492,495)	(982,622)	665,166	(283,296)	(1,691,196)	(1,668,711)	(1,025,163)	(1,442,475)	1,703,606	794,947	(6,687,647)	(6,754,292)	(3,929,745)	(6,687,647)	(17,371,684)
Financing (Pre + DIP)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Requirement after 4/19 Funding		(3,348,333)	(4,840,828)	(5,823,450)	(5,158,284)	(5,441,580)	(7,132,776)	(8,801,487)	(9,826,650)	(11,269,125)	(9,565,519)	(8,770,573)	(15,458,220)	(4,840,828)	(8,770,573)	(15,458,220)	(15,458,220)
Interest/Origination Fee/Exit Fee		-	-	(240,000)	-	-	-	-	-	-	-	(831,965)	-	-	(1,071,965)	-	(1,071,965)
Ending Cash Requirement After Fees		(3,348,333)	(4,840,828)	(6,063,450)	(5,398,284)	(5,681,580)	(7,372,776)	(9,041,487)	(10,066,650)	(11,509,125)	(9,805,519)	(9,842,538)	(16,530,185)	(4,840,828)	(9,842,538)	(16,530,185)	(16,530,185)
Priority Revolver Commitment																	
Beginning Balance		16,831,198	20,179,531	21,672,026	22,894,648	22,229,482	22,512,778	24,203,974	25,872,685	26,897,848	28,340,323	26,636,717	26,673,736				
Interest/Origination Fee/Exit Fee		-	-	240,000	-	-	-	-	-	-	-	831,965	-				
Pre-Petition + DIP Financing		3,348,333	1,492,495	982,622	(665,166)	283,296	1,691,196	1,668,711	1,025,163	1,442,475	(1,703,606)	(794,947)	6,687,647				
Ending Balance		20,179,531	21,672,026	22,894,648	22,229,482	22,512,778	24,203,974	25,872,685	26,897,848	28,340,323	26,636,717	26,673,736	33,361,383				
													16,530,185				

[1] The timing and amount of the Baird Transaction Fee depends on the closing date of the transaction as well as the amount of the transaction.

Execution Version

Exhibit D

Form of Joinder Agreement

Execution Version

Form of Transferee Joinder

This joinder (this "***Joinder***") to the Restructuring Support Agreement (the "***Agreement***"),[1] dated as of April 25, 2024, by and among (i) KidKraft, Inc. ("***KidKraft***") and those certain additional affiliates of KidKraft listed on **Schedule 1** of the Agreement (the "***Affiliates***," such affiliates and KidKraft, Inc., each a "***Debtor***" and, collectively, the "***Debtors***"), (ii) GB Funding, LLC and 1903 Partners, LLC (collectively, "***Gordon Brothers***"), and (iii) MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. (collectively, "***MidOcean***"), and (iv) Backyard Products, LLC and any entity designated by it to perform its obligations under this Agreement (collectively, the "***Purchaser***") is executed and delivered by [●] (the "***Joining Party***") as of [●], 2024.

1. Agreement to be Bound. The Joining Party hereby agrees to be bound by all of the terms of the Agreement, a copy of which is attached to this Joinder as Annex 1 (as the same has been or may be hereafter amended, restated, or otherwise modified from time to time in accordance with the provisions thereof). The Joining Party shall hereafter be deemed to be a Party for all purposes under the Agreement.

2. Representations and Warranties. The Joining Party hereby represents and warrants to each other Party to the Agreement that, as of the date hereof, such Joining Party (a) is the legal or beneficial holder of, and has all necessary authority (including authority to bind any other legal or beneficial holder) with respect to, the claims and interests identified below its name on the signature page hereof, and (b) makes, as of the date hereof, the representations and warranties set forth in Section 7 of the Agreement to each other Party.

3. Governing Law. This Joinder shall be governed by and construed in accordance with Section 22 of the Agreement, without regard to any conflicts of law provisions which would require or permit the application of the law of any other jurisdiction.

4. Notice. All notices and other communications given or made pursuant to the Agreement to the Joining Party shall be sent to:

[JOINING PARTY]
[ADDRESS]
Attn:
Tel:
Facsimile:
Email:

[1] Each capitalized term used herein but not otherwise defined shall have the meaning ascribed to it in the Agreement.

IN WITNESS WHEREOF, the Joining Party has caused this Joinder to be executed as of the date first written above.

[JOINING PARTY]

By: _____

Name: _____

Title: _____

Annex 1

Restructuring Support Agreement

EXHIBIT C

APA

Execution Version

ASSET PURCHASE AGREEMENT

by and among

KIDKRAFT, INC.,

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

SOLOWAVE DESIGN CORP.,

SOLOWAVE DESIGN INC.,

SOLOWAVE DESIGN LP,

as Sellers,

AND

BACKYARD PRODUCTS, LLC

as Buyer,

Dated as of April 25, 2024

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 25, 2024 (the "Execution Date"), by and among (i) KidKraft, Inc., a Delaware corporation ("KK OpCo"), KidKraft International IP Holdings, LLC, a Delaware limited liability company ("KK Holdings"), Solowave Design Corp. d/b/a/ PlayDirect, a Delaware corporation ("Solowave U.S." and, together with KK OpCo and KK Holdings, each a "U.S. Seller" and collectively, "U.S. Sellers"), Solowave Design LP, an Alberta limited partnership ("KK Canada LP"), and Solowave Design Inc., an Ontario corporation ("KK Canada GP" and, together with KK Canada LP, each a "Canadian Seller" and collectively, "Canadian Sellers" and, together with the U.S. Sellers, each a "Seller" and collectively, "Sellers"), and (ii) Backyard Products, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms have the definitions set forth in Article I below.

RECITALS

A. Sellers are engaged in the Business;

B. Sellers, Buyer, GB Funding LLC, 1903 Partners, LLC, MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. have entered into that certain Restructuring Support Agreement, dated as of the date hereof (the "RSA"), pursuant to which the Restructuring Transactions (as defined in the RSA) will be effectuated;

C. In accordance with the RSA, (i) each Seller and certain of their affiliates (collectively, the "Debtors") intend to file voluntary petitions on or about May 6, 2024 (collectively, the "Chapter 11 Case") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "U.S. Bankruptcy Court") and (ii) upon its appointment as "foreign representative" in the Chapter 11 Cases, KK OpCo, on behalf of the Debtors, intends to file proceedings (such recognition proceedings, the "CCAA Recognition Proceedings" and, together with the Chapter 11 Case, the "Bankruptcy Cases") pursuant to Part IV of the Companies' Creditors Arrangement Act (Canada) (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court", and, together with the U.S. Bankruptcy Court, the "Bankruptcy Courts");

D. Subject to the terms and conditions set forth in this Agreement and the entry and terms of the U.S. Sale Order (which may be included as part of the Confirmation Order, as defined herein) and Canadian Sale Order (collectively, the "Sale Orders"), Sellers desire to sell to Buyer all of the Transferred Assets and to assign to Buyer all of the Assumed Liabilities, Buyer desires to purchase from Sellers all of the Transferred Assets and assume all of the Assumed Liabilities, and the Parties intend to effectuate the transactions contemplated by this Agreement, upon the terms and conditions hereinafter set forth;

E. The Transferred Assets and Assumed Liabilities shall be purchased and assumed by Buyer (or Designated Buyer) pursuant to the Sale Orders, free and clear of all Encumbrances (other than Permitted Encumbrances), pursuant to, inter alia, Sections 105, 363, 365 and 1123 of the Bankruptcy Code, Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, the CCAA, and the local rules for the Bankruptcy Courts, all on the terms and subject to the conditions set forth in this Agreement and subject to entry of the Sale Orders; and

F. The execution and delivery of this Agreement and Sellers' ability to consummate the transactions set forth in this Agreement are subject to, among other things, the entry of the Sale Orders, as further set forth herein. The Parties desire to consummate the proposed transaction as promptly as practicable after the Bankruptcy Courts enter the Sale Orders.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement:

"A/R Dilution" means any reduction in the gross amount of accounts receivable of any Seller as a result of customer returns, allowances, discounts, disputes, chargebacks, credits, financing or factoring that result in a Seller collecting less than the full invoiced amount of such accounts receivable.

"A/R Dilution Amount" means the A/R Dilution applicable to the Transferred A/R (excluding (i) any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing and (ii) any A/R Dilution occurring following the delivery of the A/R Dilution Closing Statement).

"A/R Dilution Escrow Amount" means the "Dilution Reserves" line item listed on the Estimated Closing Statement *multiplied* by 15%, together with any interest earned thereon.

"A/R Dilution Closing Statement" has the meaning set forth in Section 2.8(h).

"A/R Dilution Consideration Adjustment" has the meaning set forth in Section 2.8(k).

"Accounting Firm" has the meaning set forth in Section 2.8(e)(i).

"Action" means any action, complaint, claim, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, or appellate proceeding), hearing, inquiry, investigation or audit commenced, brought, conducted or heard by or before any Governmental Authority, other than an Avoidance Action.

"Adjustment Amount" means an amount (which can be positive or negative) equal to the sum of:

(a) (i) the Final Purchased Inventory Payment Amount *minus* (ii) the Estimated Purchased Inventory Payment Amount; *plus*

(b) (i) the Final Reimbursement Amount *minus* (ii) the Estimated Reimbursement Amount; *plus*

(c) the Final Net A/R Payment Amount *minus* (ii) the Estimated Net A/R Payment Amount.

"Adjustment Closing Statement" has the meaning set forth in Section 2.8(c).

"Adjustment Escrow Amount" means $2,000,000, together with any interest earned thereon.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other Representatives of such Person.

"Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, where "control," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Ainsley RTV Inventory" means the Inventory located at Sellers' Arlington Warehouse and designated as "Ainsley RTV" in the KK Inventory File.

"Allocation" has the meaning set forth in Section 2.11.

"Alternative Transaction" means (a) the sale, transfer or other disposition, directly or indirectly, including through an asset sale, share sale, merger, amalgamation, or other similar transaction, including a plan of reorganization approved by the U.S. Bankruptcy Court, of a material portion of the Transferred Assets, in a transaction or series of transactions with one or more Persons other than Buyer, or (b) any other transaction that would interfere with, materially delay or prevent the transactions contemplated hereby.

"Ancillary Agreements" means, collectively, the agreements to be executed in connection with the transactions contemplated by this Agreement, including the Assignment and Assumption Agreement, the IP Assignment Agreement, and the Escrow Agreement.

"Anti-Corruption Laws" has the meaning set forth in Section 3.6(d).

"Arlington Warehouse" means the warehouse at 3221 East Arkansas Lane, Arlington, Texas 76010 that is leased to a Seller.

"Assignment and Assumption Agreement" has the meaning set forth in Section 2.10(b)(i).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Audited Financial Statements" has the meaning set forth in Section 3.14(a).

"Avoidance Actions" has the meaning set forth in Section 2.1(k).

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Courts" has the meaning set forth in the Recitals.

"Bidder Protections" has the meaning set forth in Section 9.3(a).

"Break-up Fee" has the meaning set forth in Section 9.3(a).

"Business" means the design, development, creation, making, and sale of toys and other children's play products, including, without limitation, playground, play center, and play-house products, and related products and service as conducted by Sellers on the date hereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the State of Delaware, the State of Michigan, or the State of New York.

"Buyer" has the meaning set forth in the Preamble (and additionally includes reference to the Designated Buyer as the context requires).

"Buyer Breach Fee" has the meaning set forth in Section 2.9(c).

"Buyer Breach Termination" has the meaning set forth in Section 2.9(b)(ii).

"Buyer Non-Recourse Person" has the meaning set forth in Section 10.22(a).

"Canadian Sale Order" means an Order of the CCAA Court in the CCAA Recognition Proceedings, among other things, (a) recognizing and giving full force and effect to the U.S. Sale Order in Canada, and (b) vesting the Canadian Transferred Assets in and to Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances, and subject to the rights of the applicable parties under Section 2 of the RSA.

"Canadian Seller" has the meaning set forth in the Preamble.

"Canadian Transferred Assets" means (a) the Transferred Assets of the Canadian Sellers, and (b) the Transferred Assets of the Sellers other than the Canadian Sellers that are located in Canada.

"Cash and Cash Equivalents" means all of any Seller's cash (including petty cash and checks received on the Closing Date), checking account balances, marketable securities, certificates of deposits, time deposits, bankers' acceptances, commercial paper, security entitlements, securities accounts, commodity Contracts, commodity accounts, government securities and any other cash equivalents, whether on hand, in transit, in banks or other financial institutions, or otherwise held (including held as a deposit), including any cash collateral supporting or otherwise relating to any letter of credit or similar instrument relating to the Business.

"Cash Breach Fee Component" has the meaning set forth in Section 2.9(c).

"CCAA" has the meaning set forth in the Recitals.

"CCAA Court" has the meaning set forth in the Recitals.

"CCAA Recognition Proceedings" has the meaning set forth in the Recitals.

"Chapter 11" means chapter 11 of the Bankruptcy Code.

"Chapter 11 Case" has the meaning set forth in the Recitals.

"Closing" has the meaning set forth in Section 2.10(a).

"Closing Date" has the meaning set forth in Section 2.10(a).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Compliance Date" means April 1, 2022.

"Conditions Certificates" means (a) a certificate signed by a duly authorized officer of Buyer and addressed to Sellers and the Information Officer (in form and substance satisfactory to Sellers and the Information Officer, acting reasonably) certifying that the closing conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived, and (b) a certificate signed by a duly authorized officer of KK OpCo and addressed to Buyer and the Information Officer (in form and substance satisfactory to Buyer and the Information Officer, acting reasonably) certifying that the Purchase Price payable upon Closing has been paid in full in accordance with this Agreement and the closing conditions set forth in Section 8.1 and Section 8.3 have been satisfied or waived.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of November 8, 2023, entered into between KidKraft Group Holdings, LLC and Source Capital, LLC with respect to the transactions contemplated hereby.

"Confirmation Order" means an order of the U.S. Bankruptcy Court confirming the Plan, which order may include the U.S. Sale Order and shall be subject to the rights of the parties under Section 2 of the RSA.

"Contract" means any contract, agreement, insurance policy, lease, license, sublicense, sales order, purchase order, instrument, or other commitment, that is binding on any Person or any part of its assets or properties under applicable Law.

"Controlled Group Liability" means any and all Liabilities of Sellers and their ERISA Affiliates (a) under Title IV of ERISA, (b) under Section 302 of ERISA, (c) under Sections 412 or 4971 of the Code and (d) under corresponding or similar provisions of foreign Laws.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof.

"Cure Claims" means amounts that must be paid and obligations that otherwise must be satisfied, pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code or the CCAA, in

connection with the assumption and assignment of the Transferred Contracts to be assumed and assigned to Buyer.

"Customs and International Trade Laws" means any domestic Law, license, directive, award or other decision or requirement, including any amendments, having the force or effect of Law, of any Governmental Authority, concerning the transfer, importation, exportation, reexportation or deemed exportation of products, technical data, technology and/or services.

"Debtors" has the meaning set forth in the Recitals.

"Deposit Amount" has the meaning set forth in Section 2.9(a).

"Designated A/R Account" has the meaning set forth in Section 6.7(c).

"Designated Buyer" has the meaning set forth in Section 2.12(a).

"Designated Parties" has the meaning set forth in Section 2.1(k).

"Designation Deadline" has the meaning set forth in Section 2.5(f).

"DIP Agent" means GB Funding, LLC.

"DIP Budget" means the budget provided for under the DIP Order, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"DIP Facility" means the senior secured superpriority debtor-in-possession term loan facility provided to the Debtors by 1903 Partners, LLC.

"DIP Order" means the interim or final (whichever is then in effect) Order entered by the U.S. Bankruptcy Court approving or authorizing the Debtors' entry into and performance under the DIP Term Sheet.

"DIP Term Sheet" means that certain priming super priority debtor-in-possession financing term sheet dated as of the date hereof pursuant to which 1903 Partners, LLC made the DIP Facility available to the Debtors, subject to entry of the DIP Order.

"Disclosed Personal Information" means Personal Data governed by applicable Canadian federal or provincial Privacy Laws that Buyer receives from Seller in connection with this Agreement.

"Disclosure Letter" means the disclosure letter being delivered to Buyer contemporaneously with the execution of this Agreement. Notwithstanding anything to the contrary contained in the Disclosure Letter or in this Agreement, (a) the information and disclosures contained in any section of the Disclosure Letter shall be deemed to be disclosed and incorporated by reference in any other section of the Disclosure Letter as though fully set forth in such other section for which the applicability of such information and disclosure is reasonably apparent on the face of such information or disclosure, (b) the disclosure of any matter in the

Disclosure Letter shall not be construed as indicating that such matter is necessarily required to be disclosed in order for any representation or warranty to be true and correct, (c) the Disclosure Letter is qualified in its entirety by reference to this Agreement and is not intended to constitute, and shall not be construed as constituting, representations and warranties by any Party except to the extent expressly set forth herein, (d) the inclusion of any item in the Disclosure Letter shall be deemed neither an admission that such item is material to the business, financial condition or results of operations of any Seller or the Business, nor an admission of any liability to any third party, (e) matters reflected in the Disclosure Letter are not necessarily limited to matters required by this Agreement to be reflected therein and any additional matters are set forth therein for informational purposes and (f) headings are inserted in the Disclosure Letter for convenience of reference only and shall not have the effect of amending or changing the express description of the sections as set forth in this Agreement.

"Disclosure Limitations" has the meaning set forth in Section 6.2(a).

"Disputed Amounts" has the meaning set forth in Section 2.8(e).

"Employee Benefit Plans" means each (i) "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (ii) other benefit and compensation plan, contract, policy, program, practice, arrangement or agreement, including pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which any Seller is an owner, a beneficiary or both), employee loan, educational assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, equity or equity-based compensation, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement and (iii) other employment, consulting or other individual agreement or arrangement, in each case, (a) that is sponsored or maintained or contributed, or required to be contributed, to by any Seller or any of its ERISA Affiliates in respect of any current or former employees, directors, independent contractors, consultants or leased employees of any Seller, including any dependents or beneficiaries thereof or (b) with respect to which any Seller or any of its ERISA Affiliates has any actual or contingent Liability.

"Employees" means all of the employees of Sellers on the Execution Date, as well as any additional persons who become employees of Sellers during the period from the Execution Date through the Closing.

"Encumbrance" means any charge, claim (including any "claim" as defined in the Bankruptcy Code), lease, sublease, mortgage, deed of trust, lien (including any "lien" as defined in the Bankruptcy Code), license, encumbrance, option, pledge, hypothecation, security interest or similar interest, preemptive right, right of first refusal, right of first offer, right of use or possession, restriction, easement, servitude, restrictive covenant, encroachment, conditional sale or title retention agreements or other similar restriction or encumbrance, whether imposed by Law, Contract, equity or otherwise.

"Enforceability Exceptions" has the meaning set forth in Section 3.2.

"Environmental Claim" means any Action, cause of action, claim, suit, proceeding, investigation, Order, demand or notice by any Person alleging Liability (including Liability for investigatory costs, governmental response costs, remediation or clean-up costs, natural resources damages, property damages, personal injuries, attorneys' fees, fines or penalties) arising out of, based on, resulting from or relating to (a) the presence, Release or threatened Release of, or exposure to any Hazardous Materials; (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law; or (c) any other matters for which Liability is imposed under Environmental Laws, including common law.

"Environmental Law" means any Law relating to pollution, the protection of, restoration or remediation of the environment or natural resources, or the protection of human health and safety (regarding exposure to Hazardous Materials), including, Laws relating to: (a) the exposure to, or Releases or threatened Releases of, Hazardous Materials; (b) the generation, manufacture, processing, distribution, use, transport, treatment, containment, storage, disposal, or handling of Hazardous Materials; or (c) recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"Environmental Permit" means any Permit required under or issued pursuant to any Environmental Law for the Sellers' operations as currently conducted.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and regulations promulgated thereunder.

"ERISA Affiliate" means any entity which is a member of (a) a controlled group of corporations (as defined in Section 414(b) of the Code), (b) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), (c) an affiliated service group (as defined under Section 414(m) of the Code) or (d) any group specified in Treasury Regulations promulgated under Section 414(o) of the Code, any of which includes or included (as of the relevant time) any Seller.

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means the Contract by and among Buyer, KK OpCo and Escrow Agent attached hereto as Exhibit A.

"Estimated A/R Dilution Amount" has the meaning set forth in Section 2.8(a).

"Estimated Closing Statement" has the meaning set forth in Section 2.8(a).

"Estimated Net A/R Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Reimbursement Amount" has the meaning set forth in Section 2.8(a).

"ETA" means the *Excise Tax Act* (Canada) and the regulations thereunder.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" has the meaning set forth in Section 2.2(i).

"Excluded In-Transit Inventory" has the meaning set forth in Section 6.9.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Specified Inventory" has the meaning set forth in Section 2.2(g).

"Excluded Taxes" means any Liabilities (i) for Taxes of the Sellers with respect to any taxable period, (ii) for Taxes relating to the operation of the Business or ownership of the Transferred Assets prior to (but not after) the Closing and (iii) for Taxes for which the Sellers are responsible pursuant to Section 7.3.

"Execution Date" has the meaning set forth in the Preamble.

"Expense Reimbursement" has the meaning set forth in Section 9.3(a).

"FCPA" has the meaning set forth in Section 3.6(d).

"Final A/R Dilution Amount" has the meaning set forth in Section 2.8(j).

"Final Net A/R Payment Amount" has the meaning set forth in Section 2.8(j).

"Final Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(f).

"Final Reimbursement Amount" has the meaning set forth in Section 2.8(f).

"Financial Statements" has the meaning set forth in Section 3.14(a).

"Foreign Inventory" has the meaning set forth in Section 6.9.

"Fraud" means intentional and knowing common law fraud under the laws of the State of Delaware with respect to each of the Parties' respective representations and warranties expressly set forth in Article III or Article IV this Agreement. For the avoidance of doubt, "Fraud" does not include any claim for constructive or equitable fraud or any fraud based on negligence or recklessness.

"Fundamental Representations" means the representations and warranties set forth in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.4(a) and (b) (Title to Transferred Assets) and Section 3.19 (Financial Advisors).

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Gordon Brothers" means GB Funding, LLC, 1903 Partners, LLC, or any of their Affiliates.

"Governmental Authority" means any United States or non-United States national, federal, state or local governmental, regulatory or administrative authority, agency, court, tribunal or commission or any other judicial or arbitral body, including the Bankruptcy Courts.

"Hazardous Materials" means any material, substance, chemical, or waste (or combination thereof) that (a) is listed, defined, designated, regulated or classified as hazardous, toxic, radioactive, dangerous, a pollutant, a contaminant, petroleum, oil, or words of similar meaning or effect under any Environmental Law; or (b) forms the basis of any Liability under any Environmental Law.

"In-Transit Inventory" has the meaning set forth in Section 6.9.

"In-Transit Inventory Consideration" has the meaning set forth in Section 6.9.

"In-Transit Inventory Escrow Amount" has the meaning set forth in Section 6.9.

"Income Taxes" means (a) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains and alternative minimum Taxes, but excluding property, sales, real or personal property transfer or other similar Taxes), (b) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to is included in clause (a) above, or (c) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (a) or (b) above.

"Indoor Vendor Payments" has the meaning set forth in Section 2.7(b).

"Information Officer" means the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings.

"Information Officer's Certificate" means the certificate issued by the Information Officer, substantially in the form attached to the Canadian Sale Order, certifying that the Information Officer has received the Conditions Certificates.

"Initial Cash Consideration" has the meaning set forth in Section 2.6(a).

"Intellectual Property" means all intellectual property rights throughout the world, including all U.S. and foreign rights in (a) trade names, trademarks and service marks, business names, corporate names, domain names, trade dress, logos, slogans, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing ("Trademarks"); (b) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof ("Patents"); (c) copyrights and copyrightable subject matter (whether registered or unregistered), works of authorship ("Copyrights"); (d) computer programs (whether in source code, object code, or other form), firmware, software, models, algorithms, methodologies, databases, compilations, data, all technology supporting the foregoing, and all documentation, including user manuals and training materials, programmers' annotations, notes, and other work product used to design, plan, organize, maintain, support or develop, or related to any of the

foregoing; (e) confidential or proprietary information, trade secrets and know-how, and all other inventions, proprietary processes, formulae, models, and methodologies; (f) all applications and registrations for any of the foregoing; and (g) all rights and remedies (including the right to sue for and recover damages) against past, present, and future infringement, misappropriation, or other violation relating to any of the foregoing.

"Interim Financial Statements" has the meaning set forth in Section 3.14(a).

"Inventory" means all raw materials, works-in-progress, finished goods, supplies, packaging materials and other inventories owned by Sellers.

"Inventory Count" means the physical count and inspection of the Purchased Inventory by the Sellers or their Representatives completed prior to Closing. The Inventory Count will be conducted by Sellers no more than two (2) Business Days prior to the Closing Date. The Inventory Count will be taken in accordance with the historical past practice of the Business, to the extent consistent with GAAP, and otherwise in accordance with GAAP, to verify the Purchased Inventory accurately reflects the KK Inventory File. Buyer and Gordon Brothers will each have the right to have a Representative observe and participate in the verification of the Inventory Count. The results of the Inventory Count will be used to determine the amount of Purchased Inventory and the calculation of the Purchased Inventory Payment Amount.

"IP Assignment Agreement" means the Intellectual Property rights assignment agreement, in form and substance reasonably satisfactory to the Parties.

"IRS" means the Internal Revenue Service of the United States.

"KK Canada GP" has the meaning set forth in the Preamble.

"KK Canada LP" has the meaning set forth in the Preamble.

"KK Holdings" has the meaning set forth in the Preamble.

"KK Inventory File" means the excel file labeled "Inventory Detail 03.21.2024.xlsx" and made available in the Project Liftoff data room, as the volume of the inventory reflected therein is updated pursuant to the Inventory Count, or as otherwise determined by mutual agreement of Buyer and Sellers (acting reasonably) prior to Closing, to reflect actual inventory as of the Closing (for the avoidance of doubt, no such update to the KK Inventory File will amend or otherwise modify any of the grades of any of the inventory reflected therein).

"KK OpCo" has the meaning set forth in the Preamble.

"Knowledge" with respect to Sellers means the actual (but not constructive or imputed) knowledge of Geoff Walker, Johnnie Goodner and David Barr after reasonable inquiry.

"Law" means any and all federal, state, provincial, local and foreign laws, statutes, ordinances, rules, regulations, policies, orders, judgments and decrees, in each case, enacted, adopted or promulgated by a Governmental Authority.

"Leased Real Property" has the meaning set forth in Section 3.9.

"Legal Restraint" has the meaning set forth in Section 8.1(a).

"Liability" means any debt, loss, claim, damage, demand, fine, judgment, penalty, liability (including any liability that results from, arises out of, or relates to any tort or product liability claim), commitment, undertaking, expense, cost, royalty, deficiency, fee, charge or obligation (in each case, of any nature, whether known or unknown, disclosed or undisclosed, express or implied, primary or secondary, mature or unmatured, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort or otherwise, and without regard to when sustained, incurred or asserted or when the relevant events occurred or circumstances existed).

"Listed Person" has the meaning set forth in Section 3.6(g).

"Material Adverse Effect" means any event, change, condition, occurrence or effect that individually or in the aggregate (a) has had, or would reasonably be expected to have, a material adverse effect on the Business or the Transferred Assets or the condition (financial or otherwise), assets, Liabilities, or operations of the Business or the Transferred Assets, taken as a whole, or (b) prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the performance by Sellers of their obligations under this Agreement, other than, in each case of the preceding clause (a), any event, change, condition, occurrence or effect to the extent arising out of, attributable to or resulting from, alone or in combination, (i) general changes or developments in the industry or geographical areas in which the Business operates, (ii) with respect to the Business or the Transferred Assets, changes in general domestic or foreign economic, social, political, financial market or geopolitical conditions (including the existence, occurrence, escalation or outbreak or worsening of any hostilities, war, police action, acts of terrorism or military conflicts, whether or not pursuant to the declaration of an emergency or war), (iii) the occurrence of any act of God or other calamity or force majeure event (whether or not declared as such), including any civil disturbance, embargo, natural disaster, earthquake, fire, flood, hurricane, tornado or other weather event, or the onset or continuation of any global or national health concern, epidemic, pandemic (whether or not declared as such by any Governmental Authority), viral outbreak (including "Coronavirus" or "COVID-19" or any variant thereof) or any quarantine, lockdown, travel restriction, business restriction or trade restriction related thereto, (iv) changes in any applicable Laws or GAAP or interpretations thereof, (v) the execution, existence, performance, announcement, pendency or consummation of this Agreement or the transactions contemplated hereby, (vi) the announcement or pendency of the Bankruptcy Cases (and any limitations therein pursuant to the Bankruptcy Code, the CCAA, any Order of the Bankruptcy Courts, or the DIP Facility (or limitations of funding thereunder)) or any objections in the Bankruptcy Courts to (1) this Agreement or any of the transactions contemplated hereby, (2) the reorganization or liquidation of Sellers and any related plan of reorganization or disclosure statement, (3) the Plan, (4) the assumption of any Transferred Contract or (5) any action approved by the Bankruptcy Courts, (vii) any action taken by any Seller at the written request of Buyer or that is required by this Agreement, (viii) the identity of Buyer or any of its Affiliates, (ix) any failure to achieve and comply with any budgets (including, without limitation, the DIP Budget), projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics (but, for the avoidance or doubt, not the underlying causes of any such failure to the extent such

underlying cause is not otherwise excluded from the definition of Material Adverse Effect); (x) the effect of any action taken by Buyer or its Affiliates with respect to the transactions contemplated by this Agreement, (xi) any breach by Buyer of its obligations under this Agreement or (xii) any change in the cost or availability or other terms of any financing; provided, however, that changes or developments set forth in clauses (i), (ii), (iii) or (iv) may be taken into account in determining whether there has been or is a Material Adverse Effect if such changes or developments have a disproportionate impact on the Business, taken as a whole, relative to the other participants in the industries and markets in which the Business operates.

"Net A/R" means aggregate book balance of the Transferred A/R, as updated in the Estimated Closing Statement to reflect Transferred A/R accounts receivable as of the Closing, net of (i) any A/R Dilution (excluding any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing), (ii) any accounts receivable aged in excess of ninety (90) days past due as of the Closing and (iii) unapplied cash in respect of the Transferred A/R.

"Net A/R Payment Amount" means Net A/R *multiplied* by 90%.

"Non-Income Taxes" means any Taxes other than Income Taxes, including ad valorem, property, excise, sales, use or other similar Taxes relating to the Transferred Assets or the Business, but excluding, for the avoidance of doubt, Transfer Taxes.

"Objection Notice" has the meaning set forth in Section 2.8(d).

"Order" means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

"Ordinary Course of Business" means the operation of the Business in the ordinary and usual course consistent with past practice and custom of Sellers, as such practice and custom is, or may have been, modified as a result of the Bankruptcy Cases, in each case subject to (a) the filing of the Bankruptcy Cases and (b) any Orders of the Bankruptcy Courts or the Bankruptcy Code or the CCAA.

"Organizational Documents" means (i) with respect to any corporation, its certificate or articles of incorporation, its bylaws, and any shareholder or stockholder agreement, (ii) with respect to any limited partnership, its certificate of limited partnership and its partnership agreement, (iii) with respect to any general partnership, any statement of partnership and its partnership agreement, (iv) with respect to any limited liability company, its certificate of formation or articles of organization and its operating agreement, (v) with respect to any other form of entity, any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and any agreement amongst its members, (vi) any documents equivalent to any of the foregoing applicable to non-U.S. jurisdictions, and (vii) any amendments, side letters, modifications, or other arrangements with respect to any of the foregoing.

"Outdoor Vendor Payments" has the meaning set forth in Section 2.7(a).

"Outside Date" has the meaning set forth in Section 9.1(b)(ii).

"Party" or "Parties" means, individually or collectively, Buyer and Sellers.

"Permits" has the meaning set forth in Section 3.6(b).

"Permitted Encumbrance" means (a) Encumbrances for Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings, (b) mechanics', carriers', workers', repairers', suppliers', vendors' and other similar common law or statutory Encumbrances arising or incurred in the Ordinary Course of Business under applicable Law, (c) with respect to any Leased Real Property, any Encumbrance primarily affecting the interest of the landlord, sublandlord or licensor of such real property, (d) any non-exclusive licenses to Intellectual Property granted to customers of the Business in the Ordinary Course of Business, (e) public roads, highways, zoning codes, building codes, entitlements, conservation restrictions or other land use or environmental Laws regulating the use or occupancy of the Real Property or the activities conducted thereon which are imposed by any governmental authority having jurisdiction over the Real Property, (f) any Encumbrances that will be removed or released by operation of the Sale Orders and (g) any other Encumbrance permitted in writing by Buyer.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Personal Data" means any information (a) that could be used to identify, contact, or locate a natural Person, including name, contact information, financial account number, an identification number, location data, IP address, online activity or usage data, an online identifier, or one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural Person, or (b) that is considered "personally identifiable information," "personal information," or "personal data" by one or more applicable Privacy Laws.

"Petition Date" means the date of filing of the Chapter 11 Case.

"Plan" The Chapter 11 plan of Debtors (as defined in the RSA) filed in accordance with the RSA.

"Prepetition Budget" means the budget regarding applicable Vendor Payments from the effective date of the RSA through the Petition Date, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"Prepetition Credit Agreement" means that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KK OpCo and KidKraft Netherlands B.V. a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, the guarantors party thereto, GB Funding, LLC as administrative agent and collateral agent and the lenders from time to time party thereto, as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof.

"Privacy and Information Security Requirements" means (a) all applicable Laws regulating the Processing of Personal Data, data breach notification, privacy policies and practices,

processing and security of payment card information, including, to the extent applicable, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018 ("CCPA"), the Payment Card Industry Data Security Standards, the European General Data Protection Regulation (the "GDPR"), any applicable national laws which implement the GDPR, the UK Data Protection Act 2018 (the "UK DPA"), the Personal Information Protection Law ("PIPL") of China, state data security laws and state data breach notification law, in each case as amended, consolidated re-enacted or replaced from time to time ("Privacy Laws"), (b) obligations under all Transferred Contracts that relate to Personal Data and (c) all of the Sellers' and their Subsidiaries' written internal and publicly posted policies and representations regarding the Processing of Personal Data in the conduct of the Business.

"Process" or "Processing" with regard to Personal Data means the collection, use, storage, maintenance, retention, transmission, access, processing, recording, distribution, transfer, import, export, protection (including security measures), deletion, disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

"Purchase Price" has the meaning set forth in Section 2.6.

"Purchased Inventory" has the meaning set forth in Section 2.1(d).

"Purchased Inventory Payment Amount" means an amount calculated as follows: (a) 75% of the book value of Purchased Inventory graded A, A+, B, C, Comp, I, New, New_FY24 or blank in the KK Inventory File; *plus* (b) 60% of the book value of Purchased Inventory graded D in the KK Inventory File; provided, in each case, the amount of Purchased Inventory shall be adjusted based on the Inventory Count and will only include Inventory located in the United States that has cleared customs, Australia (to the extent that title of such Australian inventory is transferred to a Seller prior to Closing) or Canada, or that becomes Purchased Inventory in accordance with Section 6.9, *plus* (c) the lesser of (i) 100% of the book value of the Purchased Inventory on the KK Inventory File designated as "European Inventory", and (ii) the documented landed duty paid price of such inventory styles if the Buyer had purchased such Purchased Inventory directly from vendors in China; provided, that, Buyer shall reimburse Sellers the costs of importing any Foreign Inventory into the United States in accordance with Section 2.7(f).

"Qualifying Alternative Transaction" means an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: the implied cash portion of the Purchase Price (determined based on the KK Inventory File) *plus* the Break-up Fee *plus* the Expense Reimbursement *plus* $4,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities.

"Registered IP" has the meaning set forth in Section 3.10(a).

"Reimbursement Amount" has the meaning set forth in Section 2.7.

"Release" means any release, spill, emission, discharge, leaking, pouring, dumping or emptying, pumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including soil, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the migration of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Representatives" means, with respect to any Person, the officers, managers, directors, principals, employees, agents, auditors, Advisors, and other representatives of such Person.

"RSA" has the meaning set forth in the Recitals.

"Sale Hearing" means the hearing conducted by the U.S. Bankruptcy Court to approve the transactions contemplated by this Agreement.

"Sale Orders" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller Non-Recourse Person" has the meaning set forth in Section 10.22(b).

"Solowave U.S." has the meaning set forth in the Preamble.

"Specified Indoor Inventory" has the meaning set forth in Section 2.7(b).

"Specified Outdoor Inventory" has the meaning set forth in Section 2.7(a).

"Straddle Period" means any taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" of any Person means any entity (a) of which 50% or more of the outstanding share capital, voting securities or other voting equity interests are owned, directly or indirectly, by such Person, (b) of which such Person is entitled to elect, directly or indirectly, at least 50% of the board of directors or similar governing body of such entity or (c) if such entity is a limited partnership or limited liability company, of which such Person or one of its Subsidiaries is a general partner or managing member or has the power to direct the policies, management or affairs.

"Successor" has the meaning set forth in Section 9.3(b).

"Tax Law" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority relating to Taxes.

"Tax Return" means any return, document, declaration, report, claim for refund, statement, information statement or other information or filing relating to Taxes, including any schedule or attachment thereto or amendment thereof, that is filed with or supplied to, or required to be filed with or supplied to, any Governmental Authority.

"Taxes" means any and all U.S. federal, state, and local, Canadian federal, provincial, territorial and local, non-U.S./non-Canadian and other taxes, charges, fees, duties, levies, tariffs, imposts, tolls, customs or other assessments in the nature of a tax imposed by any Governmental Authority, including net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, branch profits, profit share, license, lease, service, service use, value added, goods and services, harmonized sales, provincial sales, retail sales, withholding, payroll, employment, fringe benefits, excise, estimated, severance, stamp, occupation, premium, property,

escheat or unclaimed property, windfall profits or other taxes, together with any interest, penalties, or additions to tax imposed by a Governmental Authority with respect thereto.

"Transfer Taxes" has the meaning set forth in Section 7.1.

"Transferred A/R" has the meaning set forth in Section 2.1(c).

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transferred Contracts" has the meaning set forth in Section 2.1(e).

"Transferred Employee Records" means records of Sellers that relate to the Transferred Employees, but only to the extent that such records pertain to (a) skill and development training, (b) seniority histories, (c) salary information and (d) Occupational, Safety and Health Administration reports and records (or similar reports and records under Canadian law) that Buyer or its Affiliates are obligated to maintain as a successor employer.

"Transferred Employee" has the meaning set forth in Section 6.3(a).

"Transferred IP" has the meaning set forth in Section 2.1(f).

"Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury (whether in final, proposed or temporary form), as the same may be amended from time to time.

"U.S. Bankruptcy Court" has the meaning set forth in the Recitals.

"U.S. Sale Order" means an Order of the U.S. Bankruptcy Court approving this Agreement and the transactions contemplated by this Agreement, and subject to the rights of the parties under Section 2 of the RSA (for the avoidance of doubt, in form and substance acceptable to Buyer), provided that such U.S. Sale Order may be included as part of the Confirmation Order.

"U.S. Seller" has the meaning set forth in the Preamble.

"Vendor Payments" has the meaning set forth in Section 2.7(c).

"Vendor Start Up Cost Payments" has the meaning set forth in Section 2.7(c).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 and any similar applicable local or state Laws.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Transferred Assets. Upon the terms and subject to the conditions of this Agreement and the Sale Orders, at the Closing, Sellers shall sell, assign, transfer, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer (or, as applicable, one or more Designated Buyers), and Buyer (or, as applicable, one or more

Designated Buyers) shall purchase, all right, title and interest of Sellers, in, to or under the Transferred Assets free and clear of any and all Encumbrances (other than Permitted Encumbrances). "Transferred Assets" shall mean all right, title and interest of Sellers to or under the following properties and assets of Sellers of every kind and description, whether real, personal, mixed, intangible (but excluding in each case any Excluded Assets):

(a) all rights, claims or causes of action of Sellers against any party arising out of events occurring prior to the Closing related to other categories of Transferred Assets, including, for the avoidance of doubt, arising out of events occurring prior to the commencement of the Chapter 11 Case, and including any rights under or pursuant to any and all warranties, licenses, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Sellers, in each case, relating to other categories of Transferred Assets, but excluding any rights, claims or causes of action of Sellers released pursuant to the Plan;

(b) other than Inventory, all fixed assets, equipment, machinery, furnishings, computer hardware, electronic devices, vehicles, tools, office supplies, fixtures and other tangible personal property primarily used in or necessary for the operation of the Business that is owned by a Seller organized under laws of the United States or Canada;

(c) (i) all accounts receivable of Sellers located in the United States and Canada, including all such accounts receivable set forth on Section 2.1(c) of the Disclosure Letter, as updated in the Estimated Closing Statement and the A/R Dilution Closing Statement to reflect accounts receivable as of the Closing, regardless of aged status (the "Transferred A/R") and (ii) all cash receipts received after the Closing on account of any Transferred A/R;

(d) the Inventory described in Section 2.1(d) of the Disclosure Letter, as updated prior to Closing based on the Inventory Count, to the extent such Inventory either (i) at Closing, is located in the United States, Canada or Australia (with title held by a Seller as of Closing), or (ii) constitutes In-Transit Inventory that has been delivered to the United States and cleared through customs within 120 days following Closing in accordance with Section 6.9 (the "Purchased Inventory");

(e) each of the Contracts set forth on Section 2.1(e) of the Disclosure Letter, as may be amended from time to time pursuant to Section 2.5(b) and Section 2.5(f) (the "Transferred Contracts");

(f) all Intellectual Property owned by any Seller and relating primarily to the Business, including but not limited to the Registered IP listed on Section 3.10(a) of the Disclosure Letter, and, to the extent transferable and subject to Section 10.24, (i) all of Sellers' rights in and to Personal Data used in the Business and (ii) Intellectual Property that is governed by any Transferred Contract (the "Transferred IP");

(g) all production molds and other tangible assets necessary to continue to produce inventory in accordance with Company's current practices;

(h) all goodwill associated with the Transferred Assets;

(i) to the extent not prohibited by Law and not subject to attorney-client privilege, solicitor-client privilege or other work product privilege, all documents and other books and records, correspondence (including electronic mail communications), the Transferred Employee Records, all vendor files, information and data, and all customer sales, marketing, advertising, packaging and promotional materials, files, data, software (whether written, recorded or stored on disk, film, tape or other media, and including all computerized data), drawings, engineering and manufacturing data and other technical information and data, and all other business and other records, in each case, that are related primarily to the Business or any Transferred Asset, in each case, except as set forth in Section 2.2(b) and Section 2.2(j); provided, however, that Sellers have the right to retain copies at Sellers' expense;

(j) all telephone and facsimile numbers of the Business and all records of email addresses of customers and suppliers of the Business;

(k) all avoidance claims or causes of action available to Sellers under Chapter 5 of the Bankruptcy Code (including Sections 544, 545, 547, 548, 549, 550 and 553) or any similar actions under any other applicable Law (collectively, "Avoidance Actions") against the following (collectively, the "Designated Parties"): (i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing, (ii) any of Sellers' counterparties under any licenses of Intellectual Property that are Transferred Contracts or counterparties under any other Transferred Contracts, (iii) any officer, manager or employee of Sellers that is a Transferred Employee and (iv) any Affiliates of any of the Persons listed in clauses (i) through (iii); provided, however, that it is understood and agreed by the parties that Buyer will not pursue or cause to be pursued any Avoidance Actions against any of the Designated Parties other than as a defense (to the extent permitted under applicable Law) against any claim or cause of action raised by such Designated Party; and

(l) all bank and lockbox accounts associated with the collection of proceeds from the Business or the Sellers' business, including, without limitation, all bank accounts that receive checks, ACH payments, and electronic payments related to the Transferred A/R.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, Sellers are not selling, and Buyer is not purchasing, any right, title or interest in, to or under any assets of the Sellers other than the Transferred Assets. The following assets and any asset other than the Transferred Assets shall be retained by Sellers (collectively, the "Excluded Assets"):

(a) all assets expressly excluded or excepted from the definition of Transferred Assets;

(b) Sellers' documents, written files, papers, books, reports and records prepared or received by any Seller or any of its Affiliates or Representatives: (i) in connection with any sale, potential sale or other strategic transaction involving KK OpCo and its Affiliates, the Business, or any portion thereof including any of the Transferred Assets (including, but not limited to, this Agreement and the transactions contemplated hereby), (ii) that are subject to any privilege in favor of Seller or any of its Affiliates, or (iii) that any Seller is required by Law or other requirement to retain;

(c) all rights, claims and causes of action to the extent relating to any Excluded Asset (and not relating to any Transferred Asset);

(d) all Intellectual Property owned by Sellers or any Subsidiary of any Seller that is not Transferred IP;

(e) shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller or securities convertible into or exchangeable or exercisable for shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller;

(f) all retainers or similar prepaid amounts paid to the Advisors of Sellers;

(g) the Inventory listed in Section 2.2(g) of the Disclosure Letter and any other Inventory that is not Purchased Inventory (the "Excluded Specified Inventory");

(h) all insurance policies, and all rights and benefits of any nature of Sellers with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, in each case, solely to the extent payable to or on behalf of, or in respect of amounts payable by any Seller or any Subsidiary of any Seller to, any individuals covered by such policies;

(i) each Contract of any Seller that is not a Transferred Contract (the "Excluded Contracts");

(j) (i) all books and records to the extent related to any of the Excluded Assets or Liabilities of Sellers other than Assumed Liabilities; (ii) all minute books, Organizational Documents, stock registers and such other books and records of any Seller or any Subsidiary of any Seller, as pertaining to ownership, organization, qualification to do business, capitalization, or existence of such Seller or Subsidiary of any Seller, Tax Returns (and any related work papers) and any other Tax records of any Seller or any Subsidiary of any Seller (but only to the extent such Tax Returns and records relate to Income Taxes or do not primarily relate to the Transferred Assets or the Business), and corporate seal of any Seller or any Subsidiary of any Seller; (iii) all employment-related records other than the Transferred Employee Records; and (iv) all books and records that any Seller is required by Law to retain, or prohibited by Law from disclosing, or are subject to attorney-client privilege or other work product privilege;

(k) any and all claims of the Sellers for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Non-Income Taxes for which Sellers are responsible pursuant to Section 7.3, (ii) Income Taxes, (iii) Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Transferred Assets that are attributable to any Tax period (or portion thereof) ending on or prior to the Closing Date;

(l) all Cash and Cash Equivalents;

(m) all Excluded In-Transit Inventory;

(n) all rights and claims of any Seller to any deposit of any kind (including any utilities deposits and deposits made in connection with the Bankruptcy Cases);

(o) all rights, claims and causes of action of any Person that is not a Seller (even if such Person is an Affiliate thereof or operates a business similar or identical to the Business); and

(p) all rights, claims or causes of action of Sellers under this Agreement and the Ancillary Agreements and under any Contracts that are not Transferred Contracts.

Section 2.3 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to this Agreement, at and after the Closing, Buyer shall assume and pay, discharge, perform or otherwise satisfy only the following Liabilities (the "Assumed Liabilities"):

(a) Liabilities of Sellers arising under the Transferred Contracts, but only to the extent that the Liabilities thereunder arise after the Closing Date and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers on or prior to the Closing;

(b) All Cure Claims associated with Transferred Contracts in amounts not to exceed the Cure Claim amounts for any such Transferred Contracts as set forth on Section 2.1(e) of the Disclosure Letter, as may be amended in accordance with Section 2.5(f);

(c) All Liabilities for (i) Transfer Taxes for which Buyer is responsible pursuant to Section 7.1 and (ii) for Non-Income Taxes for which the Buyer is responsible pursuant to Section 7.3; and

(d) all other Liabilities arising out of the operation of the Transferred Assets following the Closing Date or arising out of an event that occurs after the Closing Date.

Section 2.4 Excluded Liabilities. Buyer shall not assume, be obligated to pay, perform, or otherwise discharge, or in any other manner be liable or responsible for any Liabilities of, or Action against, Sellers or relating to the Transferred Assets or the Business, of any kind or nature whatsoever, whether absolute, accrued, contingent or otherwise, liquidated or unliquidated, due or to become due, known or unknown, currently existing or hereafter arising, matured or unmatured, direct or indirect, and however arising, whether existing on the Closing Date or arising thereafter as a result of any act, omission, or circumstances taking place prior to the Closing, except for the Assumed Liabilities (all Liabilities not assumed by a Buyer pursuant to Section 2.3, "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include each of the following Liabilities of the Sellers:

(a) any Controlled Group Liability;

(b) any Liabilities arising under or relating to any Employee Benefit Plan, including any severance or retention obligations for any Seller employee;

(c) any Liabilities associated with any matter set forth on Section 3.7 of the Disclosure Letter;

(d) any Excluded Taxes; and

(e) any liabilities of the Sellers under the DIP Facility or any other indebtedness of Sellers.

Section 2.5 Assignment of Transferred Contracts.

(a) Prior to the Sale Hearing, Sellers shall take all reasonably necessary actions in order to determine the Cure Claim with respect to any Transferred Contract entered into prior to the Petition Date, including the right to negotiate in good faith and litigate, if necessary, with any Contract counterparty the Cure Claims needed to cure all monetary defaults under such Transferred Contract. Notwithstanding the foregoing, prior to the Designation Deadline, Buyer may designate or remove the designation of any Contract as a Transferred Contract in accordance with Section 2.5(f).

(b) Within three (3) Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract on any date following the Petition Date, within three (3) Business Days after the Buyer's designation of such later date), the Sellers shall deliver a notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment of the Transferred Contract (a "Contract Notice") to the applicable non-Seller counterparty thereto (each a "Contract Counterparty"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Buyer as a Transferred Contract in connection with the transactions contemplated hereunder,; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "Contract Objection") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto, which Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is twenty-one (21) days after the date the Sellers delivered the Contract Notice (the "Contract Objection Deadline"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Sellers, counsel to Gordon Brothers, counsel to the Buyer, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the U.S. Bankruptcy Court.

(c) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, on the Closing Date, Sellers shall assign the Transferred Contracts to Buyer pursuant to Section 365 of the Bankruptcy Code and the Sale Orders, subject to the provision of adequate assurance by Buyer as may be required under Section 365 of the Bankruptcy Code and payment by Buyer of the Cure Claims to the Contract Counterparty in respect of the Transferred Contracts, and Buyer shall assume such Transferred Contracts pursuant to the Assignment and Assumption Agreement. All Cure Claims in respect of all Transferred Contracts shall be paid by Buyer.

(d) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, Sellers shall transfer and assign all of the Transferred Assets to Buyer, and Buyer shall accept all of the Transferred Assets from Sellers, as of the Closing, pursuant to Sections 363 and 365 of the Bankruptcy Code, the Sale Orders and the Assignment and Assumption Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, transfer, assignment, conveyance or delivery or attempted sale, transfer, assignment, conveyance or delivery to Buyer of any asset that would be a Transferred Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any consent from any Governmental Authority or any other third party and such consents shall not have been obtained prior to the Closing (after giving effect to the Sale Orders), the Closing shall proceed without any reduction in Purchase Price without the sale, transfer, assignment, conveyance or delivery of such asset. In the event that the Closing proceeds without the transfer or assignment of any such asset, then following the Closing, Sellers shall use their commercially reasonable efforts at Buyer's sole expense and subject to any approval of the Bankruptcy Courts that may be required, and Buyer shall cooperate with Sellers, to obtain such consent as promptly as practicable following the Closing. Pending the receipt of such consent, the parties shall, at the Buyer's sole expense, reasonably cooperate with each other to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset. Once consent for the sale, transfer, assignment, conveyance or delivery of any such asset not sold, transferred, assigned, conveyed or delivered at the Closing is obtained, Sellers shall promptly transfer, assign, convey and deliver such asset to Buyer at Buyer's sole expense. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to Buyer, then as promptly as practicable following the Closing, Buyer and Sellers shall use commercially reasonable efforts to enter into such arrangements (including subleasing, sublicensing or subcontracting), and shall, at Buyer's sole expense, reasonably cooperate with each other, to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset, for a period of six (6) months following the Closing (or the closing of the Chapter 11 Case, if shorter). Sellers shall hold in trust for, and pay to Buyer, promptly upon receipt thereof, all income, proceeds and other monies received by Sellers derived from their use of any asset that would be a Transferred Asset in connection with the arrangements under this Section 2.5(e). The Parties agree to treat any asset the benefits of which are transferred pursuant to this Section 2.5(e) as having been sold to Buyer for Tax purposes to the extent permitted by Law. Each of Sellers and Buyer agrees to notify the other parties promptly in writing if it determines that such treatment (to the extent consistent with the relevant arrangement agreed to by such Seller and Buyer pursuant to this Section 2.5(e)) is not permitted for Tax purposes under applicable Law.

(f) Notwithstanding anything in this Agreement to the contrary, by written notice to the Sellers, Buyer may amend or revise Section 2.1(e) of the Disclosure Letter setting forth the Transferred Contracts in order to add any Contract of any Seller to, or eliminate any Contract of any Seller from, such section at any time during the period commencing from the date hereof and ending on the date that is the earlier of (x) two (2) Business Days prior to the Closing Date and (y) two (2) Business Days prior to the date that the Bankruptcy Code or Bankruptcy Court otherwise would require a determination to assume or reject such contract (the "Designation Deadline"); provided, however, in the event a timely objection to a Cure Claim for any Transferred Contract is still pending at the time of Closing, Buyer shall have the option to remove such Transferred Contract from Section 2.1(e) of the Disclosure Letter until the earlier of (A) thirty (30) days following the date on which the Cure Claim has been determined by the Bankruptcy Court and (B) the date the Contract Counterparty for such Transferred Contract and the Buyer have agreed on the Cure Claim for such Transferred Contract, and in the case of (A) or (B), the Cure Claim for such Transferred Contract shall be updated on Section 2.1(e) of the Disclosure Letter accordingly; provided, further that the Sellers may accordingly amend or revise any section of the Disclosure Letter as they deem necessary to account for such addition or removal prior to the Closing. Sellers may amend or revise Section 2.1(e) of the Disclosure Letter at any time prior to Closing to update the Cure Claim for each Transferred Contract in accordance with Section 2.5(b); provided that any such amendment or revision following the Designation Deadline shall require the consent of Buyer. Automatically upon the addition of any Contract by Buyer to Section 2.1(e) of the Disclosure Letter, such Contract shall be a Transferred Contract for all purposes of this Agreement and Buyer shall assume the Liabilities thereunder in accordance with the Bankruptcy Code. Automatically upon the removal of any Contract from Section 2.1(e) (i) of the Disclosure Letter such Contract shall be an Excluded Asset for all purposes of this Agreement, and no liabilities arising thereunder shall be assumed or borne by Buyer unless such liability is otherwise specifically assumed pursuant to Section 2.5.

Section 2.6 Consideration. The aggregate consideration for the purchase, sale, assignment and conveyance of the Transferred Assets from Sellers to Buyer (the "Purchase Price") shall consist of:

(a) the payment by Buyer and/or one or more Designated Buyer, by wire transfer of immediately available funds to one or more accounts (each of which must be subject to deposit account control agreement with Gordon Brothers (or an Affiliate thereof)) designated in writing by KK OpCo in accordance with Section 2.10(c)(iii) (the "Initial Cash Consideration") in an aggregate amount equal to the sum of:

(i) $4,350,000; *plus*

(ii) the Estimated Net A/R Payment Amount; *plus*

(iii) the Estimated Purchased Inventory Payment Amount (less the In-Transit Inventory Escrow Amount); *plus*

(iv) the Reimbursement Amount; *minus*

(v) the Adjustment Escrow Amount; *minus*

(vi) the A/R Dilution Escrow Amount;

(b) the assumption by the applicable Buyer, or a Designated Buyer, as applicable, of the Assumed Liabilities from Sellers; and

(c) the In-Transit Inventory Consideration, when and if payable pursuant to Section 6.9.

Section 2.7 Reimbursement Amounts. At Closing, Buyer shall reimburse Sellers, in cash, for the following payments on behalf of the Business (the "Reimbursement Amount"):

(a) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to outdoor inventory as set forth on Section 2.7(a) of the Disclosure Letter (the "Specified Outdoor Inventory"), in an amount not to exceed the amount set forth in the "Factory Payments-Outdoor Domestic" line of the DIP Budget or Prepetition Budget, as applicable (the "Outdoor Vendor Payments");

(b) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to indoor inventory as set forth on Section 2.7(b) of the Disclosure Letter (the "Specified Indoor Inventory") in an amount not to exceed the amount set forth in the "Factory Payments-Indoor Domestic" line of DIP Budget or Prepetition Budget, as applicable (the "Indoor Vendor Payments");

(c) 50% of the amount paid to Sellers' vendors following the date hereof with respect to indoor inventory start up-costs, in an amount not to exceed 50% of the amount set forth in the "Factory Payments-Start Up Costs" line of DIP Budget or Prepetition Budget, as applicable (the "Vendor Start Up Cost Payments" and together with the Outdoor Vendor Payments and Indoor Vendor Payments, the "Vendor Payments");

(d) 50% of the amount paid to Sellers' vendors in the Chapter 11 Cases pursuant to the shipper's, warehouseman's, and lienholders' order, in an amount not to exceed 50% of the amount set forth in the "Shippers Motion" line of the DIP Budget;

(e) 75% of the book value of the Ainsley RTV Inventory; and

(f) 100% of the out-of-pocket and documented costs of Sellers for any applicable customs, duties/tariffs and transportation costs incurred following the Execution Date associated with importing any Foreign Inventory (other than In-Transit Inventory) into the United States, in an amount not to exceed the amount set forth in the "Cost of Sales (Shipping, Testing, etc.) – Purchaser Reimbursement" line of the DIP Budget or Prepetition Budget, as applicable, as allowed in the DIP Budget or the Prepetition Budget (including any permitted variance).

Set forth on Exhibit B hereto, solely for illustrative purposes, is an example calculation of the Estimated Net A/R Payment Amount and Estimated Purchased Inventory Payment Amount, plus $4,350,000 of cash consideration.

Section 2.8 Adjustment to Initial Cash Consideration.

(a) At least three (3) Business Days prior to the Closing, Sellers shall prepare and deliver to Buyer a written statement (the "Estimated Closing Statement") setting forth Sellers' good faith estimates as of Closing of (i) the Transferred A/R, (ii) the A/R Dilution Amount (the "Estimated A/R Dilution Amount") (including the Dilution Reserves with respect thereto), and the resulting Net A/R Payment Amount (the "Estimated Net A/R Payment Amount"), (iii) the Purchased Inventory Payment Amount (the "Estimated Purchased Inventory Payment Amount") and (iv) the Reimbursement Amount (the "Estimated Reimbursement Amount"), which statement shall quantify in reasonable detail such estimate, calculated in accordance with the terms of this Agreement. Sellers shall update the Estimated Closing Statement at least one (1) Business Day prior to the Closing to reflect the most current estimates of the Estimated Net A/R Payment Amount, Estimated Purchased Inventory Payment Amount, Estimated Reimbursement Amount, and Estimated A/R Dilution Amount. During the period after the delivery of the Estimated Closing Statement and prior to the Closing, the Parties shall reasonably cooperate in connection with Buyer's review of the Estimated Closing Statement, including by (i) providing Buyer and its accountants with reasonable access to the appropriate employees of Sellers who are knowledgeable about the information contained in, or preparation of, the Estimated Closing Statement and (ii) providing all books, records and other information reasonably requested by Buyer in connection with the foregoing. The Parties shall cooperate in good faith to mutually agree upon the Estimated Closing Statement in the event Buyer notifies Sellers of its dispute of any item proposed to be set forth on such schedule, provided, that, if Sellers and Buyer are not able to reach a mutual agreement (acting reasonably and in good faith) prior to the Closing Date, the Estimated Closing Statement provided by Sellers to Buyer shall be binding for purposes of Closing.

(b) The Parties agree that for purposes of preparing the Estimated Closing Statement, the Adjustment Closing Statement and the A/R Dilution Closing Statement, each of the Estimated Net A/R Payment Amount, the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated A/R Dilution Amount (and the underlying calculations supporting such amounts) shall be calculated on a basis consistent with the Sellers' historical accounting methodologies, policies, practices, estimation techniques, assumptions and principles used in the preparation of its Audited Financial Statements and the KK Inventory File; provided, that the amount of Purchased Inventory included in the Estimated Purchased Inventory Payment Amount will be calculated using the actual reports from the Inventory Count (updated to reflect projected changes through the Closing Date but calculated consistent with the KK Inventory File book values). For the avoidance of doubt, (i) the calculation of the Purchase Price will be construed to avoid the double counting of any Vendor Payments by Buyer in accordance with Section 2.7 (i.e. Buyer will not be required to pay for Purchased Inventory or accounts receivable generated from any post-petition trade payable or critical vendor payment for which it is obligated to make, or has made, any reimbursement payment) or any other amounts payable by Buyer hereunder, and (ii) Purchased Inventory Payment Amount shall specifically exclude the value of Specified Outdoor Inventory or the Specified Indoor Inventory.

(c) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "Adjustment Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculations of (i) the Purchased Inventory Payment Amount, (ii)

the Reimbursement Amount and (iii) the Net A/R Payment Amount (provided that the Estimated A/R Dilution Amount shall be used to calculate the Net A/R Payment Amount for purposes of the Adjustment Closing Statement) and resulting Adjustment Amount. The Adjustment Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the Adjustment Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the Adjustment Closing Statement. If Buyer does not prepare and deliver the Adjustment Closing Statement within ninety (90) days after the Closing Date, the calculations of the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated Net A/R Payment Amount shall be deemed final and binding.

(d) If KK OpCo does not object to the Adjustment Closing Statement by a written notice of objection (the "Objection Notice") delivered to Buyer within thirty (30) days after KK OpCo's receipt of the Adjustment Closing Statement, the calculation of the Purchased Inventory Payment Amount, the Reimbursement Amount and the Net A/R Payment Amount set forth in the Adjustment Closing Statement shall be deemed final and binding. An Objection Notice shall set forth in reasonable detail KK OpCo's alternative calculations of the Purchased Inventory Payment Amount, Reimbursement Amount and Net A/R Payment Amount and the resulting Adjustment Amount and the basis therefor.

(e) If KK OpCo delivers an Objection Notice to Buyer within the thirty (30) day period referred to in Section 2.8(d), then each element of the Adjustment Closing Statement that is not disputed in such Objection Notice shall be final and binding and any dispute reflected in the Objection Notice (all such amounts, the "Disputed Amounts") shall be resolved in accordance with this Section 2.8(e).

(i) KK OpCo and Buyer shall promptly endeavor in good faith to resolve the Disputed Amounts listed in the Objection Notice. If a written agreement determining the Disputed Amounts has not been reached within ten (10) Business Days (or such longer period as may be agreed by KK OpCo and Buyer) after the date Buyer receives the Objection Notice from KK OpCo (all discussions and statements made by the Parties and their Representatives in attempting to resolve the disagreement during such period shall be subject to Rule 408 of the Federal Rules of Evidence), KK OpCo or Buyer may elect to submit the resolution of such Disputed Amounts to BDO USA, LLP or if BDO USA, LLP is not available to act as the Accounting Firm, to another independent regional accounting firm mutually selected by Buyer and KK OpCo (BDO USA, LLP or such other mutually selected accounting firm, the "Accounting Firm").

(ii) KK OpCo and Buyer shall use their commercially reasonable efforts to cause the Accounting Firm to render a decision in accordance with this Section 2.8(e) along with a statement of the reasons therefor within thirty (30) days of the submission of the Disputed Amounts to the Accounting Firm.

(iii) If KK OpCo or Buyer submit any Disputed Amounts to the Accounting Firm for resolution, KK OpCo (on behalf of Sellers), on the one hand, and

Buyer, on the other hand, shall each pay their own costs and expenses incurred under this Section 2.8(e) and shall each fund one half of any retainer required by the Accounting Firm and shall execute and deliver any customary engagement letter required by the Accounting Firm. The fees and expenses of the Accounting Firm pursuant to this Section 2.8(e) shall be borne by Buyer, on the one hand, and KK OpCo (for and on behalf of Sellers), on the other hand, based upon the percentage that the aggregate portion of the contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party.

(iv) The Accounting Firm shall act as an expert and not an arbitrator. If the Accounting Firm is retained, then KK OpCo and Buyer shall each submit to the Accounting Firm in writing, not later than five (5) Business Days after the Accounting Firm is retained, their respective positions with respect to the Disputed Amounts, together with such supporting documentation as they deem necessary or as the Accounting Firm may request and no discovery will be permitted and no arbitration hearing among the parties will be held; provided that the Accounting Firm may request additional information and/or a meeting among the Parties in connection with the Accounting Firm's determination hereunder and the Parties will use commercially reasonable efforts to provide such additional information and attend any such meeting. The Accounting Firm shall act to determine, based upon the provisions of this Section 2.8(e), only the Disputed Amounts, which determination shall be made in accordance with the procedures set forth in Section 2.8(b) and this Section 2.8(e), and, in any event, shall not be less than the lesser of the amounts claimed by Buyer or KK OpCo, and shall not be greater than the greater of the amounts claimed by Buyer or KK OpCo. For clarity, the Accounting Firm shall not make a determination as to any amounts or items included in the A/R Dilution Closing Statement, other than the Disputed Amounts. KK OpCo and Buyer shall instruct the Accounting Firm to deliver a written determination (such determination to include a worksheet setting forth all material calculations used in arriving at such determination) of all Disputed Amounts and the resulting Adjustment Amount determined based on such determination, and such determination will be final, binding and conclusive on the Parties.

(f) Upon the determination, in accordance with Section 2.8(c), Section 2.8(d) or Section 2.8(e), of the final Purchased Inventory Payment Amount (the "Final Purchased Inventory Payment Amount"), the final Reimbursement Amount (the "Final Reimbursement Amount") and the final Net A/R Payment Amount (the "Final Net A/R Payment Amount"), the final Adjustment Amount shall be calculated based on the Final Purchased Inventory Payment Amount, Final Reimbursement Amount and Final Net A/R Payment Amount.

(g) The Adjustment Amount shall be paid as set forth below and, except for any imputed interest determined for federal income tax purposes, shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

(i) If the Adjustment Amount is positive, then (x) Buyer shall within ten (10) Business Days after the determination of such Adjustment Amount pay to Sellers the *lesser* of (A) the Adjustment Amount and (B) the Adjustment Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent

instructing it to release an amount equal to Adjustment Escrow Amount to the account specified by KK OpCo.

(ii) If the Adjustment Amount is negative, within five (5) Business Days after the determination of such Adjustment Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) an amount equal to the absolute value of the Adjustment Amount to Buyer and (B) if any amount remains of the Adjustment Escrow Amount after giving effect to the foregoing clause, the remaining amount of the Adjustment Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(g)(ii) to an amount in excess of the Adjustment Escrow Amount and in the event that the absolute value of the Adjustment Amount is in excess of the Adjustment Escrow Amount, Buyer shall solely be entitled to the Adjustment Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(g)(ii).

(h) Within one hundred twenty (120) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "A/R Dilution Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculation of the A/R Dilution Amount. The A/R Dilution Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the A/R Dilution Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the A/R Dilution Closing Statement. If Buyer does not prepare and deliver the A/R Dilution Closing Statement to KK OpCo within one hundred and twenty (120) days after the Closing Date, the calculations of the Estimated A/R Dilution Amount shall be deemed final and binding.

(i) Section 2.8(d) and Section 2.8(e) shall be applied *mutatis mutandis* with respect to the determination of all amounts set forth in the A/R Dilution Closing Statement with all references to the Adjustment Closing Statement (and amounts set forth therein) deemed to mean the A/R Dilution Closing Statement (and amounts set forth therein).

(j) Upon the determination, in accordance with Section 2.8(h) or Section 2.8(i), of the final A/R Dilution Amount (the "Final A/R Dilution Amount"), Sellers or Buyer, as the case may be, shall make the payment required by this Section 2.8(j) as follows:

(i) If the Final A/R Dilution Amount is less than the Estimated A/R Dilution Amount, then (x) Buyer shall within ten (10) Business Days after the determination of such Final A/R Dilution Amount pay to Sellers the *lesser* of (A) the difference between the Estimated A/R Dilution Amount and the Final A/R Dilution Amount and (B) the A/R Dilution Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release an amount equal to the A/R Dilution Escrow Amount to the account specified by KK OpCo.

(ii) If the Final A/R Dilution Amount is greater than the Estimated A/R Dilution Amount, then a portion of the A/R Dilution Escrow Amount equal to the

difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount will be released to Buyer and within five (5) Business Days after the determination of such A/R Dilution Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) such amount to Buyer and (B) if any amount remains of the A/R Dilution Escrow Amount after giving effect to the foregoing clause, the remaining amount of the A/R Dilution Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(j)(ii) to an amount in excess of the A/R Dilution Escrow Amount and in the event that the difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount is in excess of the A/R Dilution Escrow Amount, Buyer shall solely be entitled to the A/R Dilution Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(j)(ii).

(k) Except for any imputed interest determined for federal income tax purposes, any amounts paid pursuant to Section 2.8(j) shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

Section 2.9 Deposit Amount; Buyer Breach Fee.

(a) On the date hereof, unless already deposited, Buyer shall deposit into escrow with Escrow Agent an amount equal to Three Million Dollars ($3,000,0000) (such amount, together with all interest and other earnings accrued thereon, the "Deposit Amount"), by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement duly executed by KK OpCo, Buyer and the Escrow Agent.

(b) The Parties shall instruct the Escrow Agent to release and deliver the Deposit Amount to either (x) Buyer or (y) KK OpCo on behalf of Sellers, as follows:

(i) if the Closing shall occur, the Deposit Amount shall be delivered to Sellers on Closing and applied towards the Purchase Price payable by Buyer pursuant to Section 2.6(a);

(ii) if this Agreement is terminated by KK OpCo pursuant to Section 9.1(d)(i) (a "Buyer Breach Termination"), the Deposit Amount shall be delivered to KK OpCo; or

(iii) if this Agreement is terminated other than in a manner provided by Section 9.1(d)(i), the Deposit Amount shall be delivered to Buyer.

(c) In the event of a Buyer Breach Termination, in consideration for Sellers and Gordon Brothers having expended considerable expense following the Execution Date, and without the requirement of any notice or demand from Sellers or any other application to or order of the Bankruptcy Courts, in addition to the receipt of the Deposit Amount in accordance with Section 2.9(b)(ii), Buyer shall pay to KK OpCo an amount equal to $4,500,000 (the "Cash Breach Fee Component" and, collectively with the Deposit Amount, the "Buyer Breach Fee"). In the event Buyer becomes obligated under this Agreement to pay the Buyer Breach Fee, Buyer shall pay the

Cash Breach Fee Component in immediately available funds to such account or accounts as may be specified in written notice by KK OpCo.

(d) The obligation to pay the Buyer Breach Fee in accordance with the provisions of this Agreement will (i) be binding upon and enforceable against Buyer immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable Law. The obligation to pay the Buyer Breach Fee as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of Buyer and (B) any trustee, examiner or other representative of Buyer's estate as if such Person were the Buyer hereunder. For the avoidance of doubt, nothing in this Section 2.9 shall affect any Party's rights or obligations under Section 10.15.

(e) Subject to Section 9.2(b) and Section 10.15, the Parties acknowledge that the agreements contained in this Section 2.9 are an integral part of the transactions contemplated in this Agreement, that the damages resulting from termination of this Agreement under circumstances where KK OpCo terminates this Agreement pursuant to a Buyer Breach Termination are uncertain and incapable of accurate calculation and that the payment of the Buyer Breach Fee is not a penalty but rather shall constitute liquidated damages in a reasonable amount that will compensate Sellers in the circumstances where KK OpCo is entitled to the Buyer Breach Fee because of a Buyer Breach Termination for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and that, without these agreements, Sellers and Buyer would not enter into this Agreement. If any Party fails to take any action necessary to cause the payment of the Deposit Amount (or the Buyer Breach Fee, as applicable) to any other Party(ies) if and when the same is due, and, in order to obtain such Deposit Amount (or the Buyer Breach Fee, as applicable), such other Party(ies) commence a suit which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including reasonable attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 2.10 Closing.

(a) Subject to the Sale Orders, the purchase, sale, assignment and conveyance of the Transferred Assets contemplated by this Agreement shall take place at a closing (the "Closing") to be held by telephone conference and electronic exchange of documents (or, if the Parties agree to hold a physical closing, at the offices of King & Spalding LLP, located at 1180 Peachtree Street NE, Atlanta, Georgia 30309 at 10:00 a.m. Eastern Time on the second (2nd) Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the Parties set forth in Article VIII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction or waiver of such conditions), or at such other place or at such other time or on such other date as Sellers and Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) At or prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer:

(i) a bill of sale, assignment and assumption agreement, in form and substance reasonably satisfactory to the Parties (the "Assignment and Assumption Agreement"), duly executed by the applicable Sellers;

(ii) an IP Assignment Agreement, duly executed by the applicable Sellers;

(iii) a copy of the Sale Orders;

(iv) for each Seller (or, if a Seller is a disregarded entity for U.S. federal income tax purposes, such Seller's regarded owner for U.S. federal income tax purposes) other than Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an IRS Form W-9, and for Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an applicable IRS Form W-8;

(v) a duly executed certificate of a duly authorized officer of KK OpCo certifying the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b);

(vi) Provincial sales tax clearance certificate(s) issued by the relevant Governmental Authority stating that the Sellers have paid and remitted all outstanding provincial sales Tax and any related penalties and interest under the relevant taxing legislation, if required under Section 6 of the Retail Sales Tax (Ontario) or by a corresponding provision of applicable Law in another province, if and as applicable;

(vii) a Conditions Certificate, duly executed by KK OpCo; and

(viii) such other documents as any Buyer may reasonably request that are not inconsistent with the terms of this Agreement and reasonably necessary to effectuate or consummate the transactions contemplated by this Agreement (without expanding or supplementing any of the representations and warranties hereunder or Buyer's remedies with respect thereto).

(c) At or prior to the Closing, Buyer shall deliver or cause to be delivered to Sellers:

(i) the Assignment and Assumption Agreement, duly executed by Buyer;

(ii) the IP Assignment Agreement, duly executed by Buyer;

(iii) the Initial Cash Consideration in cash by wire transfer of immediately available funds to an account or accounts designated by Sellers;

(iv) a duly executed certificate of an executive officer of Buyer certifying the satisfaction of the conditions set forth in Section 8.2(a) and Section 8.2(b); and

(v) a Conditions Certificate, duly executed by Buyer.

(d) At or prior to the Closing, Buyer shall deposit into escrow with Escrow Agent an amount equal to (i) the Adjustment Escrow Amount, (ii) the Net A/R Adjustment Amount and (iii) the In-Transit Inventory Escrow Amount, by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement.

Section 2.11 Purchase Price Allocation. For U.S. federal and applicable state, local and foreign Tax purposes, Buyer, Sellers, and their respective Affiliates shall use commercially reasonable efforts to agree to an allocation of the Purchase Price for applicable Tax purposes) among the Transferred Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (or any similar principles applicable for the purposes of the Income Tax Act (Canada) as soon as reasonably practicable after the date on which both the Adjustment Closing Statement and the A/R Dilution Closing Statement are finalized (such allocation, the "Allocation"); provided that for purposes of the Allocation the Parties agree to allocate the portion of the Purchase Price attributable to the Canadian Transferred Assets by asset class and by province in which the particular assets are located. If the Parties reach an agreement with respect to the Allocation, Buyer, Sellers and their Affiliates shall (a) file all applicable Tax Returns in accordance with the Allocation, as finally determined hereunder, and (b) not take any Tax-related action in connection with any Tax audit or proceeding that is inconsistent with the Allocation, except, in each case, to the extent otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code or any similar provision of state, local or foreign Tax Law; provided, however, that (A) if Buyer and Seller cannot mutually agree on the Allocation, each Party shall be entitled to determine its own allocation and file its IRS Form 8594 consistent therewith and (B) neither Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation.

Section 2.12 Designated Buyer(s).

(a) In connection with the Closing, without limitation by the terms of Section 10.14, Buyer shall be entitled to designate, in accordance with the terms and subject to the limitations set forth in this Section 2.12, one (1) or more Affiliates to purchase specified Transferred Assets, assume specified Assumed Liabilities, employ specified Transferred Employees and assume the rights and obligations under this Agreement of the Buyer, in whole or in part, on and after the Closing Date (any such Person shall be properly designated by a Buyer in accordance with this Section 2.12, a "Designated Buyer"); provided that no such designation would impede or materially delay the Closing or affect the timely receipt of any regulatory approval; provided, further, that no such designation shall be permitted if any Taxes required to be withheld under applicable Law from any amounts otherwise payable hereunder would be higher than the amount of Taxes that would be required to be withheld absent such designation and the Buyer or the Designated Buyer does not agree to gross up the amount paid to the applicable Seller so that the applicable Seller is in the same economic position it would have been in if such designation had not occurred (taking into account all Taxes payable by such Seller as a result of

such gross up). At and after the Closing, Buyer shall, or shall cause its Designated Buyer(s) to, honor Buyer's obligations at the Closing. After the Closing, any reference to any Buyer made in this Agreement in respect of any purchase, assumption, or employment referred to in this Agreement shall include reference to the appropriate Designated Buyer(s), if any. Buyer shall be liable for all obligations of any Designated Buyer(s) under this Agreement as to any particular Assumed Liability that any Designated Buyer is assuming at the Closing.

(b) Without limitation of Section 6.4, the designation of a Designated Buyer in accordance with Section 2.12(a) shall be made by a Buyer by way of a written notice to be delivered to Sellers as soon as reasonably practicable following the date of this Agreement but in no event later than two (2) Business Days prior to Closing, which written notice shall (i) contain appropriate information about the Designated Buyer(s), (ii) indicate which Transferred Assets, Assumed Liabilities and Transferred Employees Buyer intends such Designated Buyer(s) to purchase, assume and/or employ, as applicable, hereunder and (iii) include a signed counterpart to this Agreement pursuant to which the Designated Buyer(s) agree to be bound by the terms of this Agreement as it relates to such Designated Buyer(s) and which authorizes Buyer to act as such Designated Buyer(s)' agent for all purposes hereunder. Notwithstanding the foregoing, and for the avoidance of doubt, any designation pursuant to Section 2.12(a) shall not relieve Buyer of any of its obligations under this Agreement (or otherwise) and Buyer shall remain primarily liable therefor.

Section 2.13 Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer shall be entitled to deduct and withhold from any amount (or portion thereof) payable under this Agreement such Taxes as are required to be deducted and withheld from such amount under the Code or any other applicable provision of U.S., Canadian or foreign Tax Law. To the extent that Buyer intends to withhold any such amounts from the Purchase Price, it shall notify the applicable Seller of such intention and shall provide such Seller with an opportunity to provide forms or evidence that would establish an exemption from, or reduction in the amount of, withholding tax and shall otherwise cooperate in good faith with Sellers and use commercially reasonable efforts to minimize or eliminate any such deductions or withholdings. To the extent that any amounts are so deducted and withheld and paid to the applicable Governmental Authority, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Disclosure Letter attached hereto, each Seller jointly and severally represents and warrants to Buyer as follows:

Section 3.1 Organization. Each Seller (a) is an entity duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as applicable, (b) has all requisite power and authority to own and operate its properties and to carry on its businesses as now conducted, subject to the provisions of the Bankruptcy Code and the CCAA, and (c) is qualified to do business and is in good standing (or its

equivalent) in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except where the failure to be so qualified is not and would not reasonably be expected to be material to the Business.

Section 3.2 Authority. Subject to approval of the Bankruptcy Courts and entry of the Sale Orders, as applicable (a) each Seller has the corporate (or equivalent) power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, (b) the execution, delivery and performance by such Seller of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by such Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate (or equivalent) action and (c) this Agreement has been, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will have been, duly executed and delivered by such Seller and, assuming due execution and delivery by each of the other parties thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will constitute, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions").

Section 3.3 No Conflict; Required Filings and Consents.

(a) Except as set forth on Section 3.3(a) of the Disclosure Letter and assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders and (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable), after giving effect to the application of the Bankruptcy Code, including Section 365 thereof, on certain legal and contractual provisions applicable to the Transferred Contracts and other Transferred Assets, the execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby, do not and will not, with or without notice, lapse or time or both: (i) violate the Organizational Documents of Sellers; (ii) conflict with or violate any Law applicable to Sellers or by which any Transferred Asset is bound; (iii) result in any material breach of, constitute a material default (or an event that, with notice or lapse of time or both, would become a material default) under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance (other than a Permitted Encumbrance) on any Transferred Asset; or (iv) result in any material breach of, constitute a material default under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance on any Transferred Contract; except, in the case of clause (ii) and (iv), for any such violations, breaches, defaults or other occurrences that are not material to the Business taken as a whole.

(b) Except as set forth on Section 3.3(b) of the Disclosure Letter, no Seller is required to file, seek or obtain any notice, authorization, approval, Order, permit, or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Sellers of this Agreement or the consummation by Sellers of the transactions contemplated hereby,

except (i) requisite approvals from the Bankruptcy Courts or (ii) as may be necessary as a result of any facts or circumstances relating to any Buyer or any of its Affiliates.

Section 3.4 Transferred Assets. Subject to entry of the Sale Orders by the Bankruptcy Courts:

(a) Each Seller, as applicable, has good, valid and marketable title to, and owns and possesses all rights and interests in, including the right to use, each of the Transferred Assets, or with respect to leased Transferred Assets, valid leasehold interests in, or with respect to licensed Transferred Assets, valid licenses to use, in each case, in all material respects.

(b) Assuming that the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.4(b) of the Disclosure Letter and the Sales Orders are made, given or obtained (as applicable), this Agreement and the instruments and documents to be delivered by Sellers to Buyer at the Closing shall be adequate and sufficient to transfer (i) Sellers' entire right, title and interest in and to the Transferred Assets and (ii) to Buyer, good, valid and marketable title to, and interest in the applicable Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), claims and interests, other than Assumed Liabilities, in each case, in all material respects.

(c) The Transferred Assets are adequate for the purposes for which such assets are currently used or are held for use, conform in all material respects to all Laws applicable thereto, are in good repair and operating condition (subject to normal wear and tear), and there are no facts or conditions affecting the Transferred Assets which would, individually or in the aggregate, reasonably be expected to interfere with the use or operation thereof as currently used or operated, or their adequacy for such use, in any material respect.

Section 3.5 Absence of Certain Changes or Events. Since February 29, 2024, through the date of this Agreement, there has not been any event, change, condition, occurrence or effect that, individually or in the aggregate, has had, or would be reasonably expected to have, a Material Adverse Effect. Except (i) discussions, negotiations and activities related to this Agreement and the RSA or other potential strategic transactions, including preparation for the Bankruptcy Cases, (ii) for the solicitation of, discussions and negotiations with, presentations and provision of other diligence to and similar engagement with other potential bidders for the Transferred Assets, the negotiation and execution of this Agreement, (iii) for the preparation and commencement of the Bankruptcy Cases and Sellers' debtor in possession financing in the Bankruptcy Cases or (iv) as expressly contemplated by this Agreement, from February 29, 2024, until the date hereof, Sellers have operated only in the Ordinary Course of Business and no Seller has taken any action or failed to take any action, as applicable, that would be prohibited by Section 6.1(b), if taken, failed to be taken or proposed to be taken, except for the execution and delivery of this Agreement.

Section 3.6 Compliance with Law; Permits.

(a) As of the date hereof, (i) the Business is being conducted in compliance with, and Sellers are in compliance with, all applicable Laws relating to the operation of the Business and the Transferred Assets and (ii) there are no pending or, to the Knowledge of Sellers, threatened, claims from any Governmental Authority relating to any non-compliance of the

Business or the Transferred Assets, except, in each case of (i) and (ii), as has not been, and would not be reasonably expected to be material to the Business, taken as a whole.

(b) Sellers are in possession of all material permits (including work permits and visas), licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority (the "Permits") necessary for them to own, lease and operate their assets and properties, to employ or engage officers, workers and employees who are not citizens of the country where they are carrying out their duties or performing their services and to carry on the Business as currently conducted. All material Permits held by Sellers: (i) are valid and in full force and effect and no Seller is in default under, or in violation of, any such Permit, except for such defaults or violations which would not reasonably be expected, individually or in the aggregate, to materially restrict or interfere with Buyer's ability to operate the Business as currently operated and no suspension or cancellation of any such Permit is pending (other than pursuant to its terms) or, to Sellers' Knowledge, threatened and (ii) subject to entry of the Sale Orders each such Permit may be transferred or reissued to Buyer in accordance with this Agreement and without the approval of any Person (other than the Bankruptcy Courts).

(c) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws except as has not been, and would not be reasonably expected to be material, to the Business, taken as a whole. Except as set out in Section 3.6(c) of the Disclosure Letter, during the past three (3) years Sellers have not been charged with, nor received any notice that it is under investigation with respect to, and, to the Knowledge of Sellers, no Seller is otherwise now under investigation with respect to, any violation of any applicable Law or other requirement of a Governmental Authority. No Seller sells, or has ever sold, in relation to the Transferred Assets, any product or provided any services to any Governmental Authority. In respect to the Transferred Assets, no Seller is currently a party to or subject to any Contract with any Governmental Authority. Sellers are not debarred or suspended from doing business with any Governmental Authority.

(d) Each Seller, and any such officer and director and, to the Knowledge of the Sellers, any agent acting on behalf of such Seller, in relation to the Transferred Assets, is in compliance and has since the Compliance Date complied with applicable anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), all national and international laws enacted to implement the Organization for Economic Co-operation and Development Convention on Combatting Bribery of Foreign Officials in International Business Transactions, and other similar Laws of those countries in which any Seller conducts business (collectively, "Anti-Corruption Laws"), and to Knowledge of the Sellers there are no unresolved investigations or claims concerning any Liability of Sellers with respect to such Laws. Each Seller has policies and procedures in place that are reasonably designed to (i) prevent, detect, and deter bribery and corruption in the conduct of the Business, and (ii) achieve compliance by the Business with all applicable anti-corruption Laws.

(e) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Customs and International Trade Laws, and at no time has any Seller or, to Seller's Knowledge, any Person acting on behalf of the Business committed any violation of the Customs and International Trade Laws of those

countries in which Sellers are engaged in the Business. Except as set forth on Section 3.6(e) of the Disclosure Letter, the conduct of the Business and Sellers is, and during the past three (3) years has been, in all material respects, in compliance with all Laws governing or concerning the payment of all customs duties, countervailing duties, fees and charges applicable to and due with respect to all import transactions, including any countervailing or antidumping duties. No products, goods, parts, or accessories imported in the course of engaging in the Business are or have been subject to any countervailing or antidumping duty investigation, order, notice or other proceeding by any Governmental Authority. There are no material unresolved questions or claims concerning any Liability of any conduct in furtherance of the Business with respect to Customs and International Trade Laws applicable to the import or export of goods. Without limiting the foregoing, neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any notice that it is subject to any civil or criminal investigation, audit or any other inquiry involving or otherwise relating to any alleged or actual violation of the Customs and International Trade Laws.

(f) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws relating to the importation of materials into the countries in which the Sellers conduct the Business. The origin declarations made in furtherance of the Business are and, during the past three (3) years have been, accurate and based on the exercise of reasonable care. Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any written, or to the Knowledge of Sellers, oral, communication with respect to the conduct of the Business during the past three (3) years from any Governmental Authority that (i) excludes products or materials or (ii) asserts that any Seller owes additional duties, liquidated damages, penalties or fees.

(g) Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business (i) has been or is designated on any list maintained by any U.S. governmental entity responsible for the implementation or enforcement of Customs and International Trade Laws (each such person a "Listed Person"), or (ii) is directly or indirectly 50 percent or more owned by, or otherwise controlled by or acting for (A) any Listed Person or (B) any Governmental Authority or Person that is the subject or target of a comprehensive embargo under Law, or (iii) is located, organized or resident in any country or territory that is the subject or target of a comprehensive embargo under Law (currently, Cuba, Iran, North Korea, Syria, and certain regions of Ukraine).

Section 3.7 Litigation. Except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that questions or challenges (i) the validity of this Agreement or the Ancillary Agreements,(ii) any action taken or proposed to be taken by the Sellers pursuant to this Agreement or Ancillary Agreements or in connection with the transactions contemplated by this Agreement, or (iii) the Intellectual Property rights owned by the Sellers or their Subsidiaries (excluding any objections, rejections, oppositions, or other such proceedings at the United States Patent and Trademark Office, the U.S. Copyright Office, or such other filing offices, domestic or foreign, challenging the registrability of such Intellectual Property). Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that involves or affects the Transferred Assets or the Business. Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no material Actions pending or, to the

Knowledge of the Sellers, threatened in writing against the Sellers based on, arising out of, in connection with or otherwise relating to (i) the non-payment of wages or other compensation to employees or (ii) violation of Law with respect to the employment or termination of employment of or failure to employ any individual.

Section 3.8 Labor and Employment Matters.

(a) No Seller is a party to or bound by a collective bargaining agreement.

(b) Solely with respect to the Business, (i) there is no unfair labor practice charge or complaint pending or, to Sellers' Knowledge, threatened against Sellers before the National Labor Relations Board or any similar Governmental Authority, (ii) no labor union, labor organization, works council or group of Employees has made a pending demand in writing for recognition or certification as the bargaining agent of the Employees, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of Sellers, threatened to be brought or filed with the National Labor Relations Board or any similar Governmental Authority, (iii) to the Knowledge of Sellers, there are no pending or threatened union organizing or decertification activities and (iv) there are no pending or, to Sellers' Knowledge, threatened strikes, work stoppages, lockouts, slowdowns or other material labor disputes, that, in each case of (i) through (iv), would reasonably be expected to be material to the Business, taken as a whole.

(c) Solely with respect to the Business, each Seller is and for the past three (3) years has been in compliance with all applicable Laws respecting labor, labor relations, employment and employment practices, including but not limited to all Laws respecting collective bargaining, the terms and conditions of employment, wages, hours, equal employment opportunity, employment discrimination, worker classification (including the proper classification of workers as independent contractors and consultants, and employees as exempt or non-exempt for overtime pay), immigration, work authorization, occupational health and safety, workers' compensation, vacation pay, the payment of social security and other employment Taxes, disability rights or benefits, plant closures and layoffs, affirmative action, labor relations, employee leave issues and unemployment insurance, in each case, except as would not reasonably be expected to be material to the Business, taken as a whole.

Section 3.9 Real Property. Section 3.9 of the Disclosure Letter sets forth a correct and complete legal description of each parcel of real property leased or sub-leased by any Seller (the "Leased Real Property"). The Leased Real Property constitutes all of the real property owned, leased, occupied or otherwise used in connection with the Business.

Section 3.10 Intellectual Property.

(a) A true, correct and complete list (in all material respects) of all (i) issued Patents and pending Patent applications, (ii) registered Trademarks and applications to register any Trademarks, (iii) registered Copyrights and applications for registration of Copyrights, and (iv) domain name registrations, in each case which is owned by any Seller and relates to the Business (the "Registered IP") is set forth on Section 3.10(a) of the Disclosure Letter. Sellers are the sole and exclusive owners of all material Intellectual Property included in the Transferred IP that is

owned or purportedly to be owned by such Seller or such Subsidiary, including all Registered IP, and all items of such Registered IP are subsisting, and, to the Knowledge of Sellers, valid and enforceable. No claim has been made or, to the Knowledge of Sellers, threatened alleging that any such Registered IP is invalid or unenforceable in whole or in part or challenging the use or of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers. Except as disclosed on Section 3.10(a) of the Disclosure Letter, none of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers is subject to any outstanding order, judgment, or stipulation restricting the use thereof by any of the Sellers or any Subsidiary of any Seller.

(b) The conduct of the Business (including the products and services sold or performed by the Sellers and their respective Subsidiaries in the conduct of the Business) and the use, practice or exploitation of the Transferred IP and other Intellectual Property as currently used, practiced or exploited by Sellers and any Subsidiaries of the Sellers in the conduct of the Business do not, to the Knowledge of the Sellers, infringe, misappropriate or otherwise violate (and, since January 1, 2021 have not infringed, misappropriated or otherwise violated) any Person's Intellectual Property rights, and since January 1, 2021 there has been no such Action asserted or, to the Knowledge of Sellers, threatened against any Seller or any Subsidiary of such Seller.

(c) Other than third-party commercial "off-the-shelf" software licensed by the Sellers or their Subsidiaries on standard terms and conditions and Intellectual Property that is governed by any Excluded Contract, the Transferred IP constitutes all material Intellectual Property used in, held for use or necessary for the conduct of the Business as currently conducted.

(d) To the Knowledge of Sellers, no Person is infringing, misappropriating or otherwise violating in any material respect any Intellectual Property owned by or exclusively licensed to Sellers or any Subsidiary of any Seller that is a Transferred Asset or is used in or relates to the Business or the products and services of the Business, and since January 1, 2021, no such Actions have been asserted or threatened against any Person by any Seller or any Subsidiary of such Seller.

(e) Sellers have taken commercially reasonable steps to safeguard and maintain the Transferred IP, including maintaining the confidentiality of all trade secrets and other material confidential or proprietary information related primarily to the Business, and none of such confidential or proprietary information has been disclosed other than to employees, contractors, representatives and agents of the Sellers and the Subsidiaries of the Sellers, and other third parties in connection with the operation of the Business, all of whom are bound by written confidentiality agreements. To the Knowledge of Sellers, no Person is in violation of any such agreement.

Section 3.11 Tax Matters.

Except as set forth in Section 3.11 of the Disclosure Letter:

(a) All material Tax Returns required to be filed by or with respect to the Transferred Assets or the Business have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Except for any Taxes that need not be paid pursuant to an Order of the Bankruptcy Courts or pursuant to the Bankruptcy Code or CCAA, subject to any obligation of Sellers under the Bankruptcy Code and the CCAA, all material Taxes due and

payable by or with respect to the Transferred Assets or the Business have been timely paid (whether or not shown as due on any Tax Return).

(b) There is no action, suit, claim, deficiency, assessment, or audit pending, proposed in writing, or, to Sellers' Knowledge, threatened in writing with respect to material Taxes of or relating to the Transferred Assets or the Business.

(c) There are no Encumbrances for Taxes upon the Transferred Assets, other than Permitted Encumbrances.

(d) No agreement, waiver, extension or consent regarding the application of the statute of limitations with respect to any material Taxes or material Tax Returns of or with respect to the Transferred Assets or the Business is outstanding, nor is there pending any request for such an agreement, waiver, extension or consent.

(e) All material Taxes required to have been deducted, withheld, collected or deposited by the Sellers with respect to the Business have been timely deducted, withheld, collected or deposited and, to the extent required, have been paid or remitted to the relevant Tax authorities.

(f) None of the Canadian Transferred Assets are owned by a Seller that is a non-resident of Canada for purposes of the *Income Tax Act* (Canada), other than such assets that are not "taxable Canadian property" or are "excluded property" of such other Sellers for purposes of section 116 of the *Income Tax Act* (Canada).

(g) Solowave Design LP is a "Canadian partnership" for purposes of the *Income Tax Act* (Canada), and Solowave International Inc., Solowave Design Holdings Limited, and Solowave Design Inc. are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada).

The representations and warranties set forth in this Section 3.11 and Section 3.8(c) constitute the sole and exclusive representations and warranties of Seller with respect to Tax matters in connection with the Business and the Transferred Assets, and no other provision of this Agreement shall be deemed to address or include such matters.

Section 3.12 Environmental Matters.

(a) As of the date hereof, Sellers, the Transferred Assets and the Business are in compliance in all respects with all applicable Environmental Laws, which compliance includes, but is in no way limited to, compliance with the terms of, all Environmental Permits, except in each case, as such noncompliance would not be reasonably expected to have a Material Adverse Effect.

(b) As of the date hereof, Sellers, the Transferred Assets and the Business are in possession of all material Environmental Permits required in connection with the lawful conduct or operation of the Business and the ownership or use of the Transferred Assets as currently operated. There is no material claim or action currently pending or, to the Knowledge of Sellers,

threatened, that is or would reasonably be expected to result in the cancellation, revocation or other adverse or limiting modification of any such Environmental Permit.

(c) There is no Environmental Claim pending or, to the Knowledge of Sellers, threatened against or affecting any Seller, Transferred Asset or the Business that would be reasonably expected to have a Material Adverse Effect. There are no environmental conditions, including the presence of any Hazardous Material at the Leased Real Property, which would be reasonably likely to form the basis of any Liability of the Business, any Transferred Asset or of any Environmental Claim against or affecting any Seller or the Business that would be reasonably expected to have, a Material Adverse Effect.

Section 3.13 Material Contracts.

(a) Subject to requisite approvals from the Bankruptcy Courts, as applicable, and assumption by the applicable Seller of the applicable Contract in accordance with applicable Law and except as a result of the commencement of the Bankruptcy Cases, each Transferred Contract is in full force and effect and is a valid, binding and enforceable obligation of the applicable Seller and, to the Knowledge of Sellers, each of the other Parties thereto, except as may be limited by the Enforceability Exceptions. Except as set forth on Section 3.13(a) of the Disclosure Letter, or as would not reasonably be expected to be material to the Business, taken as a whole, no Seller is in default, or is alleged by the counterparty thereto to have breached or to be in default, under any Transferred Contract, and, to the Knowledge of Sellers, the other party to each Transferred Contract is not in default thereunder. No Transferred Contract has been canceled or otherwise terminated, and no Seller has received any notice from any Person regarding any such cancellation or termination.

Section 3.14 Financial Statements.

(a) True, correct and complete copies of (i) the audited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of KK OpCo and its Subsidiaries as of March 31, 2023, together with the auditor's reports thereon (the "Audited Financial Statements") and (ii) an unaudited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of the Sellers as of and for the 11-month period ended February 29, 2024 (the "Interim Financial Statements" and, together with Audited Financial Statements, the "Financial Statements") have been provided to Buyer. The Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Sellers as of the dates and for the periods indicated in such Financial Statements, have been prepared in all material respects, in accordance with the books of account and other financial records of the Sellers and have been prepared, in all material respects, in conformity with GAAP (except, in the case of the Interim Financial Statements, for the absence of footnotes and other presentation items and for normal year-end adjustments that are not material individually or in the aggregate).

Section 3.15 Accounts Receivable. Sellers have not entered into any agreement to discount or accelerate the payment of the Transferred A/R. The Transferred A/R has arisen from bona fide transactions entered into by the Sellers in the Ordinary Course of Business consistent with past practice and, other than A/R Dilution, are not subject in any material respect to claims

of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business.

Section 3.16 Inventory. On and as of the Execution Date, the level of inventory and raw materials (as of type, category, style, brand and description, and proportion to all Purchased Inventory) is in all material respects consistent with the level and mix set forth in the KK Inventory File as of the date hereof.

Section 3.17 Certain Payments. Since the Compliance Date, no Seller (nor, to the Knowledge of Sellers, any of their respective Representatives) has, in violation of Anti-Corruption Laws, (a) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees; (c) violated or is violating any provision of the FCPA; (d) established or maintained, or is maintaining, any unlawful fund of corporate monies or other properties; or I made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

Section 3.18 Competition Act; Cultural Business. For purposes of subsection 110(2) of the Competition Act (Canada), each of (a) the total value of the Transferred Assets that are assets in Canada and (b) the gross revenues from sales prescribed by that subsection, each measured in accordance with the Competition Act (Canada) and the regulations thereunder as at Closing, will be less than the review threshold amount as determined pursuant to subsections 110(8) and 110(9) of the Competition Act (Canada). The Business does not include a "cultural business" as that term is defined in subsection 14.1(6) of the Investment Canada Act.

Section 3.19 Financial Advisors. Neither Buyer nor any Designated Buyer is and will become obligated to pay any fee or commission or like payment to any broker, finder, or financial advisor as a result of the consummation of the transactions contemplated by this Agreement based upon any arrangement made by or on behalf of Sellers.

Section 3.20 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to Buyer or any of its Affiliates or Representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), no Seller makes, or has made, (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty with respect to the Business or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, and Buyer and its Representatives are not relying on any representation, warranty or other information of any Seller or any Person except for those expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v). No Seller makes (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, any Seller or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or its Representatives, or resulting from the omission of, any estimate, projection, prediction, data, budget, forecast, financial information, memorandum, prospect information,

presentation or any other materials or information, including any oral, written, video, electronic or other materials or information presented to or made available to Buyer in connection with presentations by KK OpCo's management or information made available on any "data sites" or in the course of their due diligence investigation of the Business, the negotiation of this Agreement or the course of the transactions contemplated by this Agreement except as expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as to only itself as follows:

Section 4.1 Organization. Buyer is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has all necessary corporate (or equivalent) power and authority to perform its obligations hereunder and under any Ancillary Agreement.

Section 4.2 Authority. Buyer has the power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action and this Agreement has been, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will have been, duly executed and delivered by Buyer and assuming due execution and delivery by each of the other Parties and thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) Assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders, (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable) and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which Buyer will be a party, and the consummation of the transactions contemplated hereby and thereby, or compliance by Buyer with any of the provisions hereof, do not and will not:

(i) conflict with the Organizational Documents of Buyer;

(ii) conflict with or violate any Law applicable to Buyer or by which any property or asset of Buyer is bound or affected;

(iii) conflict with or violate any Order of any Governmental Authority; or

(iv) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or give rise to a right of termination, modification, notice or cancellation or require any consent of any Person pursuant to, any Contract to which Buyer is a party.

except, in each case of clauses (i) through (iv), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement;

(b) Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party or the consummation of the transactions contemplated hereby or thereby, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.4 Absence of Litigation. There is no Action pending or, to the knowledge of Buyer, threatened in writing, against Buyer that, if adversely determined, (a) would prevent or materially restrict, impede or delay the performance by Buyer of its obligations under this Agreement or (b) would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.5 Qualification.

(a) To the knowledge of Buyer, there exist no facts or circumstances that would cause, or be reasonably expected to cause, Buyer and/or its Affiliates not to qualify as "good faith" purchasers under Section 363(m) of the Bankruptcy Code.

(b) As of the Closing, Buyer will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to the Transferred Contracts, if any, that are being transferred to it.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to any fee, commission or expense from Buyer that would be payable by Sellers in connection with the transactions contemplated hereby.

Section 4.7 Sufficient Funds; Solvency. Buyer has, or will have available to it at the Closing, sufficient funds to satisfy all obligations of Buyer under this Agreement, including the payment of a portion of the Initial Cash Consideration and any associated expenses including to pay all fees, costs and expenses to be paid by Buyer related to the transactions contemplated hereby. Assuming the accuracy of the representation and warranties of the Sellers set forth in

Article III, Buyer is not insolvent (either because of its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair value of its assets will be less than the amount required to pay its probable liabilities on its debts as they become absolute and matured). Buyer and each Designated Buyer, as applicable, has or will have available to it at the Closing, sufficient access to capital to satisfy the Assumed Liabilities. Without limiting this Section 4.7, in no event shall the receipt or availability of any funds or financing be a condition to Closing or to any of Buyer's obligations hereunder.

Section 4.8 Exclusivity of Representations and Warranties.

(a) Except for the representations and warranties expressly set forth in this Article IV, neither Buyer nor any other Person on behalf of Buyer makes (and Buyer, on behalf of itself, its Subsidiaries, and their respective Affiliates and Representatives, hereby disclaims), and KK Parent has not relied on, any express or implied representation or warranty with respect to Buyer, its Subsidiaries or any of their respective businesses, operations, properties, assets, liabilities or otherwise in connection with this Agreement or the transactions contemplated hereby, including as to the accuracy or completeness of any information.

(b) Except for the representations and warranties expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), Buyer acknowledges and agrees that (x) no Seller or any other Person on behalf of any Seller makes, or has made, any express or implied representation or warranty, at law or in equity, with respect to Sellers or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, including with respect to its business, operations, assets (including the Transferred Assets), liabilities (including the Assumed Liabilities), conditions (financial or otherwise), prospects or otherwise in connection with this Agreement or the transactions contemplated by this Agreement, including any representation or warranty as to value, merchantability, fitness for any particular purpose or for ordinary purposes, and Buyer and its Representatives are not relying on any written or oral statement, representation, warranty, guaranty or other information of any Seller or any Person except for those expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) or (y) no person has been authorized by Sellers or any other Person on behalf of Sellers to make any representation or warranty relating to the Business in connection with this Agreement, and if made, such representation or warranty shall not be relied upon by Buyer as having been authorized by such entity. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that no Seller or any other Person has made a representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, Sellers or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or their respective Representatives, or resulting from the omission of, any estimate, projection, prediction, data, financial information, memorandum, presentation or any other materials or information, including any materials or information made available to Buyer and/or its Representatives in connection with presentations by KK OpCo's management or information made available on any "data sites." Buyer acknowledges that it has conducted, to its satisfaction, its own independent investigation of the condition (financial or otherwise), operations and business of Sellers and, in making its determination to proceed with the transactions contemplated by this Agreement, Buyer has relied solely on the results of its own independent investigation and representations and warranties set

forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) and has not relied directly or indirectly on any materials or information made available to Buyer and/or its Representatives by or on behalf of any Seller. Buyer acknowledges that, should the Closing occur, Buyer shall acquire its portion of the Business and the Transferred Assets, as set forth in this Agreement, without any surviving representations or warranties, on an "as is" and "where is" basis.

ARTICLE V

BANKRUPTCY COURT MATTERS

Section 5.1 Debtors-in-Possession. As of the Petition Date through the Closing, Sellers shall continue to operate their businesses as debtors-in-possession pursuant to the Bankruptcy Code and any Order of the Bankruptcy Courts.

Section 5.2 Sale Orders. The U.S. Sale Order shall among other things, (a) approve, pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, (i) the execution, delivery and performance by Sellers of this Agreement, (ii) the sale of the Transferred Assets to Buyer on the terms set forth herein and free and clear of all Encumbrances (other than Permitted Encumbrances), and (iii) the performance by Sellers of their respective obligations under this Agreement; and (b) find that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code and the sale is entitled to the protections afforded under Section 363(m) of the Bankruptcy Code. The Canadian Sale Order shall, among other things, (a) recognize and give full force and effect to the U.S. Sale Order in Canada pursuant to the CCAA, and (b) vest the Canadian Transferred Assets in and to the Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances.

Section 5.3 Cooperation with Respect to Approvals from the Bankruptcy Courts. Buyer shall take such commercially reasonable actions as are reasonably requested by Sellers to assist in obtaining entry by the Bankruptcy Courts of the Sale Orders, including furnishing affidavits or other documents or information for filing with the Bankruptcy Courts for purposes of, among other things: (a) demonstrating that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code; and (b) establishing "adequate assurance of future performance" within the meaning of Section 365 of the Bankruptcy Code.

Section 5.4 Bankruptcy Court Filings.

(a) Sellers shall consult with Buyer concerning the Sale Orders and any other Orders of the Bankruptcy Courts entered after the date hereof relating to the transactions contemplated herein, and the bankruptcy proceedings in connection therewith.

(b) Sellers shall provide Buyer with copies of any material applications, pleadings, notices, proposed Orders and other documents to be filed by Sellers in the Bankruptcy Cases that relate in any material respect to this Agreement, the Transferred Assets, or Buyer at least 24 hours prior to the making of any such filing or submission to the Bankruptcy Courts, and such documents shall be in form and substance acceptable to the Parties in their reasonable discretion to the extent of their respective consent rights set forth in Section 2 thereof.

Section 5.5 Appeal of Sale Orders. In the event an appeal is taken or a stay pending appeal is requested from any Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and provide Buyer a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of any Sale Order, Sellers shall, in consultation with Buyer, be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal. In such case, Sellers will provide Buyer with a draft copy of any filing or submission at least three (3) Business Days prior to the filing or submission to the applicable Bankruptcy Court and any such documents shall be in form and substance acceptable to the Parties to the extent of their respective consent rights set forth in Section 2 of the RSA.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business Prior to the Closing. From the date of this Agreement until the Closing Date or earlier termination of this Agreement,

(a) except (1) as otherwise expressly required by this Agreement, (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use commercially reasonable efforts to conduct the Business in the Ordinary Course of Business and preserve the material business relationships with customers, suppliers, distributors and others with whom Sellers deal in the Ordinary Course of Business (including timely payment of post-petition accounts payable, purchasing and maintaining appropriate levels of Inventory, performing all reasonably required maintenance and repairs, making capital expenditures and collecting receivables);

(b) except (1) as otherwise expressly required by this Agreement (including with respect to a Qualifying Alternative Transaction), (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations or requirements imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall not:

(i) sell, transfer, lease, sublease, license, abandon, encumber or otherwise dispose of any Transferred Assets other than immaterial dispositions thereof and/or Inventory sold or disposed of in the Ordinary Course of Business;

(ii) acquire any corporation, partnership, limited liability company, other business organization or division thereof related to or affecting the Business or the

Transferred Assets or any material assets, except acquisitions of raw materials in the Ordinary Course of Business;

(iii) fail to make payments in accordance with and as contemplated by the Prepetition Budget or the DIP Budget;

(iv) enter into any joint venture agreement that involves a sharing of profits, cash flows, expenses or losses with other Persons related to or affecting the Business or the Transferred Assets;

(v) (1) reject, terminate (other than by expiration in accordance with its terms), or materially amend any Transferred Contract or seek approval of the Bankruptcy Courts to do so, or (2) fail to use commercially reasonable efforts to oppose any action by a third party to so terminate (including any action by a third party to obtain approval of the Bankruptcy Courts to terminate) any Transferred Contract;

(vi) make any loans, advances or capital contributions to, or investments in, any other Person (other than to a Seller in the Ordinary Course of Business);

(vii) subject any of the Transferred Assets to any Encumbrance other than Permitted Encumbrances;

(viii) incur, guarantee or assume any indebtedness for borrowed money, enter into any capital lease or guarantee any such indebtedness except for indebtedness under the DIP Facility or the Prepetition Credit Agreement;

(ix) use the sale theme "going out of business";

(x) modify, amend, terminate or waive any rights under any Transferred Contract;

(xi) change or modify any material accounting practice, policy or procedure, except as required by GAAP or applicable Law;

(xii) except as required by applicable Law, (1) revoke or change any material Tax election or method of accounting with respect to Taxes, (2) make any material Tax election inconsistent with past practices and outside ordinary course of business, (3) file any amended Tax Return, (3) enter into any closing agreement or settle or compromise any material Tax claim or assessment, or (4) consent to any extension or waiver of the limitation period applicable to any claim or assessment with respect to Taxes; in each case to the extent such action could adversely affect Buyer or any of its Affiliates in a Tax period that ends after the Closing Date;

(xiii) ship, sell or transfer any Inventory during the period that is between the Inventory Count and the Closing Date;

(xiv) amend the DIP Budget; or

(xv) agree or commit to any of the foregoing; and

(c) from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use reasonable best efforts to clear any unapplied cash in respect of the Transferred A/R.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Sellers, or the Business prior to the Closing and (ii) prior to the Closing, Sellers shall exercise, consistent with, and subject to, the terms and conditions of this Agreement, complete control and supervision over the Business and their operations.

Section 6.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date or earlier termination of this Agreement, upon reasonable request, Sellers shall afford Buyer and its Representatives reasonable access to the properties, offices, plants and other facilities, books and records (including Tax books and records) of Sellers, solely with respect to the Business, and shall furnish Buyer with such financial, operating and other data and information, and access to all the officers, employees, customers, vendors, accountants and other Representatives of Sellers, solely with respect to the Business, as any Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything to the contrary in this Agreement, Sellers shall not be required to provide access to or disclose any information to any Buyer or its Representatives if (i) such access or disclosure is prohibited pursuant to the terms of a confidentiality agreement with a third party entered into prior to the date hereof, (ii) such access or disclosure would violate applicable Law, or (iii) such access or disclosure would adversely affect any attorney-client or other legal privilege or contravene and applicable Laws (the "Disclosure Limitations"); provided that the Parties shall reasonably cooperate in seeking to find a way to allow disclosure of such information to the extent doing so would not (in the good faith belief of Sellers after consultation with outside counsel) violate any such confidentiality agreement or applicable Law, or cause such privilege to be undermined with respect to such information.

(b) The information provided pursuant to this Section 6.2 prior to Closing will be used solely for the purpose of effecting the transactions contemplated hereby, and will be governed by the terms and conditions of the Confidentiality Agreement, which Confidentiality Agreement shall not terminate upon the execution of this Agreement notwithstanding anything to the contrary therein. The Confidentiality Agreement shall terminate automatically, and with no further action required of any party thereto, upon the Closing. No Seller makes any representation or warranty as to the accuracy of any information, if any, provided pursuant to this Section 6.2, and Buyer may not rely on the accuracy of any such information (and Buyer hereby knowingly and expressly disclaims any reliance with respect to any such information), except to the extent of the representations and warranties set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

(c) From and after the Closing, until the closing of the Bankruptcy Cases, Buyer will provide Sellers and their Representatives, with reasonable access, during normal business

hours, and upon reasonable advance notice, subject to reasonable denials of access or delays to the extent any such access would unreasonably interfere with the operations of either Buyer or the Business, to the books and records, including work papers, schedules, memoranda, and other documents (for the purpose of examining and copying) that are in its possession or reasonable control relating to its respective Transferred Assets, its respective Assumed Liabilities, or the Excluded Assets with respect to periods or occurrences prior to the Closing Date, for the purposes of (i) complying with the requirements of any Governmental Authority, including the Bankruptcy Courts, (ii) the closing of the Bankruptcy Cases and the wind down of Sellers' estates (including reconciliation of claims and preparation of Tax Returns or other Tax proceedings and the functions of any trusts established under the Plan), (iii) complying with applicable Laws or (iv) other reasonable business purposes; provided that no Buyer shall be obligated to provide any such access that would, in the reasonable, good faith judgment of Buyer, conflict with the Disclosure Limitations. Unless otherwise consented to in writing by KK OpCo, Buyer will not, for a period of three (3) years following the Closing Date, destroy, alter or otherwise dispose of any of such books and records without first offering to surrender to KK OpCo such books and records or any portion thereof that Buyer may intend to destroy, alter or dispose of.

Section 6.3 Employee Matters.

(a) Not later than three (3) Business Days prior to the Designation Deadline, Buyer shall provide (or cause an Affiliate to provide) to each Seller employee identified on Section 6.3 of the Disclosure Letter, an offer of employment which such employment shall commence as of the Closing, that provides for (i) a base annual salary or hourly wage rate, as applicable, that is not less than such employee's base annual salary or hourly wage rate, as applicable, with the applicable Seller immediately prior to the Closing, and (ii) benefits comparable to those provided by Buyer to its similarly situated employees. Buyer shall use commercially reasonable efforts to ensure that each offer of employment executed by a Transferred Employee reflects a full release by such employee of any and all Liabilities, obligations and/or causes of action of or against any Seller and its Affiliates. At any time during the period commencing from the Effective Date until the Designation Deadline, Buyer may amend or revise the employee list on Section 6.3 of the Disclosure Letter in order to (i) add any employee employed by a Seller as of the date thereof, or (ii) remove any Seller employee based on such employee's actions that would give rise to a for cause employment termination. Each Seller employee who receives and accepts (or is deemed with a base salary equal to or better than the Company's existing terms to have accepted) Buyer's (or an Affiliate of Buyer's) offer of employment and who commences employment with Buyer or an Affiliate thereof on the Closing shall be a "Transferred Employee". Sellers will reasonably cooperate with Buyer with respect to such employee matters. Buyer shall, or shall cause its Affiliate to, credit each Transferred Employee with the amount of paid time off accrued, but unused by such Transferred Employee as of the Closing Date.

(b) Sellers shall retain all Liabilities relating to all unpaid wages, salaries, commissions and other compensation amounts, earned or accrued on or before the Closing Date by or in respect of all of their current and former employees, including the Transferred Employees. During the ninety (90) days from Closing, Buyer shall not, and shall cause its Affiliates not to, take any action that causes any Seller or Affiliate of Seller to incur Liabilities under the WARN Act.

(c) Nothing herein, expressed or implied, shall confer upon any Seller employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Section 6.3, are for the sole benefit of the parties to this Agreement and are not for the benefit of any third party.

Section 6.4 Consents and Filings; Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall, and shall cause its Subsidiaries to, use reasonable best efforts to cooperate with each other Party and to, promptly take, or cause to be taken, any and all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the Ancillary Agreements, in accordance with the terms hereof and thereof. This Section 6.4(a) does not apply with respect to Taxes.

(b) From time to time, whether at or following the Closing, Sellers and Buyer shall execute, acknowledge and deliver all such further conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to vest in Buyer all the right, title, and interest in, to or under its Transferred Assets, to provide Buyer and Sellers all rights and obligations to which they are entitled and subject pursuant to this Agreement and the Ancillary Agreements, and to otherwise make effective as promptly as practicable the transactions contemplated by this Agreement and the Ancillary Agreements. Each of the Parties will take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under applicable Laws to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to such obligations to be satisfied. Notwithstanding the foregoing, nothing in this Section 6.4 shall (a) require Sellers or Buyer or any of their Affiliates to make any expenditure or incur any obligation on their own or on behalf of any other Party (unless funds in the full amount thereof are advanced by such other Party in cash) or (b) prohibit Sellers or any of their Affiliates from ceasing operations or winding up its affairs following the Closing.

(c) Sellers and Buyer shall cooperate with each other and, as promptly as practicable after the date of this Agreement, take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to obtain the transfer or reissuance to the applicable Buyer of all Environmental Permits necessary to lawfully own and operate the Business and Transferred Assets. The Parties shall take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to (i) respond promptly to any requests for additional information made by such agencies, (ii) participate in any hearings, settlement proceedings or other proceedings ordered with respect to applications to transfer or reissue such Environmental Permits, and (iii) cause regulatory approval to be obtained as soon as practicable after the date of filing. Each Party will bear its costs of the preparation and review of any such filing. Sellers and Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection any

filings to transfer the Environmental Permits and the filing Party shall consider in good faith any revisions reasonably requested by the non-filing Party.

(d) Following Closing, Sellers shall cooperate with Buyer's reasonable requests with respect to the investigation and prosecution of any Actions related primarily to the Business or the Transferred Assets (other than in connection with disputes between the Parties), including taking, or causing to be taken, all actions, and doing, or causing to be done, all things necessary, proper or advisable under applicable Laws to furnish all reasonably available information and testimony, to arrange discussions with, and the calling as witnesses of, officers, directors, employees, agents and Representatives, and to provide other reasonable assistance in connection with any such Actions, with such cooperation to be at the cost and expense of the requesting Buyer.

Section 6.5 Refunds and Remittances.

(a) After the Closing: (i) if Sellers or any of their Affiliates receive any refund or other amount that is a Transferred Asset or is otherwise properly due and owing to a Buyer in accordance with the terms of this Agreement, Sellers promptly shall remit, or shall cause to be remitted, such amount to Buyer in accordance with this Agreement and (ii) if any Buyer or any of its Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Sellers or any of their Affiliates in accordance with the terms of this Agreement, Buyer promptly shall remit, or shall cause to be remitted, such amount to Sellers in accordance with this Agreement.

(b) In the event that, from and after the Closing, (i) Sellers or any of their Affiliates have retained ownership of a Transferred Asset, then, for no additional consideration to Sellers or any of their Affiliates, Sellers shall, and shall cause their controlled Affiliates to, convey, assign or transfer promptly such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, (ii) any Excluded Asset has been conveyed to or is received by a Buyer, then, without any consideration payable to Buyer or any of its Affiliates, Buyer shall convey, assign or transfer promptly such Excluded Asset to Sellers in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Excluded Asset to Sellers or their designees in accordance with this Agreement.

Section 6.6 Public Announcements and Communications. From the date hereof through the Closing Date, neither Buyer, on the one hand, nor Sellers, on the other hand, shall issue any public report, statement, press release or otherwise make any public statement regarding this Agreement or the transactions contemplated hereby, without the prior written consent of Buyer and KK OpCo, unless otherwise required by applicable Law, in which case such Party shall coordinate and consult with the other Party with respect to the timing, basis, scope and content before issuing any such report, statement or press release; provided, however, that nothing in this Section 6.6 shall (a) prohibit or delay any required filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority or otherwise hinder either KK OpCo's or its Representatives' ability to timely comply with all Laws (including the Bankruptcy Code, the

CCAA and the WARN Act), (b) prohibit any public announcement containing information that is otherwise generally available to the public (including as a result of any filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority) or (c) delay or prohibit any WARN Act-related notice issued by KK OpCo. Until the Closing Date, Buyer and Sellers shall use commercially reasonable efforts to develop mutually agreeable messaging for any communications to employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement. Sellers shall consult with Buyer before any material communications (other than those made in the Ordinary Course of Business) to any employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement.

Section 6.7 Collection of Accounts Receivable. Subject to the terms of the DIP Order:

(a) As of the Closing Date, each Seller hereby (i) authorizes Buyer and any Buyer designee to open any and all mail addressed to any Seller relating to the Business or the Transferred Assets and delivered to the offices of the Business or otherwise to Buyer or any Buyer designee if received on or after the Closing Date and (ii) appoints Buyer, any Buyer designee or its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by Buyer of any Buyer designee after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed or products delivered by Buyer after the Closing, as the case may be, made payable or endorsed to any Seller or Seller's order, for Buyer's or any Buyer designee's own account.

(b) As of the Closing Date, each Seller agrees that any monies, checks or negotiable instruments received by any Seller after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed by Buyer after the Closing, as the case may be, shall be held in trust by such Seller for Buyer's or any Buyer designee's benefits and accounts, and promptly upon receipt by a Seller of any such payment, such Seller shall pay over to Buyer or their designee the amount of such payments without any right of set off or reimbursement.

(c) Without limiting the foregoing, Sellers will, and will cause their respective Subsidiaries and Affiliates to, deposit into the bank account designated by the Buyer (the "Designated A/R Account") within one (1) Business Day after receipt all amounts received by Sellers or their respective Subsidiaries and Affiliates constituting Transferred A/R. Sellers will, and will cause their respective Subsidiaries and Affiliates to, deliver written instructions no later than one (1) Business Day following the Closing to all customers with accounts receivable constituting Transferred A/R to deliver all payments with respect thereto directly to the Designated A/R Account. Sellers will maintain their bank accounts to accept any Transferred A/R for 120 days following the Closing.

(d) As of the Closing Date, Buyer or any Buyer designee shall have the sole authority to bill and collect Transferred A/R and accounts receivable relating to work performed by Buyer after the Closing.

(e) Notwithstanding anything to the contrary contained hereto, any Designated Buyers that acquire any Transferred A/R hereunder shall be express third-party beneficiaries of this Section 6.7.

Section 6.8 Intercompany Accounts and Arrangements. Effective prior to the Closing, all outstanding intercompany accounts, whether payables or receivables, between any Seller, on the one hand, and any Subsidiary of Sellers, on the other hand, shall be settled in full without any cash payment required to be made, and shall be of no further force and effect, in each case, without Liability to the Business, Buyer, or the Sellers at or after the Closing.

Section 6.9 In-Transit Inventory. Any Inventory of Sellers that is not located in Canada, the United States or Australia as of the date hereof and does not constitute Excluded Specified Inventory shall be referred to herein as "Foreign Inventory". Foreign Inventory shall only be included in the definition of the Purchased Inventory for the purposes of the Closing to the extent it has been imported to and has cleared customs in the United States as of the Closing. Any Foreign Inventory that is in-transit to the United States as of the Closing shall be referred to herein as "In-Transit Inventory", and shall only be purchased by Buyer in accordance with the terms of this Section 6.9. Seller will, or will cause a designee to, (i) serve as the importer of record for such In-Transit Inventory, (ii) exercise commercially reasonable efforts to import such In-Transit Inventory into the United States and (iii) exercise commercially reasonable efforts to cause such In-Transit Inventory to clear through United States customs. At Closing, Buyer will deposit into escrow with Escrow Agent an amount equal to the Purchased Inventory Payment Amount applicable to such In-Transit Inventory *plus* the estimated customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory as mutually agreed by the Parties (such escrowed amount, the "In-Transit Inventory Escrow Amount"). Upon successful importation of such In-Transit Inventory, Seller will provide Buyer with a detailed accounting of all out-of-pocket, documented customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory. Within five (5) Business Days of Buyer's receipt of such accounting, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing Escrow Agent to release the amount of the In-Transit Inventory Escrow Amount attributable to such successfully imported In-Transit Inventory (the "In-Transit Inventory Consideration"). If any such In-Transit Inventory has not cleared customs within one-hundred twenty (120) days following the Closing (excluding any delays caused by *force majeure* or other delays outside of the reasonable control of any party), such In-Transit Inventory shall be retained by the applicable Seller (the "Excluded In-Transit Inventory") and the corresponding portion of the In-Transit Inventory Escrow Amount shall be returned to Buyer. Buyer shall not, and Buyer shall cause each of its Affiliates and Representatives not to, interfere with or impede, in any manner whatsoever, the process by which any Seller (or any Representative thereof) transports, exports, imports, pays duties or fees with respect to, ships, moves or otherwise interacts with any In-Transit Inventory.

Section 6.10 Exclusivity. Except as provided in Section 6(b) of the RSA, the Sellers will not, and will direct their Affiliates not to, directly or indirectly, through any Representative of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations or discussions of any type, directly or indirectly, or enter into a confidentiality Contract, letter of intent or purchase Contract, merger Contract or other similar Contract with any Person other than Buyer with respect to a sale of all or any substantial portion of the assets of any Seller, or a merger, consolidation, business combination, sale of all or any substantial portion of the equity any Seller, or the liquidation or similar extraordinary transaction with respect to any Seller. The Sellers will notify Buyer as promptly as practicable of any inquiry or proposal by a third party to do any of the foregoing that

the Sellers or any of their Affiliates or any of their respective Representatives may receive relating to any of such matters.

Section 6.11 Name Change. Except as necessary to effect the transactions contemplated by this Agreement, including the winding down of the Business and any Subsidiary of any Seller, from and after the Closing, the Sellers and their Affiliates shall cease using any Transferred IP related to the Business as well as the names set forth on Section 6.11 of the Disclosure Letter or any derivation thereof. Each Sale Order shall effectuate a change to the caption of the applicable Bankruptcy Case to exclude the words "KidKraft." In addition, Buyer hereby grants to the Sellers and their Subsidiaries a limited, non-exclusive, worldwide, irrevocable, sublicensable, non-transferable, fully paid-up, right and license to use the Transferred IP, solely as necessary to effect the transactions contemplated herein, including the winding down of the Business and any Subsidiary of any Seller.

ARTICLE VII

TAX MATTERS

Section 7.1 Transfer Taxes. The Purchase Price and any other consideration payable under this Agreement are exclusive of Transfer Taxes. Any and all sales, harmonized sales, use, property transfer or gains, real estate or land transfer or gains, documentary, stamp, registration, recording, filing, value-added, goods and services or other similar Taxes (including any Canadian federal goods and services tax or harmonized sales tax payable under Part IX of the ETA, or any similar taxes payable under applicable Canadian provincial legislation) ("Transfer Taxes") payable by Buyer solely as a result of the sale or transfer of the Transferred Assets and the assumption of the Assumed Liabilities pursuant to this Agreement shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to mitigate, reduce, or eliminate any such Transfer Taxes and the appropriate Party shall provide the information and documentation that is necessary to obtain any available exemptions or relief including the information required under subsection 169(4) of Part IX of the ETA (which shall be provided by the Seller(s) registered for goods and services tax/harmonized sales tax) and any other documentation necessary in connection with recovery by the Buyer of Transfer Taxes. Buyer shall prepare and file all necessary Tax Returns or applicable elections and other documents with respect thereto and, if reasonably requested or required by applicable Law, the Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. Buyer shall promptly provide a copy of any such Tax Returns or other documents to Sellers. To the extent that Sellers do not provide a provincial sales or retail sales tax clearance certificate(s) that is required under applicable Law, Sellers shall indemnify Buyer for any Tax liability (including penalties and interest) that is assessed against Buyer arising from the failure of the particular Seller(s) to provide such certificate(s)

Section 7.2 Tax Cooperation. Buyer and Sellers agree to furnish or cause to be furnished to each other, upon reasonable request, as promptly as practicable, such information (including access to books and records relating to Taxes) and assistance relating to the Business, the Transferred Assets and the Assumed Liabilities as is reasonably necessary for determining any Liability for Taxes, filing a Tax Return, making any election relating to Taxes, the claiming or recovery of any Transfer Taxes, preparing for any audit by any Governmental Authority or

prosecuting or defending any claim, suit or proceeding relating to any Tax. Any reasonable expenses incurred in furnishing such information or assistance pursuant to this Section 7.2 shall be borne by the requesting Party.

Section 7.3 Straddle Period Allocation. The Sellers shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period ending on or prior to the Closing Date, and (B) the portion of any Straddle Period ending on the Closing Date, and (ii) Buyer shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period beginning after the Closing Date and (B) the portion of any Straddle Period beginning after the Closing Date. For purposes of determining the allocation of Non-Income Taxes set forth in the first sentence of this Section 7.3, (i) Non-Income Taxes that are based upon or related to sales or receipts imposed on a transactional basis (other than Non-Income Taxes described in (ii)) shall be allocated to the period in which the transaction giving rise to such Non-Income Taxes occurred, and (ii) Non-Income Taxes that are ad valorem, property or other Non-Income Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated on a per diem basis between Buyer and Sellers as of the Closing Date, and the amount of such Non-Income Taxes for which Sellers are allocated shall be equal to the amount of the Non-Income Tax for the applicable Straddle Period multiplied by a fraction, the numerator of which is the number of days from the beginning of the period through and including the Closing Date and the denominator of which is the entire number of days in the period. For the avoidance of doubt, any Non-Income Taxes for which Sellers are liable under this Section 7.3 shall not constitute Assumed Liabilities.

Section 7.4 Section 22 Tax Election. At the reasonable request of Buyer and to the extent this election is available under applicable Law, Buyer and each Canadian Seller (as applicable) agree to elect jointly on or before the date on which such election is required to be made in accordance with applicable Law, in the prescribed form under Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial legislation) as to the sale of the Transferred A/R described in Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial or territorial legislation) and to designate in such election an amount equal to the portion of the Purchase Price allocated to such Transferred Assets pursuant to Section 2.11 as the consideration paid by Buyer therefor. Each of Buyer and Canadian Seller shall prepare and file their respective Tax returns in a manner consistent with such election.

Section 7.5 Subsection 20(24) Tax Election. Buyer and each Canadian Seller (as applicable) acknowledge that Canadian Seller is transferring Transferred Assets to Buyer with a value equal to the amount set out in the Allocation in consideration for Buyer assuming prepaid obligations of Canadian Seller to deliver goods or provide services in the future. At the reasonable request of Buyer, Canadian Seller and Buyer will, if applicable, execute and file, on a timely basis and using any prescribed form, a joint election under subsection 20(24) of the Income Tax Act (Canada) and any equivalent or corresponding provision under applicable provincial legislation as to such assumption hereunder, and prepare their respective Tax Returns in a manner consistent with such joint election.

Section 7.6 Canadian Transferred Assets. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer a schedule listing all Transferred Assets of the Sellers (other than the Canadian Sellers) that are located in Canada or used or held by the

Sellers in a business carried on in Canada, including, for greater certainty, property that this "excluded property" for the purposes of section 116 of the *Income Tax Act* (Canada). This schedule shall contain reasonable details regarding the description such Transferred Assets and their physical location.

Section 7.7 Tax Registrations. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to the Buyer a schedule listing all of the Sellers' registrations for goods and services tax, harmonized sales tax and provincial sales tax, including the applicable tax registration numbers. If the Sellers have determined that such registrations are not applicable to the Sellers, the Sellers shall provide a certification that it is not registered, or required to be registered, for goods and services tax, harmonized sales tax and/or provincial sales tax purposes, and is not required to collect and remit such taxes, as the case may be.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 General Conditions. The respective obligations of Buyer and Sellers to consummate the Closing shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any Party in its sole discretion (provided that such waiver shall only be effective as to the obligations of such Party):

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent), or shall have initiated and be actively pursuing any legal proceedings seeking any such Order, that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements (any such Law or Order, a "Legal Restraint").

(b) The Bankruptcy Courts shall have entered the Sale Orders, and the Sale Orders shall not have been stayed, reversed or modified in a manner materially adverse to Buyer without the consent of Buyer.

Section 8.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by KK OpCo in its sole discretion:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period).

(b) Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

(c) Sellers shall have received the documents listed in Section 2.10(c).

Section 8.3 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived only in a writing executed by Buyer in its sole discretion:

(a) Representations and Warranties.

(i) The representations and warranties of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement), other than the Fundamental Representations of Sellers, shall be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of such date or with respect to such period), in each of the foregoing cases, except where the failure of such representations and warranties to be true and correct at such time would, either individually or in the aggregate, not constitute a Material Adverse Effect.

(ii) The Fundamental Representations of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement) shall be true and correct in all respects (other than de minimis inaccuracies) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those Fundamental Representations of Sellers that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct as of such date or with respect to such period).

(b) Sellers shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) No Material Adverse Effect shall have occurred after the date of this Agreement.

(d) Buyer shall have received the documents listed in Section 2.10(b).

(e) Sellers shall have performed or complied in all material respects with all agreements and covenants required by the RSA to be performed or complied with by RSA at or prior to the Closing and the RSA shall be in full force.

Section 8.4 Information Officer's Certificate. When the conditions to Closing set forth in this Article VIII have been satisfied and/or waived by Sellers and Buyer, as applicable, Sellers

and Buyer will each deliver to the Information Officer the applicable Conditions Certificate. Upon receipt of each of the Conditions Certificates, the Information Officer shall (a) issue forthwith the Information Officer's Certificate concurrently to Sellers and Buyer (with a copy legal counsel for the DIP Agent), at which time the Closing will be deemed to have occurred, and the Canadian Transferred Assets shall vest in and to Buyer (or its permitted designee) pursuant to the Canadian Sale Order, and (b) file as soon as practicable a copy of the Information Officer's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Sellers, Buyer and Gordon Brothers). The Parties hereto acknowledge and agree that the Information Officer shall be entitled to file the Information Officer's Certificate with the CCAA Court without independent investigation upon receiving the Conditions Certificates, and the Information Officer will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions and shall have no liability to Sellers or Buyer or any other Person as a result of filing the Information Officer's Certificate upon receiving such Conditions Certificates.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of both Buyer and KK OpCo;

(b) by either KK OpCo or Buyer, if:

(i) a Legal Restraint is in effect that has become final and nonappealable; provided that no Party may terminate this Agreement pursuant to this Section 9.1(b)(i) whose breach of any of its representations, warranties, covenants or agreements contained herein results in such Legal Restraint;

(ii) the Closing shall not have occurred on or before July 19, 2024 (the "Outside Date"); provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 9.1(b)(ii) if (A) the failure of the Closing to have occurred by the Outside Date was caused by the breach of such Party with respect to any obligation or condition of this Agreement or (B) another Party has commenced appropriate proceedings to enforce its rights pursuant to Section 10.15, and, thereafter, uses commercially reasonable efforts to prosecute such proceeding or proceedings(s);

(iii) the RSA is terminated as to all parties thereof in accordance with its terms, unless such termination was following such Party's breach of the RSA;

(iv) if Sellers consummate any Qualifying Alternative Transaction.

(c) by Buyer, if:

(i) at any time, Sellers shall have breached or violated any of their representations, warranties or covenants set forth in this Agreement in a manner that would

prevent the satisfaction of the conditions to Closing set forth in Section 8.3(a) or Section 8.3(b), and (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured by the earlier of ten (10) days after written notice thereof has been given by Buyer to Seller and the Outside Date; provided that Buyer shall not be entitled to terminate the Agreement pursuant to this Section 9.1(c)(i) if Buyer is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.2(a) or (b) would not be satisfied;

(ii) (x) the U.S. Bankruptcy Court has not entered an interim DIP Order within three (3) Business Days after the Petition Date; (y) the U.S. Bankruptcy Court has not entered a final DIP Order within thirty (30) days after the Petition Date; or (z) Gordon Brothers fails to fund the DIP Facility when required, and each such event remains uncured (to the extent curable) for a period of five (5) Business Days; provided that, with respect to clause (y), such time period shall be subject to reasonable extensions (not to exceed 45 days following the Petition Date) so long as Sellers and Gordon Brothers are using commercially reasonable efforts to cause the prompt entry of the DIP Order and the funding of the DIP Facility;

(iii) the Chapter 11 Case is dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement or the CCAA Recognition Proceedings are dismissed;

(iv) Sellers withdraw or seek authority to withdraw the Sale Orders; or

(v) (A) any Seller enters into one or more Qualifying Alternative Transactions with one or more Persons or (B) Sellers publicly announce any plan of reorganization or plan of liquidation or support any such plan filed by any third party, other than, in the case of this clause (B), any such plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay the Closing from occurring in accordance with the terms of this Agreement.

(d) by KK OpCo at any time if:

(i) (x) Buyer shall have breached or violated any of its representations, warranties or covenants set forth in this Agreement in a manner that would prevent the satisfaction of the conditions to Closing set forth in Section 8.2(a) or Section 8.2(b), as the case may be, or (y) Buyer shall have materially breached any Sale Order, and in each case, (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured within ten (10) days after written notice thereof has been given by KK OpCo to Buyer, provided that KK OpCo shall not be entitled to terminate the Agreement pursuant to this Section 9.1(d)(i) if any Seller is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.3(a) or (b) would not be satisfied; or

(ii) the board of directors or board of managers, as applicable, of any Seller determines, in good faith based upon advice of outside legal counsel, that proceeding with this Agreement or the transactions contemplated hereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law.

The Party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall, if such Party is KK OpCo, give prompt written notice of such termination to Buyer, and if such Party is a Buyer, give prompt written notice of such termination to Sellers.

Section 9.2 Effect of Termination.

(a) In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except (i) for the provisions of Section 6.6 (Public Announcements), Section 10.3 (Fees and Expenses), Section 10.7 (Notices), Section 10.10 (Parties in Interest), Section 10.11 (Governing Law), Section 10.12 (Submission to Jurisdiction) and this Article IX and (ii) that, subject to Section 9.2(b), no such termination shall relieve any Party from liability for Fraud.

(b) The Parties agree that if this Agreement is terminated, then (i) KK OpCo's or Buyer's receipt of the Deposit Amount or the Buyer Breach Fee, as applicable, in accordance with this Agreement (when payable), and (ii) Buyer's receipt of the Bidder Protections (when payable) pursuant to Section 9.3 shall be the sole and exclusive remedies of such Party against the other Party(ies) and any of its or their respective Affiliates for any Liability, damage or other loss suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement or the failure of the transactions contemplated hereby to be consummated, and upon payment of such amounts (if due), neither Buyer nor any of its respective Affiliates shall have any further monetary Liability relating to or arising out of this Agreement or the transactions contemplated by this Agreement, in each case, except in the case of Fraud. For the avoidance of doubt, the foregoing does not limit a Party's rights to seek specific performance under Section 10.15 prior to a termination of this Agreement in accordance with Section 9.1.

Section 9.3 Termination Payment.

(a) In the event that this Agreement is terminated pursuant to Section 9.1(b)(iv), Section 9.1(c)(v) or Section 9.1(d)(ii) (in each case, unless such termination is in connection with a transaction that involves a conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code), in consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for and shall pay (or cause to be paid to) Buyer a break-up fee equal to $1,179,673.20 (the "Break-up Fee") and (iii) Sellers shall jointly and severally be liable for and shall reimburse (or cause to be reimbursed to) Buyer, Buyer's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable legal, financial advisory, accounting and other similar costs, fees and

expenses) incurred prior to the termination of this Agreement in connection with its evaluation and negotiation of the transactions contemplated by this Agreement (the "Expense Reimbursement" and together with the Break-up Fee the "Bidder Protections"); provided such Expense Reimbursement shall not exceed $1,000,000. In the event that this Agreement is terminated pursuant to Section 9.1(b)(iii) (other than such termination in connection with a breach of the RSA by Buyer), Section 9.1(c)(i), Section 9.1(c)(ii) or Section 9.1(c)(iv), in consideration for Buyer having expensed considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for the Expense Reimbursement. In the event Sellers become obligated under this Agreement to pay any or all of the Bidder Protections, Sellers shall pay such amounts in immediately available funds to such account or accounts as may be specified in written notice by Buyer; provided that if such obligation arises from a termination pursuant Section 9.1(c)(v), then such amounts shall be paid upon the earlier of (i) the consummation of such transaction giving rise to such termination and (ii) the effective date of the Chapter 11 Case. The Bidder Protections shall constitute an allowed administrative expense claim of Sellers' estates under sections 503(b) and 507 of the Bankruptcy Code.

(b) Each of the Parties acknowledges and agrees that the agreements contained in this Section 9.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other Parties would not enter into this Agreement. Each of the Parties further acknowledges that the payment by Sellers of the Bidder Protections is not a penalty, but rather liquidated damages in a reasonable amount that will compensate Buyers, in the circumstances in which such Bidder Protection is payable, for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be impossible to calculate with precision. The obligation to pay the Bidder Protections in accordance with the provisions of this Agreement will (i) be binding upon and enforceable jointly and severally against each Seller immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable law. The obligation to pay the Bidder Protections as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of any Seller and (B) any trustee, examiner or other representative of a Seller's estate (each of (A) and (B), a "Successor") as if such Successor were a Seller hereunder.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Nonsurvival of Representations, Warranties and Covenants. The respective representations, warranties and covenants of Sellers and Buyer contained in this Agreement and any certificate delivered pursuant hereto shall terminate at, and not survive, the Closing; provided that this Section 10.1 shall not limit any covenant or agreement of the Parties to the extent that its terms require performance after the Closing.

Section 10.2 Bulk Sales. Notwithstanding any other provisions in this Agreement, Buyer and Sellers hereby waive compliance with all "bulk sales," "bulk transfer" and similar Laws that may be applicable with respect to the sale and transfer of any or all of the Transferred Assets to Buyer.

Section 10.3 Fees and Expenses. Except as otherwise provided herein (including Section 6.4(a) and Section 7.1 or in the DIP Order, and except that the actual, documented costs of the Inventory Count shall be borne fifty percent (50%) by the Sellers and fifty percent (50%) by the Buyer (up to a maximum, aggregate amount of $25,000) all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the Party incurring such fees or expenses, whether or not such transactions are consummated.

Section 10.4 Transition of Permits. To the extent that a Buyer has not obtained all of the Permits included in the Transferred Assets that are necessary for Buyer to take title to all of the Transferred Assets at the Closing and to operate all aspects of the Business as of immediately following the Closing in the same manner in all material respects as it was operated by Sellers immediately prior to the Closing, Sellers shall, to the extent permitted by applicable Laws, use commercially reasonable efforts to maintain after the Closing such Permits that Buyer reasonably requests, at Buyer's sole expense, until the earlier of the time Buyer has obtained such Permits and six (6) months following the Closing (or the remaining term of any such Permit or the closing of the Chapter 11 Case, if shorter).

Section 10.5 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 10.6 Waiver. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 10.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier, (c) on the day of transmission if sent via email transmission to the email address(es) given below and the sender does not receive a notice of such transmission being undeliverable to such email address or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(i) if to Sellers, to:

KidKraft, Inc.
Attention: Geoffrey Walker
Email: Geoff.W@kidkraft.com

with a copy (which shall not constitute notice) to:
Vinson & Elkins LLP
Attention: Lauren Kanzer; Peter Marshall
Email: lkanzer@velaw.com; pmarshall@velaw.com

with an additional copy (which shall not constitute notice) to:

Gordon Brothers
Attention:
Email:

(ii) if to Buyer, to:

Backyard Products, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com

with copies (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309
Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

Section 10.8 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall." References to

days mean calendar days unless otherwise specified. References to "Transferred Assets," "Transferred Contracts," "Transferred Employee Records," "Transferred Employees" and "Transferred IP" and the like shall (a) for purposes of the representations and warranties of Sellers, only apply to such items as of the date hereof (and shall not include items that are added to such definitions after the date hereof) and (b) for all other purposes (including Section 6.1) shall only apply to such items that meet the applicable definition as of the time of determination. By way of example, in the event that the Company amends a Contract that is, at such time, not a Transferred Contract but thereafter becomes a Transferred Contract, such amendment to such Contract shall not be a breach of Section 6.1(b)(x); however the amendment of such Contract after it becomes a Transferred Contract shall be subject to Section 6.1(b)(x).

Section 10.9 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings, and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder, and none shall be deemed to exist or be inferred with respect to the subject matter hereof.

Section 10.10 Parties in Interest. Except as specifically set forth in Section 10.13 and Section 10.22, this Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.11 Governing Law. Except to the extent of the mandatory provisions of the Bankruptcy Code or the CCAA, this Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby (in contract or tort) shall be governed by, and construed in accordance with the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 10.12 Submission to Jurisdiction. Without limitation of any Party's right to appeal any Order of the Bankruptcy Courts, (x) the U.S. Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (y) any and all claims relating to the foregoing shall be filed and maintained only in the U.S. Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the U.S. Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or proceeding; provided, however, that, if the Chapter 11 Case is closed or the U.S. Bankruptcy Court declines jurisdiction, each of the Parties irrevocably agrees that any Action or proceeding arising out of or relating to this Agreement brought by another Party or its successors or assigns shall be heard and determined in the Court of Chancery of the State of Delaware, or if jurisdiction is not available in the Court of

Chancery, then in the United States District Court for the Northern District of Texas, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient, without limiting any other manner of service permitted by Law. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts of the State of Texas, and of the United States District Court for the Northern District of Texas as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, the CCAA Recognition Proceedings shall be subject to the jurisdiction of the CCAA Court.

Section 10.13 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of Sellers or Buyer or any officer, director, employee, Representative or investor of any Party hereto.

Section 10.14 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated (except pursuant to Section 2.12), in whole or in part, by operation of law or otherwise, by any Seller without the prior written consent of Buyer, and by Buyer without the prior written consent of KK OpCo, and any such assignment without such prior written consent shall be null and void. Notwithstanding the foregoing, (a) subject to the terms of Section 2.12, Buyer may assign any of its rights under this Agreement to any of its Affiliates and (b) Buyer may designate its rights under this Agreement pursuant to Section 2.12 to any Person, in each case without obtaining the prior written consent of KK OpCo; provided that in connection with such assignment, such assignment shall not relieve Buyer of any of its obligations under this Agreement (or otherwise). Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 10.15 Specific Performance. Each Party acknowledges that money damages would be both incalculable and an insufficient remedy for any breach of this Agreement by such Party and that any such breach would cause Buyer, on the one hand, and Seller, on the other hand, irreparable harm. Accordingly, notwithstanding anything to this Agreement to the contrary, each Party hereto also agrees that, in the event of any breach or threatened breach of the provisions of this Agreement by such Party (including failure to consummate the Closing and the transactions contemplated thereby), Buyer, on the one hand, and Sellers, on the other hand, shall be entitled to equitable relief without the requirement of posting a bond or other security, including in the form of injunctions and orders for specific performance. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy

conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. Sellers, on the one hand, and Buyer, on the other hand, hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by Sellers or Buyer, as applicable, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of Sellers or Buyer, as applicable, under this Agreement. In the event that, due to a Party's breach or threatened breach of this Agreement whereby such other Party(ies) commence a suit contemplated by this Section 10.15 which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 10.16 Currency. All references to "dollars" or "$" in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 10.17 Severability. If any term or other provision of this Agreement, or any portion thereof, is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement, or the remaining portion thereof, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any such term or other provision, or any portion thereof, is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are consummated to the fullest extent possible.

Section 10.18 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.18.

Section 10.19 Counterparts. This Agreement may be executed in any number of counterparts, including by means of email in portable document format (.pdf), each of which when

executed shall be deemed to be an original copy of this Agreement and all of which taken together shall constitute one and the same agreement.

Section 10.20 Jointly Drafted. This Agreement is the product of negotiations among the Parties, each of which is represented by legal counsel, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived by each Party. The Parties acknowledge and agree that prior drafts of this Agreement and the other agreements and documents contemplated hereby will not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto and that such drafts will be deemed to be the joint work product of the Parties.

Section 10.21 Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY BUYER OR BUYER NON-RECOURSE PERSON OR ANY SELLER OR SELLER NON-RECOURSE PERSON BE LIABLE FOR, OR BEAR ANY OBLIGATION IN RESPECT OF, ANY PUNITIVE, SPECIAL, OR EXEMPLARY DAMAGES OF ANY KIND OR CHARACTER OR ANY DAMAGES RELATING TO, OR ARISING OUT OF, DIMINUTION IN VALUE, LOST PROFITS OR CHANGES IN RESTRICTIONS ON BUSINESS PRACTICES.

Section 10.22 No Recourse.

(a) This Agreement may be enforced only by KK OpCo against, and any claim, action, suit, or other legal proceeding by Seller may be brought only against Buyer, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither Seller nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Buyer or of any Affiliate of Buyer or any of their successors or permitted assigns (each, a "Buyer Non-Recourse Person"), and no Buyer Non-Recourse Person shall have any liability for any obligations or liabilities of Buyer under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(b) This Agreement may be enforced only by Buyer against, and any claim, action, suit, or other legal proceeding by Buyer may be brought only against, Sellers, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither of Buyer, nor any Designated Buyer, nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Sellers or of any Affiliate of Sellers or any of their successors or permitted assigns (each, a "Seller Non-Recourse Person"), and no such Seller Non-Recourse Person shall have any liability for any obligations or liabilities of Seller under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

Section 10.23 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement. When calculating the period of time before which, within which or following which, any act is to be done or step taken pursuant to this

Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Section 10.24 Disclosed Personal Information (Canada).

(a) The Parties confirm that the Disclosed Personal Information is necessary for the purposes of determining if the Buyer shall proceed with the transactions contemplated by this Agreement and, if applicable, to complete the transaction. The Buyer shall use the Disclosed Personal Information solely for purposes related to the transaction and shall not disclose such information unless authorized by applicable law. The Buyer shall protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information. If the transactions contemplated by this Agreement do not proceed, the Buyer shall return to the Seller or, at the Seller's request, securely destroy the Disclosed Personal Information within a reasonable period of time.

(b) Following the consummation of the transactions contemplated by this Agreement, the Parties shall (i) not use or disclose the Disclosed Personal Information for any purposes other than the carrying on of the Business (with use or disclosure of the Disclosed Personal Information being restricted to those purposes for which the information was initially collected or for which additional consent was or is obtained) unless consent is obtained or as otherwise permitted or required by applicable Laws; (ii) protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information; and (iii) give effect to any withdrawal of consent with respect to the Disclosed Personal Information. Where applicable privacy Laws require impacted individuals to be notified of the transactions, Buyer will notify the affected individuals, in accordance with applicable Law (including Privacy Laws), that the transactions have been completed and that their Personal Data has been disclosed to Buyer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement on the day and year first above written.

SELLERS:

KIDKRAFT, INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN CORP.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN LP, by its general partner SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Title: Chief Executive Officer

EXHIBIT A

ESCROW AGREEMENT

[Attached.]

EXECUTION VERSION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and entered into as of April 25, 2024 by and among BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller" and, together with the "Buyer", sometimes referred to individually as a "Party" and collectively as the "Parties"), and Citibank, N.A., as escrow agent (the "Escrow Agent"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of the date hereof, by and between the Buyer, the Seller and certain other parties signatory thereto (the "Purchase Agreement"), the Buyer will deposit an amount equal to $3,000,000 (the "Escrow Amount") in a separate and distinct account (the "Escrow Account") to be held by the Escrow Agent for the purposes of securing the Deposit Funds pursuant to Section 2.9 of the Purchase Agreement.

WHEREAS, each of the Parties agrees to work in good faith and use best efforts to amend to this Agreement in accordance with Section 13 herein in order to implement the terms of the Purchase Agreement prior to any closing date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent in accordance with the terms and conditions set forth herein.

2. Escrow Funds.

(a) Simultaneous with the execution and delivery of this Agreement, the Buyer is depositing with the Escrow Agent the Escrow Amount in immediately available funds. The Escrow Agent hereby acknowledges receipt of the Escrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Escrow Earnings") earned with respect thereto (collectively, the "Escrow Funds") in the Escrow Account, subject to the terms and conditions of this Agreement.

(b) For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds; and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. Investment of Escrow Funds.

(a) Unless otherwise instructed in writing and executed by an Authorized Representative (as defined in Section 4(a)(iv) below) of both Parties, the Escrow Agent shall hold the Escrow Funds in a "noninterest-bearing deposit account" of Citibank, N.A., insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Funds shall at all times remain available for distribution in accordance with Section 4 below. Except as expressly provided herein, the Escrow Funds shall not, in any manner, directly or indirectly, be assigned, hypothecated, pledged, alienated, released from escrow or transferred within escrow.

(b) The Escrow Agent shall send an account statement to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month.

(c) The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the escrowed property, as applicable, provided that the Escrow Agent has made such investment, reinvestment or liquidation of the escrowed property in accordance with the terms, and subject to the conditions of this Agreement. The Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

4. Disposition and Termination of the Escrow Funds.

(a) Escrow Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrow Funds as provided in, this Section 4(a) as follows:

(i) Upon receipt of a Joint Release Instruction with respect to the Escrow Funds, the Escrow Agent shall promptly, but in any event within two (2) Business Days after receipt of a Joint Release Instruction, disburse all or part of the Escrow Funds in accordance with such Joint Release Instruction.

(ii) Upon receipt by the Escrow Agent of a copy of Final Determination from any Party, the Escrow Agent shall on the fifth (5th) Business Day following receipt of such determination, disburse as directed, part or all, as the case may be, of the Escrow Funds (but only to the extent funds are available in the Escrow Account) in accordance with such Final Determination. The Escrow Agent will act on such Final Determination without further inquiry.

(iii) All payments of any part of the Escrow Funds shall be made by wire transfer of immediately available funds or check as set forth in the Joint Release Instruction or Final Determination, as applicable.

(iv) Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of any funds on deposit in any Escrow Account under the terms of this Agreement must be in writing, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons set forth on Exhibit A-1 and Exhibit A-2 (the "Authorized Representatives") and delivered to the Escrow Agent either (i) in writing by overnight mail or (ii) attached to an e-mail received on a Business Day sent to an e-mail address set forth in Section 11 (and receipt by the Escrow Agent confirmed) below. In the event a Joint Release Instruction or Final Determination is delivered to the Escrow Agent, whether in writing, by e-mail or otherwise, the Escrow Agent is authorized to seek confirmation of such instruction by telephone call back to the person or persons designated in Exhibit A-1 and/or A-2 annexed

hereto (the "Call Back Authorized Individuals"), and the Escrow Agent may rely upon the confirmations of anyone purporting to be a Call Back Authorized Individual. To assure accuracy of the instructions it receives, the Escrow Agent may record such call backs. If the Escrow Agent is unable to verify the instructions, or is not reasonably satisfied with the verification it receives, the Escrow Agent shall promptly notify the Parties of such inability to verify or non-satisfaction of verification, and it will not execute the instruction until all such issues have been resolved to the reasonable satisfaction of the Escrow Agent. The persons and telephone numbers for call backs may be changed only in writing, executed by an Authorized Representative of the applicable Party and actually received and acknowledged by the Escrow Agent.

(b) Certain Definitions.

(i) "Business Day" means any day that is not a Saturday, not a Sunday or any other day on which banks are not required or authorized by law to be closed in New York, New York.

(ii) "Final Determination" means a final non-appealable order of any court of competent jurisdiction which may be issued, together with (A) a certificate executed by an Authorized Representative of the prevailing Party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (B) the written payment instructions executed by an Authorized Representative of the prevailing Party, to effectuate such order.

(iii) "Joint Release Instruction" means the joint written instruction, substantially in the form of Exhibit B annexed hereto, executed by an Authorized Representative of each of the Buyer and the Seller, directing the Escrow Agent to disburse all or a portion of the Escrow Funds, as applicable.

(iv) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duties, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Purchase Agreement, nor shall the Escrow Agent be required to determine if any Person has complied with any such agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement will control the actions of Escrow Agent. The Escrow Agent may rely upon and shall not be liable, in the absence of its fraud, willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction, for acting or refraining from acting upon any Joint Release Instruction or Final Determination furnished to it hereunder and reasonably believed by it to be genuine and to have been signed by an Authorized Representative of the proper Party or Parties. Concurrent with

the execution of this Agreement, the Parties shall deliver to the Escrow Agent Authorized Representative's forms in the form of Exhibit A-1 and Exhibit A-2 attached hereto. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Funds. In the event that the Escrow Agent, acting reasonably in accordance with its duties hereunder, shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in a Joint Release Instruction or Final Determination. In the event of a dispute between the Escrow Agent and the Parties, after thirty (30) days' notice to each of the Parties of the Escrow Agent's intention to do so, the Escrow Agent may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or nonaction based on such declaratory judgment. The Escrow Agent may consult with legal counsel of its selection in the event of any dispute or question as to the meaning or construction of any of the provisions hereof or its duties hereunder. The Escrow Agent will not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's fraud, gross negligence or willful misconduct was the cause of any direct loss to either Party. To the extent practicable, the Parties agree to pursue any redress or recourse in connection with any dispute (other than with respect to a dispute involving the Escrow Agent) without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such losses or damages and regardless of the form of action.

6. Resignation and Removal of Escrow Agent. The Escrow Agent (a) may resign and be discharged from its duties or obligations hereunder by giving thirty (30) calendar days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect or (b) may be removed, with or without cause, by the Buyer and the Seller acting jointly at any time by providing written notice executed by an Authorized Representative of each Party, to the Escrow Agent. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the escrow business of the Escrow Agent's line of business may be transferred, shall be the Escrow Agent under this Agreement without further act. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires or after receipt of written notice of removal shall be to hold and safeguard the Escrow Funds (without any obligation to reinvest the same) and to deliver the same (i) to a substitute or successor escrow agent pursuant to a joint written designation from the Parties, (ii) as set forth in a Joint Release Instruction or (iii) in accordance with the directions of a Final Determination, and, at the time of such delivery, the Escrow Agent's obligations hereunder shall cease and terminate. Any successor escrow agent shall, as a condition of its appointment, execute a counterpart of this Agreement and agree in writing to be bound as Escrow Agent hereunder. In the event the Escrow Agent resigns, if the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation, the Escrow Agent may petition any court of

competent jurisdiction for the appointment of such a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto.

7. Fees and Expenses. The fees agreed upon for the services to be rendered hereunder are described in Schedule 1 attached hereto and are intended as full compensation for the Escrow Agent services as contemplated by this Agreement.

8. Indemnity. Each of the Parties shall jointly and severally indemnify, defend, and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, officers, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, actions, suits, proceedings, litigation, investigations, reasonable and documented out of pocket costs or expenses actually suffered and incurred (including the reasonable and documented fees and expenses of one outside counsel and experts and their staffs and reasonable and documented out of pocket expenses of document location, duplication and shipment, but excluding any income or similar taxes imposed on the fees payable hereunder) (collectively "Escrow Agent Losses") arising out of or in connection with (a) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding under or in connection with this Agreement, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except to the extent that such Escrow Agent Losses, as adjudicated by a court of competent jurisdiction, have been caused by the fraud, gross negligence or willful misconduct of such Indemnitee, or (b) its following any instructions or other directions from the Buyer or the Seller. To the extent any Escrow Agent Losses result from or are attributable to a Party's failure to provide fully executed IRS Forms W-8, W-9 and/or other required documentation pursuant to Section 9(a), such Party shall be solely responsible for indemnifying the Indemnities for such Escrow Agent Losses. The Escrow Agent will promptly make all claims for indemnification hereunder by written notice to the Parties of such claim, together with detailed supporting documentation related thereto, provided in accordance with the terms set forth herein. Notwithstanding anything to the contrary herein, the Buyer and the Seller agree, solely as between themselves, that any obligation for indemnification under this Section 8 (or for reasonable fees and expenses of the Escrow Agent described in Section 7) shall be borne by the Party or Parties determined by a court of competent jurisdiction to be responsible for causing the loss, damage, liability, cost or expense against which the Escrow Agent is entitled to indemnification or, if no such determination is made, then one-half by the Buyer and one-half by the Seller. The Parties acknowledge that the foregoing indemnities shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement. Notwithstanding anything to the contrary, the parties hereto agree that no indemnification obligations hereunder shall be satisfied from the Escrow Funds.

9. Tax Matters.

(a) The Buyer shall be responsible for and the taxpayer on all taxes due on the interest or other income earned, if any, on the Escrow Funds for the calendar year in which such interest or other income is earned. The Escrow Agent shall report any interest or other income earned on the Escrow Funds, if any, to the IRS or other taxing authority on IRS Form 1099. Prior to the date hereof, the Parties have provided the Escrow Agent with certified tax identification

numbers by furnishing appropriate forms W-9 or W-8 as applicable and such other forms and documents that the Escrow Agent may have reasonably requested.

(b) The Escrow Agent shall be responsible only for income and withholding tax reporting to the Internal Revenue Service with respect to income earned on the Escrow Funds. The Escrow Agent shall withhold any taxes required to be withheld by applicable law, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

(c) The Escrow Agent, its affiliates, and its employees are not in the business of providing tax or legal advice to any taxpayer outside of Citigroup, Inc. and its affiliates. This Agreement and any amendments or attachments hereto are not intended or written to be used, and may not be used or relied upon, by any such taxpayer or for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

10. Covenant of Escrow Agent. The Escrow Agent hereby agrees and covenants with the Buyer and the Seller that it shall perform all of its obligations under this Agreement and shall not deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement or as otherwise required by law.

11. Notices. Except as otherwise expressly required in Section 4(a)(iv), all communications required under this Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) on the day of transmission if sent by electronic mail ("e-mail") with a PDF attachment executed by an Authorized Representative of the Party/ Parties to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five (5) Business Days after the date such notice is deposited with the United States Postal Service. If notice is given to a Party, it shall be given at the address for such Party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes.

if to the Buyer, then to:

BACKYARD PRODUCTS, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com:

with a copy (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309

Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

or, if to the Seller, then to:

KidKraft, Inc.
4630 Olin Rd.
Dallas, TX 75244
Attention: Geoffrey Walker
Johnnie Goodner
Telephone No.: (214) 393-3804
E-mail:geoff.w@kidkraft.com;
johnnie.goodner@kidkraft.com

with a copy (which shall not constitute notice) to:

Vinson & Elkins LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Attention: Lauren R. Kanzer
Telephone No.: (212) 237-0166
E-mail: lkanzer@velaw.com

2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Peter Marshall
Telephone No.: (214) 220 -7849
E-mail: pmarshall@velaw.com

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Telephone No.: (888) 424-1903
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com

or, if to the Escrow Agent, then to:

Citibank, N.A.
Citi Private Bank
388 Greenwich Street
Tower Building, 27th Floor
New York, NY 10013

Attn: Eddy Rosero and Nelson Kercado
Telephone No.: 212-783-7073 and 212-559-8509
Facsimile No.: 212-783-7131
E-mail: eddy.rosero@citi.com and nelson.kercado@citi.com

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clause (i) through (iv) of this Section 11, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate.

12. Termination. This Agreement shall terminate on the first to occur of (a) the distribution of all of the amounts in the Escrow Funds in accordance with this Agreement or (b) delivery to the Escrow Agent of a written notice of termination executed jointly by an Authorized Representative of Buyer and the Seller, after which this Agreement shall be of no further force and effect except that the provisions of Sections 8, 13, and 19 hereof shall survive termination.

13. Miscellaneous. The recitals hereto are incorporated herein as though fully set forth herein. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any party hereto except as set forth in Section 6 and Section 16, without the prior consent of the other parties hereto. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the conflicts of law rules of such state. Each party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the federal district courts located in the Southern District of New York, without regard to the conflicts of law rules of such state. The parties hereto hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising from or relating to this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile or electronic transmission in portable document format (.pdf), and such facsimile or .pdf will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Section 7 and Section 8, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

14. Compliance with Court Orders. In the event that any Escrow Funds shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other Person, by reason of such compliance notwithstanding such writ, order or decree being subsequently reversed, modified, annulled, set aside or vacated.

15. Further Assurances. Following the date hereof, each party shall deliver to the other parties such further information and documents and shall execute and deliver to the other parties such further instruments and agreements as any other party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other party the benefits hereof.

16. Assignment. This Agreement may not be assigned by either Party (by operation of law or otherwise) without the prior written consent of the other Party, and no assignment of the interest of any of the Parties shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and consented to by the Escrow Agent (such consent not to be unreasonably withheld). Any transfer or assignment of the rights, interests or obligations hereunder in violation of the terms hereof shall be void and of no force or effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. Force Majeure. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility), it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

18. Compliance with Federal Law. To help the U.S. Government fight the funding of terrorism and money laundering activities and to comply with Federal law requiring financial institutions to obtain, verify and record information on the source of funds deposited to an account, the Parties agree to provide the Escrow Agent with the name, address, taxpayer identification number, and remitting bank for all Parties depositing funds at Citibank pursuant to the terms and conditions of this Agreement. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, an identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

19. Use of Citibank Name. No publicly distributed printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "Citibank" by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other Parties hereto, or on such Party's behalf, without the prior written consent of the Escrow Agent, except as may be required by applicable law.

20. Confidentiality. Except as required by law, the Escrow Agent agrees to keep confidential, and to cause any of its affiliates or agents to keep confidential and not to disclose any and all documents, materials, and any other non-public information which it shall have obtained regarding the Parties in connection with the execution and delivery of this Agreement and its performance of its duties and obligations hereunder. This Section 20 shall survive termination of this Agreement for a period of twelve (12) months after such termination.

21. Use of Electronic Records and Signatures. As used in this Agreement, the terms "writing" and "written" include electronic records, and the terms "execute," "signed" and "signature" include the use of electronic signatures. Notwithstanding any other provision of this Agreement or the attached Exhibits and Schedules, any electronic signature that is presented as the signature of the purported signer, regardless of the appearance or form of such electronic signature, may be deemed genuine by Escrow Agent in Escrow Agent's sole discretion, and such electronic signature shall be of the same legal effect, validity and enforceability as a manually executed, original, wet-ink signature; provided, however, that any such electronic signature must be an actual and not a typed signature. In accordance with Section 8 of this Agreement, Escrow Agent shall be indemnified and held harmless from any Escrow Agent Losses it incurs as a result of its acceptance of and reliance on electronic signatures that it deems to be genuine. Any electronically signed agreement, instruction or other document shall be an "electronic record" established in the ordinary course of business and any copy shall constitute an original for all purposes. The terms "electronic signature" and "electronic record" shall have the meaning ascribed to them in 15 USC § 7006. This Agreement and any instruction or other document furnished hereunder may be transmitted by facsimile or as a PDF file attached to an email.

22. Return of Funds. If the Escrow Agent releases any funds, including but not limited to the Escrow Amount or any portion of it, to a Party and subsequently determines, in its sole discretion, that the payment or any portion of it was made in error, the Party shall, upon notice, promptly refund the erroneous payment. Any such erroneous payment by the Escrow Agent, and the Party's return thereof to the Escrow Agent, shall not affect any obligation or right of either the Escrow Agent or the Parties. Each of the Parties agrees not to assert discharge for value, bona fide payee, or any similar doctrine as a defense to the Escrow Agent's recovery of any erroneous payment.

23. Sanctions. None of the Parties or any of their parents or subsidiaries, or any of their respective directors, officers, or employees, or to the knowledge of any Party, the affiliates of the Parties or any of their subsidiaries, will, directly or indirectly, use any part of any proceeds or lend, contribute, or otherwise make available such Escrow Funds in any manner that would result in a violation by any person of economic, trade, or financial sanctions, requirements, or embargoes imposed, administered, or enforced from time to time by the United States (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State), the United Kingdom (including, without limitation, His Majesty's

Treasury), the European Union and any EU member state, the United Nations Security Council, and any other relevant sanctions authority.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Its: Chief Executive Officer

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name:
Its:

SELLER:

KIDKRAFT, INC.

Johnnie Goodner
6C8E1CE8C6DBFF05FDEF4122056E24FD contractworks

By: _____
Name: Johnnie Goodner
Its: Chief Financial Officer

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

Nelson Kercado, SVP
Citibank, N.A.
388 Greenwich Street, 29th flr
New York, NY 10013
212-559-8509

Schedule 1

ESCROW AGENT FEE SCHEDULE
Citibank, N.A., Escrow Agent

Acceptance Fee
To cover the acceptance of the Escrow Agency appointment, the study of the Agreement, and supporting documents submitted in connection with the execution and delivery thereof, and communication with other members of the working group:

Fee: Waived

Administration Fee
The annual administration fee covers maintenance of the Escrow Account including safekeeping of assets in the escrow account, normal administrative functions of the Escrow Agent, including maintenance of the Escrow Agent's records, follow-up of the Agreement's provisions, and any other safekeeping duties required by the Escrow Agent under the terms of the Agreement. Fee is based on the total Escrow Amount being deposited in a non-interest bearing deposit account, FDIC insured to the applicable limits.

Fee: Waived

Tax Preparation Fee
To cover preparation and mailing of Forms 1099-INT, if applicable for the escrow parties for each calendar year:

Fee: Waived

Transaction Fees
To oversee all required disbursements or release of property from the escrow account to any escrow party, including cash disbursements made via check and/or wire transfer, fees associated with postage and overnight delivery charges incurred by the Escrow Agent as required under the terms and conditions of the Agreement:

Fee: Waived

Other Fees
Material amendments to the Agreement: additional fee(s), if any, to be discussed at time of amendment.

TERMS AND CONDITIONS: The above schedule of fees does not include charges for out-of-pocket expenses or for any services of an extraordinary nature that Citibank or its legal counsel may be called upon from time to time to perform. Fees are also subject to satisfactory review of the documentation, and Citibank reserves the right to modify them should the characteristics of the transaction change. Citibank's participation in this program is subject to internal approval of the third party depositing monies into the escrow account to be established hereunder. The Acceptance Fee, if any, is payable upon execution of the Agreement. Should this schedule of fees be accepted and agreed upon and work commenced on this program but subsequently halted and the program is not brought to market, the Acceptance Fee and legal fees incurred, if any, will still be payable in full.

EXHIBIT A-1

Certificate as to Buyer's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Buyer and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Buyer. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

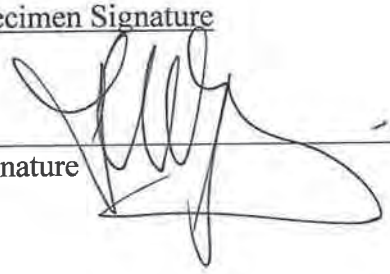
Name / Title / Telephone	Specimen Signature
Thomas van der Menlen Name	 Signature
CEO Title	
404-664-5546 → Same Phone	Mobile Phone
Dan Lawrence Name	 Signature
CFO Title	
8 → Phone	843-816-3553 Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	DocuSigned by: Geoffrey Walker 9B943E20E04B443... Signature
President and Chief Executive Officer Title	
Phone	310-874-0092 Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

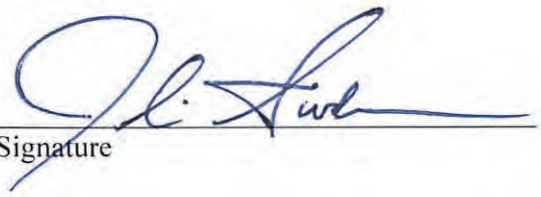
Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	 Signature
President and Chief Executive Officer Title	
 Phone	310-874-0092 Mobile Phone
Johnnie Goodner Name	 Signature
Chief Financial Officer Title	
 Phone	469-360-9789 Mobile Phone
 Name	 Signature
 Title	
 Telephone	 Mobile Phone

EXHIBIT B

Form of Joint Release Instruction

[Date]

[Via Email]
[Via Fax]
[212.780.7131]
Citibank, N.A.
Escrow Services
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: Eddy Rosero and Nelson Kercado

RE: [Name of Parties] – Escrow Agreement dated April 25, 2024
Escrow Account number [25Dxxxxxxxxx]

We refer to an escrow agreement dated April 25, 2024 between BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller") and Citibank, N.A. as Escrow Agent (the "Escrow Agreement")

Capitalized terms in this letter that not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

Pursuant to Section 4(a)(i) of the above referenced escrow agreement, the Parties instruct the Escrow Agent to release [$] to the specified party as instructed below. This letter constitutes a "Joint Release Instruction" pursuant to Section 4 of the Escrow Agreement.

[Bank name]
[ABA number]
[Bank Address]
[Beneficiary name]
[Beneficiary Account number]

Thank you.

[Signatures Follow]

IN WITNESS WHEREOF, this Joint Release Instruction has been duly executed as of the date first written above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: _____
Its: _____

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

EXHIBIT B

ILLUSTRATIVE CALCULATION OF CERTAIN PURCHASE PRICE ELEMENTS

[Attached.]

			March Estimate
Consideration for Other Purchased Assets			
IP, Obsolete, and all Other Assets			4,000,000
$350k for Europe "additional price"			350,000
Consideration for Other Purchased Assets			**4,350,000**
Consideration for Accounts Receivable			
A/R of KK100 (US) as of 3/31/24	20,197,627		
Less: Over 90 Days Past Due Date	(1,763,074)		
A/R of KK150 (Canada) as of 3/31/24	4,843,072		
Less: Over 90 Days Past Due Date	123,679		
Eligible A/R	23,401,305		
Less: Coface, RF Balance	(2,457,055)		
Less: Dilution Reserves	(3,444,747)		
Consideration for Accounts Receivable	**17,499,503**	*90%*	**15,749,553**
Consideration for Inventory			
KK200 Total Inventory as of 3/21/24			
KBV Excluded Inventory	3,543,308		
Nerf, Barbie, American Girl Inventory - Australia	41,098		
Expected to Ship from Amsterdam/UK Warehouses	943,727		
Australia Warehouse	505,474		
KK200 Inventory	**5,033,607**		
Total Inventory as of 3/21/24	**35,526,779**		
Less: KBV Excluded Inventory	(3,543,308)		
Less: Nerf, Barbie, American Girl Inventory - US	(1,539,969)		
Less: Nerf, Barbie, American Girl Inventory - Australia	(41,098)		
Less: KK100 Inventory at Suppliers	(1,134,379)		
Included Inventory	**29,268,025**		
KK100 Inventory			
First Quality*	19,426,597	75%	14,569,948
Discontinued	4,712,992	60%	2,827,795
Obsolete Inventory	2,886,716	0%	-
Ainsley RTV	792,519	75%	594,389
KK200 Inventory			
First Quality - Australia	255,494	75%	191,621
Discontinued - Australia	159,805	60%	95,883
Obsolete Inventory - Australia	90,175	0%	-
Amsterdam/UK Warehouse	943,727	100%	943,727
Consideration for Inventory	**29,268,025**		**19,223,363**
Total			**39,322,916**

THIS IS **EXHIBIT "T"** REFERRED TO IN THE AFFIDAVIT OF GEOFFREY WALKER SWORN BEFORE ME over video teleconference this 26th day of June, 2024 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Dallas, in the State of Texas, while the Commissioner was located in the City of Toronto, in the Province of Ontario.

MARK SHEELEY
LSO # 66473O
Commissioner for Taking Affidavits

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

DECLARATION OF GEOFFREY WALKER
IN SUPPORT OF PLAN CONFIRMATION

I, Geoffrey Walker, declare the following under 28 U.S.C. § 1746:

1. I am the Chief Executive Officer and President of KidKraft, Inc., a corporation organized under Delaware law ("***KidKraft,***" and together with its debtor affiliates in the above-captioned chapter 11 cases, the "***Debtors***"). I am authorized to submit this declaration ("***Declaration***") on behalf of the Debtors. I am over 21 years of age, and, if called upon to testify, I would testify competently to the facts and opinions set forth herein.

2. I joined KidKraft in 2019 and have served in my current role since that time. As a result, I am familiar with the Debtors' day-to-day operations, business and financial affairs, books and records, and employees. I hold a Bachelor of Science degree in Accounting from the University of Southern California and a Masters of Business Administration from Vanderbilt University. I have over twenty-eight years of experience in the toy industry, and I served in

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

multiple leadership roles at Mattel, Inc. prior to joining KidKraft. Prior to my work at Mattel, I worked as a consultant and auditor with KPMG.

3. On May 10, 2024 (the "***Petition Date***"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Court***") thereby commencing the above-captioned chapter 11 cases (the "***Chapter 11 Cases***").

4. I submit this declaration in support of confirmation of the *Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 28] (as may be further amended, modified, or supplemented, the "***Plan***"), which Plan is being amended to incorporate the terms of the Global Settlement (as defined below).[2] I have reviewed and am generally familiar with the terms and conditions of the Plan and the Global Settlement, and the other documents comprising the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* filed on June 12, 2024 [Docket No. 175] and *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* filed on June 18, 2024 [Docket No. 187] (collectively, and as may be further amended, modified, or supplemented, the "***Plan Supplement***").

5. All facts and opinions set forth in this Declaration are based upon: (a) my knowledge of the Debtors' day-to-day operations, business and financial affairs, books and records, and employees; (b) information I learned from my review of relevant documents; (c) information supplied to me or verified by other members of the Debtors' management and their third-party advisors; and/or (d) my experience and knowledge concerning the toy industry generally. Unless otherwise indicated, any financial information contained in this Declaration is subject to change but is true and correct as of the date of this Declaration.

[2] Capitalized terms used but not defined in this Declaration have the meanings given to them in the Plan.

6. I previously submitted the *Declaration of Geoffrey Walker In Support of Chapter 11 Petitions and First Day Motions* [Docket No. 31] (the "***Walker First Day Declaration***") on May 10, 2024. The Walker First Day Declaration, which I incorporate herein by reference in its entirety, sets forth background information, as of the Petition Date, about the Debtors, their ownership and capital structure, and the events giving rise to these Chapter 11 Cases.

THE GLOBAL SETTLEMENT

7. On May 23, 2024, the Office of the United States Trustee for the Northern District of Texas (the "***U.S. Trustee***") appointed an Official Committee of Unsecured Creditors (the "***Committee***") in these chapter 11 cases. The Debtors and their advisors worked to quickly initiate dialogue with the Committee's professionals and respond to diligence requests so that the Committee could get up to speed on the facts underlying these chapter 11 cases. After these initial discussions, the Committee served the Debtors with formal discovery requests and the Debtors and the Committee, as well as other parties in interest, continued to engage in informal discovery and parallel settlement negotiations. Advisors to the Committee also received a summary of the investigation conducted by Jill Frizzley, an independent director of KidKraft, for the purpose of determining whether the Debtors hold colorable causes of action worth pursuing.

8. Although contentious at times, these negotiations were productive and culminated in a global settlement (the "***Global Settlement***") of all issues among the Debtors, the DIP Lenders, the Prepetition Secured Parties, the Purchaser, MidOcean, and the Committee (collectively, the "***Global Settlement Parties***").[3]

[3] The specific terms of the Global Settlement were filed in the Debtors' *Notice of Filing of Global Settlement Term Sheet* [Docket No. 195] on June 17, 2024 and will be incorporated into the Plan.

9. The Debtors will file an amended Plan consistent with the terms of the Global Settlement, that will, among other things, create a GUC Trust and provide a mechanism for Holders of Allowed Class 4 General Unsecured Claims to affirmatively opt-in to receiving their pro rata share of beneficial interests in the GUC Trust. Under the Global Settlement, the Debtors and their key stakeholders agreed to fund the GUC Trust with specific assets, including cash and certain claims and causes of action. In exchange, the Committee agreed to, among other things, support the Plan and the Debtors' proposed DIP financing.

10. Key terms of the Global Settlement, which are being incorporated into the Plan, include:

- The Committee agreed (a) not object to, delay, or impede, (b) if applicable, withdraw any objections to, (c) not seek any additional discovery with respect to, and (d) affirmatively support the DIP Facility, entry of the Final DIP Order, approval of the "second day" motions, approval of the Sale Transaction, approval of the Disclosure Statement, and confirmation of the Amended Plan on the milestones set forth in the RSA.
- The Global Settlement Parties agreed that the Amended Plan will provide that each holder of an Allowed General Unsecured Claim may elect to "opt in" to receiving its share of the beneficial interests in the GUC Trust within 30 days after the Effective Date.
- The Global Settlement Parties agreed that the GUC Trust Assets, including any proceeds received by the GUC Trust on account of the prosecution or settlement of any commercial tort claims or Avoidance Actions that are GUC Trust Assets, net of any GUC Trust expenses (including professional fees) not covered by the GUC Trust Expense Reserve, will be distributed as follows:
    - (i) Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries other than the Prepetition Secured Parties will receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and
    - (ii) thereafter, all Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries (including the Prepetition Secured Parties' Deficiency Claims) will receive their Pro Rata share of 100% of the GUC Trust Assets.
- The Prepetition Secured Parties agreed that their deficiency claims will be capped at $55 million, solely for purposes of distributions to be made from the GUC Trust Assets.
- MidOcean agreed to (i) contribute $100,000 in Cash to the GUC Trust and (ii) waive any General Unsecured Claims it may have against the Debtors, including any claims under the subordinated note and services agreement.

I believe that each component of the Global Settlement is reasonable and appropriate and in the best interests of the Debtors because:

- the Global Settlement makes it possible for Holders of General Unsecured Claims to receive a recovery through the GUC Settlement Opt-In Election, which is an improvement to their treatment in the original version of the Plan;
- absent the Global Settlement, the Debtors and some or all of the other Global Settlement Parties faced the prospect of expensive and time-consuming litigation with uncertain outcomes for all, which would have invariably been a distraction jeopardizing the sale transaction in these Chapter 11 Cases;
- resolving these disputes through the Global Settlement enhanced the Debtors' ability to achieve a value-maximizing sale of substantially all of the Debtors' assets; and
- the Global Settlement provided a clear path towards the Debtors' expeditious emergence from chapter 11.

11. The Global Settlement was negotiated, proposed, and entered into by the Global Settlement Parties at arm's length, after significant negotiations. From my role and first-hand participation in related discussions, it appeared to me that the parties were operating in good faith, and I have seen no evidence of collusion or fraud. Those negotiations were hard fought over the course of several weeks.

12. For all of the above reasons, I believe the Global Settlement represents a fair and reasonable compromise that is in the best interests of the Debtors, their estates, and all of the Debtors' stakeholders. This settlement resolves legal issues that are subject to potentially expensive and time-consuming litigation with uncertain outcomes, and makes possible a recovery to general unsecured creditors that otherwise likely would not have occurred. All of this will directly benefit the Debtors' Estates and all parties in interest. Therefore, based on my business judgment, I believe that the Global Settlement is reasonable and appropriate given the facts and circumstances of these chapter 11 cases.

PLAN CONFIRMATION

A. The Plan and the Debtors Comply with the Bankruptcy Code (1129(a)(1)-(2)).

13. I understand that the Bankruptcy Code requires the Plan and the Debtors to comply with applicable provisions of the Bankruptcy Code. The Debtors retained competent and capable professionals to ensure this was the case, and I believe they have done so. Among other things, the Plan designates Claims against and Interests in the Debtors into seven classes, as set forth in Article III of the Plan. The separate classification of Claims against and Interests in the Debtors is based on valid business, factual, and legal reasons. I understand that the Claims and Interests within each class are substantially similar.

B. The Plan is Proposed in Good Faith (1129(a)(3)).

14. As described in the Walker First Day Declaration, prior to the Petition Date, the Debtors and their advisors undertook the Fall 2023 Sale Process and the Spring 2024 Sale Process (each as defined therein) in order to find a value-maximizing transaction.

15. In my role as Chief Executive Officer, I was very involved in the Fall 2023 Sale Process, the Spring 2024 Sale Process, and I also have been very involved the Debtors' Chapter 11 Cases. I have attended numerous meetings and calls and have spent countless hours working closely with the other members of the Debtors' management team, the other members of the Board, and the Debtors' legal counsel and financial advisors.

16. After extensive good-faith and arm's-length negotiations, the Debtors determined that the Sale Transaction presented the best opportunity to maximize the Debtors' value for all stakeholders. The Debtors originally filed these Chapter 11 Cases and the Plan with the strong support of the Purchaser, Prepetition Secured Parties, and MidOcean, and consistent with the restructuring support agreement (the "***RSA***"), with the goal of implementing the Sale Transaction with Backyard pursuant to a prepackaged chapter 11 plan to, among other things, preserve jobs,

maximize value of the Debtors' assets, and maintain the Debtors' brand as a going concern. Although never utilized, it is important to note that the RSA contained a robust "fiduciary out" provision which permitted the Debtors, their officers, and their boards of directors (including the independent director) to consider any alternative transaction presented that would maximize recovery for all stakeholders.[4]

17. The Plan, which will be amended in accordance with the Global Settlement, preserves the Sale Transactions, allows them to be implemented on a consensual basis with the Committee, and is the result of the extensive, arm's-length, and good-faith negotiations between the Debtors and the Global Settlement Parties, all of whom I observed to be acting in good faith at all times. I believe that the Plan and Global Settlement are the best compromise available considering the realities of the Debtors' capital structure and lack of any superior actionable bids resulting from the Fall 2023 Sale Process and Spring 2024 Sale Process and the absence of any superior bids during these Chapter 11 Cases.

18. For all of the foregoing reasons, I believe that each Debtor has proposed the Plan in good faith and not by any means forbidden by law.

C. Required Fee Approvals Will Be Obtained (1129(a)(4)).

19. All payments made by the Debtors to any professional person for services or for costs and expenses in connection with the Plan or incident to these Chapter 11 Cases have been or will be approved by this Bankruptcy Court. The Debtors do not intend to make any payments to professionals without Bankruptcy Court approval, if such approval is required. Specifically, Article II.B of the Plan requires that requests for payment of Professional Fee Claims for services

[4] To date, no alternative transactions have been presented to the Debtors.

and reimbursement of expenses be filed with the Bankruptcy Court no later than 45 days after the Effective Date.

D. Required Governance Disclosures Will Be Made (Section 1129(a)(5)).

20. The identity of the Wind Down Administrator, to the extent known, will be disclosed prior to the Combined Hearing. The Plan describes, among other things, the Wind Down Administrator's right to administer the Wind Down Estate, including the power to retain professionals, make distributions under the Plan, and pursue litigation on behalf of the Wind Down Estate. The Debtors fully and accurately disclosed in Article IV.A of the Plan the method of selection of the Wind Down Administrator, who will be selected by the Debtors, with the consent of the Prepetition Secured Parties and the DIP Secured Parties.

21. Similarly, the GUC Trustee will be appointed pursuant to Article IV of the Plan. The Plan describes, among other things, the GUC Trustee's right to administer the GUC Trust, including the power to retain professionals and make distributions under the Plan. The GUC Trustee will be selected in accordance with the procedures set forth in Article IV.B.3 of the Plan.

22. I understand that on the Effective Date, any and all remaining officers or directors of the Debtors shall be deemed to have resigned.

E. No Rate Approvals are Required (Section 1129(a)(6)).

23. There is no governmental regulatory commission with jurisdiction over the rates of the Debtors and the Plan does not provide for any such rate change.

F. Carl Moore has Addressed Section 1129(a)(7) by Separate Declaration.

24. I understand that Carl Moore of SierraConstellation Partners, LLC has addressed section 1129(a)(7)'s requirement concerning plan recoveries in a separate declaration.

G. Under Section 1129(b), the Plan can be Confirmed Notwithstanding Section 1129(a)(8).

25. The Plan separately classifies Claims and Interests against each Debtor (as applicable) as follows:

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Presumed to Accept
2	Other Secured Claims	Unimpaired	Presumed to Accept
3	Prepetition Secured Party Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Deemed to Reject
5	Intercompany Claims	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
6	Intercompany Interests	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
7	KidKraft Intermediate Holdings, LLC Interests	Impaired	Deemed to Reject

26. I believe that (a) the Claims and Interests in each particular Class for each Debtor are substantially similar to all other Claims and Interests in the same Class for such Debtor, and (b) the Claims and Interests in each Class for each Debtor receive the same treatment under the Plan, unless the Holder of a particular Claim or Interest has agreed to less favorable treatment, and (c) as to all Claims and Interests, similarly situated claims are treated the same or there is a reasonable basis for any disparate treatment.

27. Classes 1 (Other Priority Claims) and 2 (Other Secured Claims) are Unimpaired under the Plan, and I understand they are presumed to accept the Plan. I further understand that Holders of Claims in Class 3 (Prepetition Secured Party Claims) voted to accept the Plan. Holders

of Claims and Interests in the Unimpaired or Impaired Classes—Class 5 (Intercompany Claims) and Class 6 (Intercompany Interests)—will either be Unimpaired, and presumed to accept the Plan, or Impaired, and deemed to reject the Plan. Holders of Interests in Class 7 are Impaired and deemed to reject the Plan.

28. As to all Classes that are deemed to reject the Plan, including without limitation Class 4 (General Unsecured Claims) and Class 7 (KidKraft Intermediate Holdings, LLC Interests), no Holder of any Claim or Interest that is junior to the Claims or Interests of such Classes will receive or retain under the plan on account of its junior Claim or Interest any property. Moreover, as to all Classes that are deemed to reject the Plan, no Holder of any Claims in a senior Class will receive more than 100% on account of his, her, or its Allowed Claims.

29. Although treatment of Class 5 (Intercompany Claims) is different than Class 4 (General Unsecured Claims), I believe this is reasonable because the Intercompany Claims are owed among the Debtors and the Debtors are being dissolved under the Plan

30. Although the Holders of Allowed Class 4 General Unsecured Claims who elect to opt-in to the Global Settlement will receive a recovery pursuant to Bankruptcy Rule 9019, they will not receive a recovery on account of their Claims against the Debtors.

H. Administrative and Priority Claims Will be Satisfied (1129(a)(9)).

31. I understand that all administrative and priority claims against the Debtors and their Estates will be satisfied under the terms of the Plan, all within the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount. *See* Article II of the Plan.

I. At Least One Impaired Class of Claims Has Accepted the Plan (1129(a)(10)).

32. I understand that Class 3 (Prepetition Secured Party Claims) is Impaired and has voted to accept the Plan.

J. The Plan is Feasible (1129(a)(11)).

33. I do not believe that confirmation is likely to be followed by the liquidation or further financial reorganization of the Debtors, other than as proposed in the Plan. Among other things, I believe the Plan is feasible because it contemplates the distribution of the Cash proceeds of the Sale Transaction to the Holders of Allowed Claims in accordance with the priority scheme of the Bankruptcy Code and the terms of the Plan. Any Assets remaining in the Debtors' Estates as of the Effective Date, other than the GUC Trust Assets, will vest in the Wind Down Estate for the benefit of Holders of Allowed Claims in accordance with the Plan. I believe the Wind Down Budget is reasonable and it reflects considerable efforts from the Debtors' advisors, as well as the professional advisors to other case parties. As demonstrated by the Post-Sale Reserve and the various other reserves to be established pursuant to the terms of the Plan, the Debtors will have sufficient Assets to pay Allowed Administrative Expense Claims and Other Priority Claims in accordance with the Plan and to make the other distributions contemplated by the Plan.

K. U.S. Trustee Fees Are Current (1129(a)(12)).

34. The Debtors are current on their payments to the United States Trustee. The Debtors intend to pay any and all additional fees payable to the Office of the United States Trustee as and when due and payable. I understand that additional fees payable after the Effective Date will be paid by the Wind Down Estate or the GUC Trust (as applicable) until the closing of the Chapter 11 Cases, and I believe sufficient amounts have been included in the Post-Sale Reserve to pay such amounts.

L. Remaining Confirmation Requirements are Inapplicable (1129(a)(13)-16).

35. The Debtors do not currently have any employees that are receiving retirement benefits from the Debtors. The Debtors are not individuals, non-profit entities, or trusts.

M. The Plan is Not for Tax or Securities Avoidance (1129(d)).

36. The principal purpose of the Plan is not to avoid taxes or the application of section 5 of the Securities Act.

N. The Releases, Settlements, Exculpations, and Injunctions in the Plan Are Appropriate and Should Be Approved.

37. I am aware that the Plan includes certain settlements, releases, exculpations, and injunctions. More specifically:

a. Article VIII.E of the Plan describes certain releases granted by the Debtors, their Estates, and the Wind Down Estate to each Released Party relating to, among other things, the Debtors (including the management, ownership, or operation thereof), the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, RSA, the DIP Facility Documents, these Chapter 11 Cases, the Sale Transaction, and the Global Settlement, including any derivative claims (the "***Debtors' Releases***");

b. Article VIII.F of the Plan provides for a consensual release of any and all Claims and Causes of Action of certain non-Debtor Holders of Claims and Interests (collectively, as defined in the Plan, the "***Releasing Parties***") against the Released Parties relating to, the Debtors (including the management, ownership, or operation thereof), the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, RSA, the DIP Facility Documents, these Chapter 11 Cases, the Sale Transaction, and the Global Settlement, including any derivative claims (collectively, the "***Releases***");

c. Article VIII.G of the Plan contains a release and exculpation for the Exculpated Parties for Claims and Causes of Action arising out of or relating to the chapter 11 cases, and the negotiation and pursuit of, among other things, the Debtors' in- or out-of-court restructuring efforts, the formulation, preparation, dissemination, negotiation, or filing of the DIP Facility, the Disclosure Statement, the Plan, the RSA, the related agreements, instruments, and other documents (including the Definitive Documentation), the Filing of these chapter 11 cases, the pursuit of Confirmation, the administration and implementation of the Plan, including the issuance of Securities pursuant to the Plan or the distribution of property under the Plan, or any other related agreement (the "***Exculpation***"), which carves out any acts or omissions that are determined in a Final Order to have constituted fraud, willful misconduct, or gross negligence; and

d. Article VIII.H of the Plan permanently enjoins actions against Released Parties or Exculpated Parties to the extent such actions would be inconsistent with the discharge, release, and injunction provisions of the Plan (the "***Injunction***").

38. I have reviewed these provisions of the Plan, and I have further reviewed the conclusions of the independent investigation commissioned by the Debtors' independent director, Jill Frizzley (the "***Independent Director***"), who concluded and reported to the Board, among other things, that the Debtors do not hold any colorable claims or causes of action worth pursuing against any Released Parties. In reaching these conclusions, I understand that numerous documents related to noteworthy transactions and events over the past several years were reviewed, certain members of the Debtors' management and the Debtors' private equity sponsor were interviewed, and that the following factors were considered, among other things: (a) the Debtors' probability of success in litigating any released claims, which I understand to be low given the absence of any viable claims that are being released; (b) the complexity and likely duration and expense of litigating any such claims, which I understand would be high, given the nature of litigation and the absence of any obvious claims; and (c) other factors bearing on the wisdom of the settlements, releases, and exculpations, such as the extent to which these provisions were the product of arm's-length bargaining, including as contemplated by the RSA, and the interest of finality following the value-maximizing Sale Transaction through the Plan. As a result, I believe that the releases and exculpation provisions are in the best interests of the Debtors and are fair and equitable to all parties.

39. In my role as Chief Executive Officer of the Debtors, I have interfaced extensively with the Board, and I am confident in the manner in which the Board performed its role and discharged its duties. I understand that the Board is generally entitled to the benefit of the business judgment rule. I understand that the Debtors kept the Board generally informed of all major decisions and transactions leading up to and throughout these Chapter 11 Cases. The Debtors' directors devoted significant time to their roles as members of the Board including, but not limited

to, attending numerous Board meetings and calls during the several months leading up to the filing of these Chapter 11 Cases. In short, I am confident that the Board members, have, throughout their terms, devoted significant time and utilized their diverse range of business and board experience to execute their responsibilities to the Debtors and their estates, and that they acted in the best interests of the Debtors in approving the releases and exculpations in the Plan.

40. I believe that the Debtors' Releases, the Releases, the Exculpation, and the Injunction will allow the Debtors and the Reorganized Debtors to focus on their businesses going forward instead of facing distractions of uncertain and costly litigation. For that reason and others, I believe these provisions will benefit the Debtors and their stakeholders.

O. Conclusion

41. It is my belief that there are benefits to the Debtors of quickly consummating the Sale Transaction and the Plan. In particular, I believe that an expeditious exit from bankruptcy is in the best interests of the Debtors and their stakeholders because such emergence will reduce the administrative costs on the Debtors, ensure the transition to Backyard is implemented quickly following confirmation of the Plan, and reduce uncertainty for all stakeholders.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 19, 2024

/s/ *Geoffrey Walker*
Geoffrey Walker
Chief Executive Officer
KidKraft, Inc.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED Court File No: CV-24-00720035-00CL

AND IN THE MATTER OF KIDKRAFT, INC. SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

FOURTH AFFIDAVIT OF GEOFFREY WALKER
(Sworn June 26, 2024)

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

Tab 3

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 28TH
	)	
JUSTICE CAVANAGH	)	DAY OF JUNE, 2024

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED, SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

RECOGNITION ORDER
(Plan Confirmation Order, Sale Order, Termination of CCAA Proceedings, and Related Relief)

THIS MOTION, made by KidKraft, Inc. ("**KidKraft**"), in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") of Solowave Design Holdings Limited, Solowave Design Inc. ("**KK Canada GP**"), Solowave Design LP ("**KK Canada LP**" and together with KK Canada GP, the "**Canadian Sellers**") and Solowave International Inc. (collectively, the "**Canadian Debtors**", and collectively with KidKraft, the "**Chapter 11 Debtors**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order, among other things, (i) recognizing and giving effect to the Plan Confirmation Order (as defined herein) granted by the United States Bankruptcy Court

for the Northern District of Texas (the "**U.S. Bankruptcy Court**"), made in the cases commenced by the Chapter 11 Debtors pursuant to chapter 11 of the United States Bankruptcy Code (the "**Foreign Proceeding**"), which among other things confirmed the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* (as amended, supplemented and otherwise modified, the "**Plan**"), (ii) vesting in and to Backyard Products, LLC (including its successors and permitted assigns, the "**Purchaser**") the Chapter 11 Debtors' right, title and interest in and to the Canadian Transferred Assets (as defined in the Plan), (iii) approving the fees and disbursements of the Information Officer (as defined herein) and its counsel, including an estimate of fees to complete these CCAA recognition proceedings, and (iv) providing a mechanism for the termination of these CCAA recognition proceedings, was heard this day by judicial videoconference in Toronto, Ontario.

ON READING the Notice of Motion, the Fourth Affidavit of Geoff Walker affirmed June 26, 2024 (the "**Fourth Walker Affidavit**") and the second report of KSV Restructuring Inc. ("**KSV**"), in its capacity as information officer (the "**Information Officer**") dated June 27, 2024 (the "**Second Report**"), and the fee affidavits of the Information Officer and its counsel, Gowling WLG (Canada) LLP ("**Gowling**", and such affidavits, the "**Fee Affidavits**"), each filed.

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and counsel for the other parties appearing on the participant information form, no one appearing for any other party although duly served as appears from the Affidavit of Service of Mark Sheeley sworn June 27, 2024, each filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined herein have the meaning given to them in the Plan, attached as Exhibit A to Plan Confirmation Order.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders of the U.S. Bankruptcy Court made in the Foreign Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

(a) *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(B)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief (the "**Final Critical Vendors Order**");*

(b) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions, and (II) Granting Related Relief (the "**Final Cash Management Order**");*

(c) *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "**Final DIP Order**");*

(d) *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief (the "**Bidder Protections Order**");*

(e) *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan (the "**Plan Confirmation Order**"); and*

(f) *Amended Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief (the "**Sale Order**");*

(copies of which are attached as Schedules "A" to "F" hereto, respectively);

provided, however, that in the event of any conflict between the terms of the Final Critical Vendors Order, the Final Cash Management Order, the Final DIP Order, the Bidder Protections Order, the Plan Confirmation Order, or the Sale Order, and the Orders of this Court made in the within proceedings, the Orders of this Court made in these proceedings shall govern in Canada with respect to the Property (as defined in the Supplemental Order) .

AMENDMENTS TO THE SUPPLEMENTAL ORDER

4. **THIS COURT ORDERS** that paragraph 24 of the Supplemental Order is hereby amended as follows:

24**.** **THIS COURT ORDERS** that the DIP Agent, for and on behalf of itself and the DIP Lender (each as defined in the Interim DIP Order**, the Second Interim DIP Order (as defined in the Recognition Order (Bar Dates Order, Second Interim DIP Order, and Final Customer Programs Order, and Related Relief) issued June 19, 2024), and the Final DIP Order (as defined in the Recognition Order (Plan Confirmation Order, Sale Order and Termination Order, and Related Relief) issued June 28, 2024)**, shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the Property, which DIP Charge shall be consistent with the liens and charges created by or set forth in the Interim DIP Order**, the Second Interim DIP Order and the Final DIP Order** provided however that, with respect to the Property, the DIP

Charge shall have the priority set out in paragraphs 25 and 27 hereof, and further provided that, the DIP Charge shall not be enforced except in accordance with the terms of the Interim DIP Order**, the Second Interim DIP Order and the Final DIP Order** and with leave of this Court.

IMPLEMENTATION OF THE PLAN

5. **THIS COURT ORDERS** that the Foreign Representative and the Chapter 11 Debtors are authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with its terms, and enter into, implement and consummate all of the steps, transfers, transactions and agreements contemplated pursuant to the Plan.

6. **THIS COURT ORDERS** that, as of the Effective Date, the Plan, including (a) the treatment of Claims as provided for in the Plan, and (b) all compromises, arrangements, transfers, transactions, releases, discharges and injunctions provided for in the Plan and as approved in the Plan Confirmation Order, as applicable, shall inure to the benefit of and be binding and effective upon the Chapter 11 Debtors, the Canadian creditors of the Chapter 11 Debtors, and all other persons affected thereby, and on their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

7. **THIS COURT ORDERS** that, subject to the terms of the Plan and the Plan Confirmation Order, and effective on the Effective Date, no party to any contract that is (i) listed on the Schedule of Assumed Executory Contracts and Unexpired Leases, and (ii) assigned to the Purchaser in accordance with the Purchase Agreement, may accelerate, terminate, rescind, refuse to perform or otherwise repudiate their obligations under, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such Executory Contract or Unexpired Lease, by reason of:

(a) any event that occurred on or prior to the Effective Date that would have entitled any person thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Chapter 11 Debtors);

(b) the fact that the Chapter 11 Debtors have: (i) sought or obtained relief under the CCAA or pursuant to the Chapter 11 Cases, or (ii) commenced or completed these proceedings or the Chapter 11 Cases;

(c) the implementation of the Plan, or the completion of any of the steps, transactions or things contemplated by the Plan; or

(d) any compromises, arrangements, transactions, releases or discharges effected pursuant to the Plan.

RELEASES AND INJUNCTIONS

8. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contained and referenced in the Plan and as approved by the Plan Confirmation Order, are valid and that, effective on the Effective Date, all such releases, discharges and injunctions are hereby sanctioned, approved, recognized and given full force and effect in all provinces and territories of Canada in accordance with and subject to the terms of this Order, the Plan Confirmation Order and the Plan.

APPROVAL OF SALE TRANSACTION

9. **THIS COURT ORDERS** that the Purchase Agreement (attached as Exhibit 1 to the Sale Order) and the transactions contemplated by the Purchase Agreement (together, the "**Sale Transaction**"), including the sale to the Purchaser of the assets of the Canadian Sellers and the assets of KidKraft located in Canada, in each case pursuant to the Purchase Agreement, are hereby authorized and approved, with such minor amendments as KidKraft and the Canadian Sellers and the Purchaser may deem necessary. KidKraft and the Canadian Sellers are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Canadian Transferred Assets to the Purchaser.

VESTING OF CANADIAN TRANSFERRED ASSETS

10. **THIS COURT ORDERS AND DECLARES** that, upon the delivery to the Purchaser by the Information Officer of a certificate substantially in the form of Schedule "G" hereto (the "**Information Officer's Vesting Certificate**"), all of the right, title, and interest of the Chapter 11 Debtors (including their respective Estates) in and to the Canadian Transferred Assets shall vest absolutely, without further transfer or instrument, in and to the Purchaser (or any permitted assignee or delegee of the Purchaser's right to purchase and acquire the Canadian Transferred Assets ("**Assignee**") in accordance with the Purchase Agreement, which Assignee shall be identified in the Information Officer's Vesting Certificate), free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing (collectively, the "**Encumbrances**"):

(a) any encumbrances or charges created by any Order of this Court in these proceedings, including the Supplemental Order; and

(b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and

for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Canadian Transferred Assets are hereby expunged and discharged as against the Canadian Transferred Assets.

11. **THIS COURT ORDERS AND DIRECTS** the Information Officer to file with the Court a copy of the Information Officer's Vesting Certificate forthwith after delivery thereof to the Purchaser.

12. **THIS COURT ORDERS** that the Information Officer shall rely on written notice from the Foreign Representative (or its counsel) and the Purchaser (or its counsel) for the purpose of

providing the certifications included in the Information Officer's Vesting Certificate, and shall incur no liability with respect to the delivery of the Information Officer's Vesting Certificate.

13. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Canadian Transferred Assets shall stand in the place and stead of the Canadian Transferred Assets, and that from and after the Effective Date all Claims and Encumbrances shall attach to the net proceeds from the sale of the Canadian Transferred Assets with the same priority as they had with respect to the Canadian Transferred Assets immediately prior to the sale, as if the Canadian Transferred Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The net proceeds of such sale shall be distributed in accordance with the Plan.

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Chapter 11 Debtors are authorized and directed to disclose and transfer to the Purchaser all human resources and payroll information in the Chapter 11 Debtors' records pertaining to the Transferred Employees (as defined in the Purchase Agreement). The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Chapter 11 Debtors.

15. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings or the Chapter 11 Cases;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the Chapter 11 Debtors and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment into bankruptcy made in respect of any of the Chapter 11 Debtors;

the vesting of the Canadian Transferred Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Chapter 11 Debtors and shall not be void or voidable by creditors of any of the Chapter 11 Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

APPROVAL OF FEES AND ACTIVITIES

16. **THIS COURT ORDERS** that the pre-filing report of KSV, dated May 16, 2024, the first report of the Information Officer, dated June 18, 2024, the Second Report, and the activities of the Information Officer referred to therein be and are hereby approved; provided, however, that only the Information Officer, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

17. **THIS COURT ORDERS** that the fees and disbursements of the Information Officer and Gowling, as set out in the Second Report and the Fee Affidavits, be and are hereby approved.

18. **THIS COURT ORDERS AND DECLARES** that the fees and disbursements of the Information Officer and Gowling, respectively, as estimated in the Second Report, that have been or will be incurred in the performance of the duties of the Information Officer up to the date (the "**Discharge Date**") of the filing of the Information Officer's Termination Certificate (as defined below) and the incidental duties that may be required to complete the administration of these proceedings following the Discharge Date are hereby authorized and approved for the Information Officer and its counsel up to a maximum of **[CDN$]** plus any applicable taxes and disbursements in the aggregate. In the event the aggregate fees of the Information Officer and Gowling exceed such amount, the Chapter 11 Debtors may elect to pay such additional amounts, plus any applicable taxes and disbursements, without further application to this Court for approval of such fees.

TERMINATION OF CCAA PROCEEDINGS

19. **THIS COURT ORDERS** that upon service by the Information Officer of an executed certificate substantially in the form attached hereto as Schedule "H" (the "**Information Officer's Termination Certificate**") certifying that the Effective Date has occurred and that, to the knowledge of the Information Officer, all matters to be attended to in connection with these CCAA proceedings have been completed, these CCAA proceedings shall be terminated without any other act or formality (the "**CCAA Termination Time**"); provided that, nothing herein impacts the validity of any Orders made in these proceedings or any actions or steps taken by any Person in connection therewith.

20. **THIS COURT ORDERS** that the Administration Charge, the Directors' Charge and the DIP Charge (each as defined in the Supplemental Order) shall be terminated, released and discharged at the CCAA Termination Time without any other act or formality.

21. **THIS COURT ORDERS** that effective at the CCAA Termination Time, KSV shall be and is discharged as the Information Officer in these proceedings, provided that the Information Officer shall continue to have the benefit of the provisions of all Orders made in these proceedings, including all approvals, protections and stays of proceedings in favour of the Information Officer.

22. **THIS COURT ORDERS AND DECLARES** that effective at the CCAA Termination Time, KSV and Gowling shall be released and discharged from any and all liability that KSV and Gowling now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of KSV while acting in its capacity as Information Officer and Gowling while acting in its capacity as counsel to the Information Officer, save and except for any gross negligence or wilful misconduct on the Information Officer's or Gowling's part. Without limiting the generality of the foregoing, upon the filing of the Information Officer's Termination Certificate, KSV and Gowling shall be forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within proceedings, save and except for any gross negligence or wilful misconduct on the Information Officer's or Gowling's part.

23. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Information Officer or Gowling in any way arising from or related to its capacity or conduct as Information Officer or counsel to the Information Officer, as applicable, except with prior leave of this Court and on prior written notice to the Information Officer and Gowling.

GENERAL

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Foreign Representative, the Chapter 11 Debtors, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Chapter 11 Debtors and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Foreign Representative, the Chapter 11 Debtors and the Information Officer and their respective agents in carrying out the terms of this Order.

25. **THIS COURT ORDERS** that each of the Foreign Representative, the Chapter 11 Debtors and the Information Officer shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. on the date of this Order without the need for entry or filing of this Order.

SCHEDULE "A"

Final Critical Vendors Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 18, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
		Re: Docket No. 9

FINAL ORDER
(I) AUTHORIZING THE DEBTORS TO PAY
(A) CRITICAL VENDORS, (B) LIEN CLAIMANTS, AND
(C) 503(B)(9) CLAIMANTS; (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY OF OUTSTANDING ORDERS; AND (III) GRANTING RELATED RELIEF

Upon the Motion[2] filed by the above referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Final Order***") (i) authorizing the Debtors

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to the Vendors; (ii) confirming the administrative expense priority status and treatment of the Debtors' Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having entered the Interim Order; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Debtors are authorized, subject to this Final Order, to pay the prepetition Vendor Claims described in the Motion, in the ordinary course of business, as the Debtors determine to be necessary or appropriate, in an aggregate amount not to exceed $950,000 on a final basis as set forth in the categories and amounts set forth in the Motion. In the event the Debtors expect to exceed the aggregate amounts in any category as detailed in the Motion, the Debtors shall file a notice with the Court describing the category and overage amount prior to payment; *provided* that if the Debtors expect to exceed the aggregate amount of all Vendor Claims under

this Final Order, the Debtors shall file a separate motion seeking authority to exceed such aggregate amount.

2. As a condition to receiving any payment under this Final Order, a Vendor must maintain or apply, as applicable, Customary Trade Terms[3] during the pendency of these chapter 11 cases, which for the avoidance of doubt, the Debtors may not waive or modify. If a Vendor, after receiving a payment under this Final Order, ceases to provide goods or services on Customary Trade Terms, the Debtors may assert and request that the Court order: (i) that the payment of such Vendor Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover from such Vendor in cash, (ii) that the Vendor immediately return such payments in respect of its Vendor Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) upon recovery of such payment by the Debtors, such Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the applicable Vendor to their original positions, as if the payment of the Vendor Claim had not been made.

3. The form of Vendor Agreement, substantially in the form attached to the Motion as **Exhibit C**, is approved in its entirety. The Debtors are authorized to enter into Vendor Agreements with Vendors, in their discretion. To the extent that the Debtors do not enter into a Vendor Agreement with a Vendor, such Vendor's acceptance of payment on account of its Vendor Claim

[3] As used herein, "***Customary Trade Terms***" means, with respect to a Vendor, (i) the normal and customary trade terms, practices, and programs that were most favorable to the Debtors and in effect between such Vendor and the Debtors in the twelve-month period prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Vendor that, in the reasonable business judgment of the Debtors, are more favorable to the Debtors than the terms in the preceding clause (i).

shall be deemed as the Vendor's agreement to continue providing goods or services on Customary Trade Terms.

4. The Debtors are authorized to negotiate, modify, or amend the form of a Vendor Agreement (provided that any such modification or amendment must require the Vendor to provide the trade terms set forth above) and to settle all or some of the Vendor Claims for less than the face amount of such claims without further notice or hearing, each in the Debtors' reasonable business judgment.

5. The Debtors are authorized to require, as a further condition of receiving payment on a Vendor Claim, that a Vendor agree to take whatever action is necessary to remove any existing liens on the Debtors' property at such Vendor's sole cost and expense and waive any right to assert a trade lien on account of a paid Vendor Claim.

6. Any party that accepts payments from the Debtors on account of a Vendor Claim shall be deemed to have agreed to the terms and provisions of this Final Order. Notwithstanding anything to the contrary herein, prior to making any payment pursuant to this Final Order, the Debtors shall provide such Vendor with a copy of this Final Order (unless previously provided to such Vendor).

7. If any party accepts payment on behalf of a Vendor Claim under this Final Order, and such claim is determined by the Court after notice and hearing (i) in the case of a Lien Claim, not to give rise to a Lien or Interest or (ii) in the case of a 503(b)(9) Claim, not to give rise to a claim entitled to priority under section 503(b)(9) of the Bankruptcy Code, the Debtors are authorized to avoid such payment as a postpetition transfer under section 549 of the Bankruptcy Code, and the party who had accepted such payment shall be required to immediately repay to the Debtors any payment made to it on account of its asserted claim to the extent the aggregate amount

of such payments exceeds the postpetition obligations then outstanding, without the right of setoff, claims, or otherwise. Upon recovery of such payments by the Debtors, the obligations shall be reinstated as a prepetition claim in the amount so recovered.

8. All undisputed obligations arising from the Outstanding Orders shall receive administrative expense priority, and the Debtors are authorized to pay all undisputed obligations arising from the Outstanding Orders in their discretion and in the ordinary course of business consistent with the parties' prepetition customary practices.

9. Nothing herein shall impair or prejudice the Debtors' or any other party in interest's ability to contest the extent, perfection, priority, validity, or amount of any Vendor Claim.

10. Nothing herein shall prejudice the Debtors' ability to seek a further order from this Court authorizing the Debtors to exceed the aggregate amounts of Vendor Claims as set forth in the Motion and herein or any party in interest's right to contest such relief.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

12. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

13. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Vendor Claims.

14. The Debtors shall deliver to the Office of the United States Trustee for the Northern District of Texas a list of the Critical Vendors to be paid pursuant to this Order. Additionally, the Debtors shall maintain a matrix detailing all Vendor Claims paid or to be paid including (i) the name of each Vendor receiving a payment on account of a Vendor Claim; (ii) the amount paid to each Vendor on account of its Vendor Claim; and (iii) the goods or services provided by the Vendor. The Debtors shall provide this matrix to counsel for the Official Committee of Unsecured Creditors upon request.

15. For the avoidance of doubt, this Final Order does not authorize payments to insiders (as such term is defined in section 101(31) of the Bankruptcy Code) of the Debtors.

16. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

17. Notwithstanding anything in this Final Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the

extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

18. The requirements of Bankruptcy Rule 6004(a) are waived.

19. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon entry of this Final Order.

20. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

SCHEDULE "B"

Final Cash Management Order

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 20 & 72**

FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT SYSTEM AND MAINTAIN EXISTING BANK ACCOUNTS, (B) CONTINUE USING EXISTING CHECKS AND BUSINESS FORMS, (C) MAINTAIN THEIR CORPORATE CARD PROGRAM, AND (D) CONTINUE INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of a final order (i) authorizing the Debtors to: (a) continue to operate their Cash Management System and maintain existing Bank Accounts; (b) continue using their existing Checks and Business Forms; (c) maintain their Corporate Card Program; and (d) continue to engage in Intercompany Transactions and (ii) granting related relief, all as more fully set forth in the Motion and in the First Day Declaration; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having entered the Interim Order; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The Debtors are authorized, on a final basis, in the ordinary course of business and consistent with prepetition practices to (i) maintain and continue to operate the Cash Management System in accordance with the Motion, (ii) maintain and continue to use any or all of their existing Bank Accounts, including, but not limited to the Bank Accounts identified on **Exhibit C** to the

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

Motion; and (iii) deposit funds in and withdraw funds from any of the Bank Accounts by all usual means, including, but not limited to, checks, wire transfers, ACH transfers and debits, electronic fund transfers, and other debits; *provided*, that the Debtors will make a reasonable effort to request that JPMorgan designate all of the Bank Accounts maintained at JPMorgan as debtor-in-possession accounts; *provided*, *further*, that the Debtors shall provide notice to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender of any material changes to their Cash Management System (including, but not limited to, any prospective closing of Bank Accounts) within 14 days.

2. The Debtors shall have until June 24, 2024, to either convert or redesignate the Bank Accounts maintained at JPMorgan to debtor in possession accounts in compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines or to make such other arrangements as are agreed to by the U.S. Trustee or approved by the Court, subject to further extension.

3. The requirements of the U.S. Trustee Guidelines are hereby waived with respect to the Debtors' existing Bank Accounts at HSBC, and the Debtors are authorized to maintain and continue to use such Bank Accounts in the ordinary course of business; *provided*, *however*, that the Debtors shall use reasonable efforts to ensure that amounts in the Bank Accounts at HSBC do not exceed $250,000. The Debtors will attach the applicable HSBC account statements to their monthly operating reports, with account numbers redacted.

4. The Banks are each authorized and directed to maintain, service, and administer the Bank Accounts without interruption and in the ordinary course of business.

5. The Debtors are authorized to pay any undisputed, outstanding Bank Fees owed to the Banks as of the Petition Date and to continue to pay the Bank Fees in the ordinary course of business.

6. The Debtors are authorized to continue the Corporate Card Program and to pay any prepetition or postpetition amounts related thereto.

7. The Debtors are authorized to use, in their present form, the Checks and Business Forms, without reference to their status as debtors-in-possession or the case number assigned to these chapter 11 cases; *provided* that once the Debtors' existing Checks and Business Forms have been exhausted, the Debtors shall include, or direct others to include, the designation "Debtor in Possession" and the corresponding bankruptcy case number on all Checks and Business Forms as soon as it is reasonably practicable to do so.

8. The Debtors are authorized to enter into and engage in postpetition Intercompany Transactions in the ordinary course of business. Pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all Intercompany Claims as a result of any ordinary course postpetition Intercompany Transactions are hereby accorded administrative expense priority status; *provided*, that such administrative expense status claim shall be junior to any superpriority administrative expense status claim granted as part of the adequate protection given pursuant to the DIP Orders (as defined below). In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash in the ordinary course of business consistent with their practices prior to the Petition Date such that Intercompany Transactions can be readily ascertained and traceable; *provided, however*, that such records shall be made available upon request by counsel to the Prepetition Secured Lender, the U.S. Trustee, or any statutory committee appointed in these

Chapter 11 cases. To the extent that the transfers within the Cash Management System are disbursements, they will be noted and reflected on the monthly operating reports.

9. The Debtors will comply with the monthly operating report requirements (i) for reporting intercompany transactions and (ii) to report cash activity on an unconsolidated basis, in each case in accordance with the instructions for U.S. Trustee Form 11-MOR.

10. For the avoidance of doubt, nothing herein shall restrict or otherwise impair the Debtors' KKT Factoring Agreement or SDL Factoring Agreement with Coface (collectively, the "***Coface Factoring Agreements***"), including any deposit account control agreement or similar agreement in favor of Coface on the KKT USD Factoring Account, the KKT CAD Factoring Account, the SDL USD Factoring Account, and the SDL CAD Factoring Account (collectively, the "***Coface Factoring Accounts***"). The Banks may continue to honor any instructions received from Coface or the Debtors; *provided* that each of Coface and the Debtors shall act in accordance with the Coface Factoring Agreements, and any applicable deposit account control agreement, that certain Amended and Restated Lien Release Agreement made as of January 24, 2023 by and among Coface, Antares Capital, LP., as administrative agent and as collateral agent (the "***Agent***"), and KidKraft, Inc. (the "***KKT ARLRA***"); and that certain Amended and Restated Lien Release Agreement made as of January 24, 2023 by and among Coface, Agent, and Solowave Design LP (the "***Solowave ARLRA***" and collectively with the KKT ARLRA, the "***ARLRAs***"), or similar agreement; *provided further* that Coface shall pay all amounts owed to the Debtors into the Main Operating Account, the KKT CAD Operating Account, the SDL CAD Operating Account, and the SDL USD Operating Account, as applicable, or as otherwise agreed by Coface and the Debtors, and, for the avoidance of doubt, with respect to any transfers made by Coface pursuant to the

ARLRAs, Coface may treat the DIP Agent as successor-in-interest to the Agent under such ARLRAs.

11. The Debtors and PayPal Holdings, Inc. and its affiliates ("***PayPal***") are party to certain PayPal User Agreements (the "***User Agreements***") for, among other things the processing of payment transactions in exchange for a Processing Fee. The Debtors are authorized and directed to continue to operate under the User Agreements and shall be required to pay or reimburse PayPal for all obligations owed pursuant to the terms and conditions of the User Agreements, including fees, charges, refunds, chargebacks, reserves, and other amounts due and owing from the Debtors to PayPal, whether such obligations were incurred prepetition or postpetition. PayPal is authorized to receive and obtain payment for such obligations that the Debtors owe to it, as provided under and in the manner set forth in the User Agreements, including without limitation, by way of recoupment or setoff without further order of the Court regardless of whether such obligations arose prepetition or postpetition. Pursuant to the terms and conditions of the User Agreements, PayPal has and shall continue to have the right to setoff any and all obligations that the Debtors owe to it against the sale revenue it processes for the Debtors.

12. The Debtors are authorized to continue to use in the ordinary course of business the Corporate Card Program provided to the Debtors by JPMorgan Chase Bank, N.A. and its affiliates (collectively "***JPM***"), to honor all past and future obligations arising under the Corporate Card Program (the "***Corporate Card Obligations***"), and to make timely payments to JPM in respect of Corporate Card Obligations, including making payments on account of charges that were made under the Corporate Card Program prior to the Petition Date. The Debtors are further authorized to continue to maintain the Bank Account ending in 1720 (the "***Corporate Card Account***") at JPM for purposes of cash collateralizing the Corporate Card Obligations and all cash from time to time

on deposit in the Corporate Card Account shall remain subject to an exclusive first priority lien in favor of JPM as security for the Corporate Card Obligations. In the event the Debtors fail to make any timely payment to JPM in respect of the Corporate Card Obligations, JPM is authorized, in its discretion, to terminate the Corporate Card Program and/or to debit the Corporate Card Account for the amount of any unpaid Corporate Card Obligations, without further order of the Court; provided, however, that any such termination (a) must be consistent with the terms and provisions of the agreement between the Debtors and JPM governing the Corporate Card Program, and (b) must not be effectuated on less than ten days advanced written notice to the Debtors. To the extent necessary, JPM is hereby granted relief from the stay imposed under Bankruptcy Code Section 362 for purposes of this paragraph.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

14. The Banks are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

15. Any bank, including the Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, payment order, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors such a prepetition check, draft, wire, payment order, or other transfer drawn on any Bank Account (i) at the direction of the Debtors or (ii) in a good-faith belief that this Court has authorized such prepetition check, draft, wire, payment, or other transfer to be honored shall

be deemed to be, nor shall be, liable to the Debtors or their estates or any other party on account thereof or otherwise be deemed to be in violation of this Final Order.

16. The Debtors are authorized to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these chapter 11 cases with respect to prepetition amounts that are authorized to be paid pursuant to this Final Order.

17. The Debtors are authorized to open new bank accounts; *provided, however*, that all accounts opened by the Debtors on or after the Petition Date shall be at depositories that are (i) insured by the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee Guidelines, and (iii) with a bank that agrees to be bound by the terms of this Final Order; *provided further, however*, that such opening shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, any statutory committee appointed in these chapter 11 cases, and counsel to the Prepetition Secured Lender within 14 days.

18. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' or any party in interest's rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion or any proposed order, a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

19. Notwithstanding anything in this Final Order to the contrary, any payment to be made, or any authorization contained hereunder, shall be subject to the terms of any orders authorizing debtor-in-possession financing or the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any approved budget governing or relating to such use) (such order, collectively with any such approved budget, the "***DIP Order***"); and to the extent there is any inconsistency between the terms of such DIP Order and any action taken or proposed to be taken hereunder, the terms of such DIP Order shall control.

20. The requirements of Bankruptcy Rule 6004(a) are waived.

21. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon entry of this Final Order.

22. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

SCHEDULE "C"

Final DIP Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	
	§	**(Jointly Administered)**
	§	**Re: Docket Nos. 22, 23, 96, & 167**

FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364, AND 507 AND FED. R. BANKR. P. 2002, 4001 AND 9014 (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO OBTAIN POSTPETITION SENIOR SECURED SUPERPRIORITY FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES, (V) MODIFYING THE AUTOMATIC STAY, AND (VII) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), and 364(d) of title 11 of the United States Code (the "***Bankruptcy Code***"), and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "***Bankruptcy Rules***"), and the General Order Regarding Procedures for Complex Cases (the "***Complex Case Procedures***") made applicable by Rules 4001-1 and 9013-1 of the Local Bankruptcy Rules (the "***N.D. Tex. L.B.R.***") for the United States Bankruptcy Court for the Northern District of Texas (the "***Court***") *inter alia* seeking, entry of the Interim Orders (as defined below) and this final order (this "***Final Order***")[2] among other things:

(1) authorization for KidKraft, Inc. ("***KidKraft***" or "***Borrower***") to obtain, and for KidKraft Intermediate Holdings, LLC ("***HoldCo***", and together with the other Guarantors listed in Schedule 1 of the DIP Term Sheet, the "***Guarantors***") to guarantee, unconditionally, on a joint and several basis, a senior secured super-priority multi-draw debtor-in-possession term loan credit facility (the "***DIP Facility***") on the terms and conditions set forth in the Priming Superpriority Debtor-In-Possession Financing Term Sheet, dated as of April 25, 2024, attached hereto as **Exhibit A** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein and including the references to the Prepetition Credit Agreement (as defined below) specified therein, the "***DIP Term Sheet***"),[3] by and among the Borrower, the Guarantors, GB Funding, LLC, as DIP Agent ("***DIP Agent***"), and 1903 Partners,

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[2] In the event of an express conflict between the terms and conditions of the DIP Documents, the Interim Orders, or this Final Order, the provisions of this Final Order shall control. Except as specifically amended, supplemented, or otherwise modified hereby, all of the provisions of the Interim Orders shall remain in full force and effect and are hereby ratified by this Final Order.

[3] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion or the DIP Term Sheet, as applicable.

LLC, as DIP Lender ("***DIP Lender***," and, together with the DIP Agent, the "***DIP Secured Parties***"), and the other DIP Documents (as defined below) consisting of: (i) $5.5 million of new money loans (the "***Interim DIP Commitment***") to be provided following entry of the Interim Orders by DIP Lender, (ii) $5.0 million of new money loans ("***Final DIP Commitment***") following entry of this Final Order by DIP Lender; (iii) $23.3 million of Prepetition Obligations, which will be deemed to have been advanced and shall convert into DIP Loans on a dollar-for-dollar cashless basis upon entry of this Final Order (the "***Roll-Up Amount***", and together with the Interim DIP Commitment and Final DIP Commitment, the "***DIP Commitment***"), and in accordance with this Final Order, secured by perfected senior priority security interests in and liens on the DIP Collateral (as defined below) pursuant to §§ 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code (subject to the Carve-Out and the Permitted Liens (each as defined below));

(2) authorization for Borrower and Guarantors to remit all collections, asset proceeds and payments to the DIP Secured Parties for application, or deemed application, first to the repayment of all DIP Obligations (as defined below) in accordance with the DIP Term Sheet and the other DIP Documents until such obligations are fully repaid, and then to the Prepetition Secured Parties for application until all Prepetition Obligations (as defined below) are fully repaid;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to DIP Agent, for the benefit of itself and DIP Lender, in respect of all DIP Obligations (subject to the Carve-Out);

(4) as set forth below, subject to Section 4.1 of this Final Order, approval of certain stipulations by the Debtors as set forth in this Final Order in connection with the Prepetition Credit Agreement;

(5) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under the DIP Documents as such become due, including, without limitation, continuing commitment fees, closing fees, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented fees and disbursements of DIP Agent's and DIP Lender's respective attorneys, advisors, accountants and other consultants, all to the extent provided in, and in accordance with, the applicable DIP Documents;

(6) as set forth below, authorizing the Debtors to use Cash Collateral and all other Prepetition Collateral and to provide adequate protection to Prepetition Agent and Prepetition Lender (each in their respective capacities under the Prepetition Loan Documents (as defined below)), to the extent set forth herein;

(7) waiving the Debtors' right to assert claims to surcharge against the DIP Collateral pursuant to § 506(c) of the Bankruptcy Code;

(8) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Final Order to the extent hereinafter set forth; and

(9) the granting of related relief.

The initial hearing on the Motion having been held by the Court on May 13, 2024 (the "***Interim Hearing***"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], the *Declaration of*

Carl Moore, Manager of SierraConstellation Partners, LLC in Support of the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing [Docket No. 33], and the filings and pleadings in the above-captioned chapter 11 cases (the "***Chapter 11 Cases***"); and the Court having entered the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 96] (the "***First Interim Order***"); the *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 (I) Authorizing Debtors and Debtors in Possession to Obtain Postpetition Senior Secured Superpriority Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 167] (together with the First Interim Order, the "***Interim Orders***"); and upon the record made by the Debtors at the hearing held on June 17, 2024 (the "***Final Hearing***"); and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest, and represents a sound exercise of the Debtors' business judgment and is essential for the continued operation of the Debtors' businesses; notice of the Motion, the relief requested therein, and the Final Hearing (the "***Notice***") was sufficient under the circumstances; the Notice having been served by the Debtors in accordance with Bankruptcy Rules 4001 and 9014 and the Local Rules on (i) the administrative agent under

the Prepetition Credit Agreement (the "***Prepetition Agent***"), (ii) Katten Muchin Rosenman LLP, as counsel to the Prepetition Agent, (iii) the Office of the U.S. Trustee for the Northern District of Texas (the "***U.S. Trustee***"), (iv) King & Spalding LLP, as counsel to the buyer under the Debtors' prepetition asset purchase agreement (the "***APA***"), (v) counsel to the Official Unsecured Creditors' Committee (the "***Committee***"); (vi) the Internal Revenue Service and applicable state taxing authorities; (vii) any party that has asserted or may assert a lien in the Debtors' assets, (viii) the office of attorneys general for the states in which the Debtors operate; (ix) the United States Attorney's Office for the Northern District of Texas, (x) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002, (xi) the United States Securities and Exchange Commission, (xii) all other applicable government agencies to the extent required by the Bankruptcy Rules or the N.D. Tex. L.B.R, and (xiii) the DIP Lender (collectively, the "***Notice Parties***"); and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[4]:

A. Petition. On May 10, 2024 (the "***Petition Date***"), each Debtor filed a voluntary petition (each, a "***Petition***") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

[4] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. Disposition. The Motion is hereby granted in accordance with the terms of this Final Order. Any objections to the Motion with respect to the entry of the Final Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. Committee Formation. On May 23, 2024, the U.S. Trustee formed the Committee in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code [Docket No. 120].

E. Global Settlement. On June 17, 2024, the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, MidOcean Partners IV, L.P., and MidOcean US Advisor, L.P. entered into the *Global Settlement Term Sheet* [Docket No. 195] the ("***Global Settlement***"), which secured the Committee's support for this Final DIP Order.

F. Basis for Relief. The statutory and legal predicates for the relief sought herein include sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

G. Notice. Proper, timely, adequate, and sufficient notice of the Motion has been provided under the circumstances in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Final Hearing or the entry of this Final Order shall be required.

H. Debtors' Acknowledgments, Stipulations, and Agreements. After consultation with their attorneys and financial advisors, and without prejudice to the rights of the Committee

or other parties-in-interest as and, subject to Section 4.1 of this Final Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that:

(a) Prepetition Stipulations

(i) Prepetition Loan Documents. Prior to the commencement of the Chapter 11 Cases, Prepetition Agent and Prepetition Lender made loans, advances and provided other financial accommodations to Borrower and KidKraft Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the "***Dutch Borrower***"), jointly and severally with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement), Guarantors and certain of their non-Debtor affiliates (the Dutch Borrower, together with the other non-Debtor affiliates party to the Prepetition Credit Agreement, "***Non-Debtor Loan Parties***"), pursuant to the terms and conditions set forth in (1) that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020 (as amended, supplemented, or otherwise modified prior to the Petition Date, the "***Prepetition Credit Agreement***"); (2) that certain Amended and Restated First Lien Security Agreement as of dated April 3, 2020 by and among Borrower, the Guarantors, and the Non-Debtor Loan Parties (the Non-Debtor Loan Parties, together with the Borrower and the Guarantors, the "***Grantors***") and Prepetition Agent, as Secured Party (as amended, supplemented, or otherwise modified prior to the Petition Date, including the *Security Agreement Supplement*, dated January 30, 2024, the "***Prepetition Security Agreement***"); and (3) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of Prepetition Agent or Prepetition Lender in connection with the Prepetition Credit Agreement or the Prepetition Security Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements and all other related agreements, documents and

instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Prepetition Credit Agreement and the Prepetition Security Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "***Prepetition Loan Documents***").

(ii) Prepetition Obligations. As of the Petition Date, the Borrower, Guarantors and Non-Debtor Loan Parties were indebted, jointly and severally, to Prepetition Agent and Prepetition Lender under the Prepetition Loan Documents in respect of outstanding Loans (as defined in the Prepetition Credit Agreement) in an aggregate principal amount of not less than $144.9 million, plus all other Obligations (as defined in the Prepetition Credit Agreement), plus interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto (collectively, the "***Prepetition Obligations***"). The Prepetition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Borrower, Guarantors, and the Non-Debtor Loan Parties and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and the Debtors do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, cause of action, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Final Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Prepetition Obligations or liens and security interest securing the same described in clause (G)(a)(iii) below, including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (equitable

or otherwise) pursuant to the Bankruptcy Code or applicable non- bankruptcy law. The Debtors and their estates (a) have no claims, objections, challenges, causes of action, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code or applicable state law equivalents or actions for recovery or disgorgement, against Prepetition Agent or Prepetition Lender or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Prepetition Loan Documents or Prepetition Obligations; and (b) have waived, discharged, and released any right to challenge any of the Prepetition Obligations, including the priority of the Prepetition Obligations, and the validity, extent, and priority of the liens securing the Prepetition Obligations.

(iii) Prepetition Collateral. As of the Petition Date, the Prepetition Obligations were fully secured pursuant to the Prepetition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens (except, in the case of perfection, for (A) Excluded Accounts and (B) commercial tort claims, letter of credit rights, certificate of title vehicles, and other assets, in each case of this clause (B), to the extent expressly excluded from the requirement to perfect liens thereon pursuant to the Prepetition Loan Documents) (the "***Prepetition Liens***") granted by Borrower, Guarantors, and the Non-Debtor Loan Parties for fair consideration and reasonably equivalent value to DIP Agent, for the benefit of itself and DIP Lender under the Prepetition Loan Documents, in and upon all of the of the Debtors' and Non-Debtor Loan Parties' assets and property other than Excluded Assets, Excluded Receivables, and Consumer Goods (as each such term is defined in the Prepetition Credit Agreement) (collectively, the "***Prepetition Collateral***"), including all cash of the Debtors, wherever located, and all cash equivalents, including any cash in deposit accounts of the Debtors (other than Excluded Accounts), in each case, whether as Prepetition Collateral or which represents income,

proceeds, products, rents or profits of non-cash Prepetition Collateral (collectively, the "***Cash Collateral***"), subject only to the liens permitted under Section 7.01 of the Prepetition Credit Agreement to the extent that such security interests, liens or encumbrances are (A) valid, perfected and non-avoidable security interests, liens or encumbrances securing valid, binding and unavoidable debt permitted under the Prepetition Loan Documents, and (B) senior to, have not been, and are not subject to being subordinated to the Prepetition Liens or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding. The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description, whether arising at law or in equity, including any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or chapter 5 (including, without limitation, sections 510, 544, 547, 548, 549 or 550) of the Bankruptcy Code or under any other similar provisions of applicable state or federal law, that would in any way affect the validity, enforceability and non-avoidability of any of Prepetition Agent's and Prepetition Lender's liens, claims or security interests in the Prepetition Collateral.

(iv) Default by the Debtors. The Debtors acknowledge and stipulate that one or more Events of Default (as defined in the Prepetition Credit Agreement) have occurred and are continuing as of the date hereof.

(v) Proof of Claim. The acknowledgment by the Debtors of the Prepetition Obligations and the liens, rights, priorities and protections granted to or in favor of Prepetition Agent and Prepetition Lender in respect of the Prepetition Collateral as set forth herein and in the Prepetition Loan Documents shall be deemed a timely filed proof of claim on behalf of Prepetition Agent and Prepetition Lender in these Chapter 11 Cases.

(vi) Indemnity. The DIP Agent, DIP Lender, and Prepetition Secured Parties have acted in good faith, without negligence or violation of public policy or law, in respect of all actions taken by them in connection with or related in any way to negotiating, implementing, or obtaining the requisite approvals of the DIP Facility and the use of Cash Collateral, including in respect of granting DIP Liens, any challenges or objections to the DIP Facility or the use of Cash Collateral, and all documents related to any and all transactions contemplated by the foregoing. Accordingly, each of the Prepetition Secured Parties and the DIP Secured Parties shall be and hereby are indemnified and held harmless by the Debtors in respect of any claim or liability incurred in respect thereof of in any way related thereto, provided that no such parties will be indemnified for any cost, expense, or liability to the extent determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from such parties' bad faith, gross negligence, fraud, or willful misconduct. No exception or defense exists in contract, law, or equity to the Debtors' obligation under this paragraph to indemnify and/or hold harmless each of the Prepetition Secured Parties and the DIP Secured Parties. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

(vii) Release. Each Debtor, on behalf of itself and its successors and assigns, and their respective agents, officers, directors, employees, attorneys, professionals, predecessors, successors, and assigns (collectively, the "***Releasors***"), hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit each of the Prepetition Agent and Prepetition Lender and each of their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***Prepetition Releasees***") of and from any

and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any Prepetition Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the Prepetition Obligations, the Prepetition Loan Documents, or the Prepetition Liens.

(viii) Non-Debtor Loan Parties. The Dutch Borrower and the Borrower are jointly and severally liable with respect to the Priority Revolving Loans (as defined in the Prepetition Credit Agreement) and each of the other Non-Debtor Loan Parties and the Debtors are jointly and severally liable with respect to the Prepetition Obligations, which obligations were

reaffirmed pursuant to that certain Reaffirmation Agreement, dated May 16, 2024, by and among KidKraft Netherlands B.V., KidKraft Europe LLC, Kidkraft Holdings B.V., and GB Funding, LLC.

I. Findings Regarding the DIP Financing.

(i) DIP Financing. The Debtors have requested from the DIP Secured Parties, and the DIP Secured Parties are willing, to extend certain loans, advances and other financial accommodations on the terms and conditions set forth in this Final Order, the DIP Term Sheet and the other DIP Documents, respectively.

(ii) Need for DIP Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business without the financing requested in the Motion. The Debtors' ability to pay their vendors, suppliers, and employees, and to otherwise fund their operations is essential to the preservation and maintenance of the going concern value of each Debtor and consummation of the Backyard Sale and the Plan. Accordingly, the Debtors need to enter into the DIP Facility in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "***Estates***").

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code. The Debtors have been unable to procure the necessary financing on terms

more favorable, taken as a whole, than the DIP Facility. In light of the foregoing, and considering all alternatives, the Debtors have reasonably and properly concluded, in the exercise of their sound business judgment, the DIP Facility represents the best financing available to the Debtors at this time, and are in the best interests of the Debtors, their respective Estates, and all of their stakeholders.

(iv) Initial Budget. The Debtors have prepared and delivered to DIP Agent and DIP Lender a nine-week budget (the "***Initial Budget***" and each subsequent approved budget pursuant to section 1.8 hereof, an "***Approved Budget***") reflecting the Debtors' anticipated cash receipts and anticipated disbursements for each calendar week for the covered periods, a summary of which is attached hereto as **Exhibit B**. The Approved Budget was prepared by the Debtors, with the assistance of their professional advisors and management, and the Debtors represent that the Approved Budget is achievable in accordance with the terms of the DIP Documents and this Final Order. DIP Agent and DIP Lender are relying upon the Debtors' compliance with the Approved Budget in accordance with this Final Order in determining to enter into the DIP Facility.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Documents and this Final Order are fair, just and reasonable under the circumstances, ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Documents, the Interim Orders, and this Final Order have been negotiated in good faith and at arms' length by and among the Debtors and DIP Agent, with all parties being represented by competent counsel. Any credit extended under the terms of the Interim Orders or this Final Order shall be deemed to have been extended in "good faith" by DIP Agent and DIP Lender, as that term is used in section 364(e)

of the Bankruptcy Code and the DIP Obligations, the DIP Liens, and the DIP Superpriority Claim are entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Final Order or any provision hereof is vacated, reversed, or modified on appeal or otherwise.

(vi) Credit Bid Rights. To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any sales occurring under or pursuant to section 363 of the Bankruptcy Code, a plan of reorganization or plan of liquidation under section 1129 of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code (any of the foregoing sales or dispositions, a "***Sale***"), (a) DIP Agent (on behalf of their respective DIP Secured Parties) shall have the right to credit bid, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) the Prepetition Agent (on behalf of and at the written direction of the Prepetition Secured Parties) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Obligations, (c) DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective Secured Parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and Prepetition Obligations, respectively, and (d) each of the Debtors hereby acknowledge and agree that they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, as applicable, up to the full amount of the DIP Obligations and Prepetition Obligations, respectively.

(vii) Sections 506(c) and 552(b) Waivers. As material inducement to (a) the DIP Secured Parties' agreement to provide the DIP Facility and the Prepetition Secured Parties' consent to the use of Cash Collateral in accordance with the Approved Budget, (b) the DIP Secured Parties' agreement to subordinate the DIP Liens and the DIP Superpriority Claim to the Carve-Out, and (c) the Prepetition Secured Parties' agreement to subordinate the Prepetition Liens, Prepetition Replacement Lien and the Prepetition Adequate Protection Superpriority Claim to the Carve-Out, the DIP Liens, and the DIP Superpriority Claim, each of the DIP Secured Parties and the Prepetition Secured Parties are entitled to receive (1) a waiver of any equities of the case exceptions or claims under section 552(b) of the Bankruptcy Code and a waiver of unjust enrichment and similar equitable relief as set forth below, and (2) a waiver of the provisions of section 506(c) of the Bankruptcy Code.

(viii) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and ongoing operations in anticipation of the consummation of the Backyard Sale and Plan, (2) preserve and maximize the value of the Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(ix) Adequate Protection. The Prepetition Secured Parties are entitled, pursuant to sections 361, 362, 363, and 364 of the Bankruptcy Code, to receive adequate protection to the extent of any Diminution in Value of their respective interests in the Prepetition Collateral (including Cash Collateral), to the extent set forth in the Final Order.

(x) Immediate Entry. Sufficient cause exists for immediate entry of this Final Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11 Cases has filed or made an objection to the relief sought in the Motion or the entry of this Final Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled. Based upon the foregoing, and after due consideration and good cause appearing therefor.

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Final Order. Except as otherwise expressly provided in this Final Order, any objection to the entry of this Final Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrower is hereby authorized and empowered to immediately borrow and obtain DIP Loans and to incur indebtedness and other Obligations (as defined in the DIP Term Sheet) (collectively referred to as the "***DIP Obligations***"), and the Guarantors are hereby authorized to guarantee such DIP Obligations, all pursuant to the terms and conditions of this Final Order, the DIP Term Sheet, and the other DIP Documents, up to an aggregate amount equal to the DIP Commitment, plus the Roll-Up Amount. Subject to the terms and conditions contained in this Final Order and the DIP Documents, the Debtors shall use the proceeds of the DIP Loans and other credit and financial accommodations provided by DIP Agent and DIP Lender under the DIP Term Sheet and the other DIP Documents solely for payment of expenses set forth in the Approved Budget and all interest, costs, fees, amounts, and other obligations owing to the DIP Secured Parties in accordance with the terms and conditions of the DIP Documents and this Final Order.

1.3 Financing Documents

(a) Authorization. The Debtors are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Term Sheet and the other DIP Documents; provided that any additional DIP Documents entered into following entry of this Final Order shall be filed on the docket of these Chapter 11 Cases, and parties in interest shall have seven (7) days to object to such additional DIP Documents. If no objection to such additional DIP Documents is filed within such seven (7) days, unless the Court rules otherwise, such DIP Documents shall be deemed approved by this Court. If any objection is filed within such seven (7) day period, the Court shall hold an emergency hearing to consider approval of such DIP Document. Upon execution and delivery of the DIP Term Sheet and the other DIP Documents, such agreements and documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of such agreements, documents and this Final Order. No obligation, payment, transfer or grant of security arising under the DIP Term Sheet, the other DIP Documents or this Final Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under § 502(d) of the Bankruptcy Code), or be subject to any defense, reduction, setoff, recoupment or counterclaim. The Debtors are hereby authorized and directed to pay, in accordance with this Final Order, the principal, interest, fees, expenses and other amounts described in the DIP Documents as such become due and without need to obtain further Court approval, including, without limitation, monitoring fees, agency fees, alternate transaction fees, closing fees, unused facility fees, continuing commitment fees, backstop fees, exit fees, servicing fees, yield maintenance premiums, audit fees, appraisal fees, liquidator fees, structuring fees, administrative agent's fees, the reasonable and documented fees and

disbursements of the DIP Secured Parties' attorneys, advisors, accountants, and other consultants, whether or not such fees arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated, to implement all applicable reserves and to take any other actions that may be necessary or appropriate, all to the extent provided in this Final Order or the DIP Documents. Upon execution and delivery, the DIP Term Sheet and other DIP Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their Estates in accordance with their terms.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Documents (including, without limitation, the DIP Term Sheet) are approved to the extent necessary to implement the terms and provisions of this Final Order. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Debtors, DIP Agent and DIP Lender, and (b) each Debtor's assumption and adoption of all of the terms, conditions, and covenants of the DIP Term Sheet and the other DIP Documents for all purposes, including, without limitation, to the extent applicable, the payment of all DIP Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of DIP Agent's and DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, as more fully set forth in the DIP Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Term Sheet and the other DIP Documents, Debtors and DIP Agent may amend, modify, supplement or waive any provision of the DIP Documents (a "***DIP Amendment***") without further approval or order of the Court, so long as (a) such DIP Amendment is not materially burdensome on the Debtors or their Estates, and is undertaken in good faith by DIP Agent, DIP Lender and the

Debtors; (b) the Debtors provide prior written notice of the DIP Amendment (the "***DIP Amendment Notice***") to the U.S. Trustee and counsel to the Committee, and (c) the Debtors file the DIP Amendment Notice with the Court; provided, however, that neither consent of the parties notified pursuant to section (b) hereof nor approval of the Court will be necessary to effectuate any such amendment, modification or supplement; provided, further, that any amendment under this Section 1.3(c) shall be consistent with the terms of the Global Settlement until the occurrence of a Denial/Withdrawal. Any material DIP Amendment to the DIP Documents must be approved by the Court to be effective.

1.4 Payment of Prepetition Debt. The Debtors are authorized to repay all Prepetition Obligations in accordance with the DIP Term Sheet, the other DIP Documents and this Final Order, including, without limitation, Sections 1.5 and 1.6 of this Final Order.

1.5 Payments and Application of Payments & DIP Collateral Proceeds; Roll-Up. The Debtors are authorized and directed to make all payments and transfers of Estate property to DIP Agent as provided for, permitted and/or required under the DIP Term Sheet and the other DIP Documents, which payments and transfers shall not be avoidable or recoverable from DIP Agent or DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. All proceeds of the DIP Collateral (as defined herein) received by DIP Agent or DIP Lender, and any other amounts or payments received by DIP Agent or DIP Lender in respect of the DIP Obligations, may be applied or deemed to be applied by DIP Agent, in its discretion, first, to the indefeasible repayment of the DIP Obligations, and then to the indefeasible repayment in full of the Prepetition Obligations, all in accordance with the DIP Term Sheet, the other DIP Documents and this Final Order. Without limiting the

generality of the foregoing, the Debtors are authorized without further order of the Court to pay or reimburse DIP Agent and DIP Lender for future costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by DIP Agent or DIP Lender in connection with the financing transactions as provided in this Final Order and the DIP Documents, all of which shall be and are included as part of the principal amount of the DIP Obligations and secured by the DIP Collateral.

1.6 Continuation of Prepetition Procedures. Except to the extent expressly set forth in the DIP Documents, all prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral (as defined herein), the turnover of cash, the delivery of property to Prepetition Agent and Prepetition Lender, and any blocked depository bank account arrangements, are hereby approved and shall continue without interruption after the commencement of the Chapter 11 Cases.

1.7 Indemnification. The Debtors are authorized to indemnify and hold harmless each of the Prepetition Secured Parties and DIP Secured Parties, each of their respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders and employees, past, present, and future, and their respective heirs, predecessors, successors and assigns in accordance with, and subject to the terms of, the DIP Documents, which indemnification is hereby authorized and approved. The Court retains exclusive jurisdiction to determine amounts of any indemnification claims arising from the DIP Documents unless such amounts are *de minimis*.

1.8 Approved Budget; Permitted Variances; Debtor Professional Reports.

(a) The Debtors shall use Cash Collateral and the proceeds of the DIP Facility solely in accordance with the Approved Budget and the DIP Documents. Commencing on the Monday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time) and continuing on the two (2)-week anniversary thereafter (or such other times as the Debtors may elect with the consent of DIP Lender and Backyard Products, LLP (the "***Purchaser***")), the Debtors shall deliver to DIP Agent, the Committee, and the U.S. Trustee an updated budget with the form and level of detail set forth in the Initial Budget, and shall include, weekly basis cash revenues, receipts, expenses, professional fees and other disbursements (including, without limitation, any payments with respect to real property leases), net cash flows, inventory receipts and other items on a line item basis (including all necessary and required expenses that the Debtors expect to incur and anticipated uses of proceeds of draws under the DIP Facilities). If such budget is in form and substance satisfactory to DIP Agent in its sole discretion and consented to by the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts (as defined in the APA) or which impact the Purchase Price (as defined in the APA), for which such consent shall be in the discretion of the Purchaser), it shall constitute the "Approved Budget" for purposes of this Final Order. Any amendments, supplements or modifications to the Approved Budget shall be subject to the prior written approval of DIP Lender in its sole discretion and the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned, or delayed, other than line items of the budget pertaining to the Reimbursement Amounts or which impact the Purchase Price, for which such consent shall be in the discretion of the Purchaser), prior to the implementation thereof.

Notwithstanding anything herein, Purchaser shall not have any consent rights with respect to the Approved Budget following any breach by Purchaser of the APA or termination of the APA.

(b) Commencing on the Wednesday of the first full calendar week after the Petition Date at 5:00 p.m. (Central Time), and on a weekly basis thereafter (or at such other times as the Debtors may elect with the consent of DIP Lender) the Debtors shall deliver to DIP Lender and the Committee a variance report in form and substance reasonably acceptable to DIP Lender (an "***Approved Variance Report***") showing comparisons of actual results for each line item against such line item in the Approved Budget. Thereafter, the Debtors shall deliver to DIP Lender and the Committee, an Approved Variance Report on a weekly basis for (a) the preceding week, and (b) the trailing four (4) week period (or, if fewer than four (4) weeks have lapsed since the Petition Date, then for the trailing one, two or three week period, as applicable). Any amendments, supplements or modifications to an Approved Variance Report shall be subject to the prior written approval of DIP Lender in its sole discretion.

(c) Each Approved Variance Report shall indicate whether there are any adverse variances that exceed any of the Permitted Variances. "***Permitted Variances***" shall mean variances: (a) up to 15% of the aggregate for all cash disbursements line-items in the Approved Budget (other than fees and expenses of counsel to the DIP Secured Parties and Professional Persons), (b) less than 20% of the aggregate for all cash receipts in the Approved Budget, and (c) up to 15% of all fees and expenses incurred on a per-Professional Person basis (the "***Professional Fee Variance***"), in each case calculated weekly on a rolling four (4) week basis commencing as of the Petition Date, with the first such testing of (a) and (b) to begin three (3) weeks from the Petition Date, and the Professional Fee Variance testing set forth in (c) shall be

performed weekly beginning the week following the Petition Date and not on a rolling four (4) week basis.

(d) If any Professional Person exceeds the Professional Fee Variance, such Professional Person will make a representative available to meet and confer with DIP Lender as soon as practicable and no later than two (2) Business Days after delivery of such Approved Variance Report, to discuss a good faith modification to the Approved Budget (the "***Meet and Confer***"). If DIP Lender and such Professional Person cannot mutually agree on a modification following the Meet and Confer, DIP Lender may, in its sole discretion, declare an Event of Default, consistent with the provisions herein. All fees and expenses of the Committee Professionals (as defined below) incurred in accordance with the Approved Budget and Global Settlement shall be funded into the Funded Reserve Account (as defined below) on a weekly basis.

(e) Commencing on the Monday of the first full calendar week after the Petition Date and continuing weekly thereafter, each Debtor Professional shall submit a report of the prior week's accrued fees and expenses to the DIP Agent (the "***Debtor Professional Report***"). The DIP Agent shall review the Debtor Professional Reports, may test the accrued fees and expenses in the Debtor Professional Report against the Professional Fee Variance, and must submit a written objection (if any) to the applicable Debtor Professional no later than two (2) Business Days following delivery of the Debtor Professional Report (the "***Review Period***"). If the DIP Agent does not submit a written objection at the close of the Review Period, the Debtors shall fund the full amount of accrued fees and expenses in such Debtor Professional Report into the Funded Reserve Account. If the DIP Agent submits a written objection to the Debtor Professional Report prior to the end of the Review Period, the DIP Agent and the applicable Debtor Professional shall conduct a Meet and Confer within two (2) Business Days. At the conclusion of the Meet and

Confer, if the DIP Agent elects to declare an Event of Default, the Debtors shall only fund an amount not to exceed 150% of such Debtor Professional's budgeted amount as set forth in the Approved Budget for the period covered by such Debtor Professional Report. For the avoidance of doubt, any Event of Default or other action taken by the DIP Agent shall not impact any amounts previously funded in the Funded Reserve Account in compliance with the procedures herein. For the avoidance of doubt, the DIP Agent's request for a Meet and Confer shall not (in and of itself absent an Event of Default declaration) impact any terms of the DIP Documents, including any subsequent reporting and testing as set forth herein, nor the DIP Secured Parties' obligations to loan and the Debtors' obligations to fund the Funded Reserve Account in accordance with the DIP Documents after a Meet and Confer is requested.

Section 2. DIP Liens; Superpriority Administrative Claim Status.

2.1 DIP Liens.

(a) Granting of DIP Liens. To secure the prompt payment and performance of any and all DIP Obligations of the Debtors to DIP Agent and DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, DIP Agent, for the benefit of itself and DIP Lender, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first-priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Estates may have (subject only to the Carve-Out and the Permitted Liens), in and upon all assets and property (whether tangible, intangible, real, personal or mixed), wherever located, whether now owned or owing to, or hereafter acquired by, or arising in favor of each Debtor and its respective chapter 11 estate, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, Cash Collateral, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, equity interests, intellectual property, and the proceeds of any avoidance

actions under chapter 5 of the Bankruptcy Code (all of the foregoing collectively, the "***DIP Collateral***"). The DIP Collateral shall also include any rents, issues, products, proceeds, and profits generated by any item of DIP Collateral, without the necessity of any further action of any kind or nature by DIP Agent to claim or perfect such rents, issues, products, or proceeds. For the avoidance of doubt, the DIP Collateral constituting the proceeds of any avoidance actions under chapter 5 of the Bankruptcy Code shall be subject to the terms of the Global Settlement until the occurrence of a Denial/Withdrawal.[5]

(b) Priority of DIP Liens. The liens and security interests of DIP Agent and DIP Lender granted under the DIP Documents and this Final Order on the DIP Collateral securing all DIP Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral shall be subject only to (a) such priming liens or interests imposed by applicable non-bankruptcy law that are in existence as of the Petition Date, and are otherwise unavoidable (collectively, "***Permitted Liens***") and (b) the Carve-Out. The right of a seller of goods to reclaim any goods whether under section 546(c) of the Bankruptcy Code or otherwise shall not be a Permitted Lien or Prepetition Lien; rather, any such alleged claim arising or asserted as a right of reclamation shall have the same rights and priority with respect to the DIP Liens, Prepetition Liens and Prepetition Payment Liens, as such claims had with respect to the Prepetition Liens.

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[5] "***Denial/Withdrawal***" means the Court's denial or the Debtors' withdrawal from the Global Settlement, withdrawal of support from the Plan or the filing an Amended Plan that is materially inconsistent with the Global Settlement as to the treatment of unsecured creditors.

(c) Right of Repayment. The right of DIP Agent and DIP Lender to repayment in accordance with the DIP Documents and this Final Order from the sale or other disposition of the DIP Collateral, or any proceeds thereof, shall be first and senior in priority to all other rights of repayment of every kind, nature, and description (other than the Carve-Out).

(d) Perfection of DIP Liens and Prepetition Replacement Lien. This Final Order shall be sufficient and conclusive evidence of the priority, perfection and validity of all liens and security interests granted herein, including the DIP Liens and the Prepetition Replacement Lien, which shall be effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including without limitation control agreements with any deposit bank or with any other financial institution(s) holding a depository account or other account consisting of or containing Collateral (a "***Perfection Act***"). Notwithstanding the foregoing, if DIP Agent or Prepetition Agent, as applicable, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then such DIP Agent or Prepetition Agent is authorized to perform such act, and the Debtors and Guarantors are authorized to perform such act to the extent necessary or required by the DIP Documents, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Final Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. DIP Agent or Prepetition Agent, as applicable, may choose to file, record or present a certified copy of this Final Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is

authorized to accept, file or record such certified copy of this Final Order in accordance with applicable law. Should DIP Agent or Prepetition Agent, as applicable, so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the DIP liens and security interests granted herein by virtue of the entry of this Final Order.

(e) Nullifying Prepetition Restrictions to DIP Financing. Notwithstanding anything contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Documents, any provision that restricts, limits or impairs in any way any Debtor from granting DIP Agent security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Documents or this Final Order, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or of the DIP Documents, shall not (a) be effective and/or enforceable against any of the Debtors, DIP Agent or DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to DIP Agent and DIP Lender pursuant to this Final Order or the DIP Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law.

(f) To the extent that any applicable non-bankruptcy law otherwise would restrict the granting, scope, enforceability, attachment, or perfection of any liens and security interests granted and created by this Final Order (including the DIP Liens and the Prepetition Replacement Liens) or otherwise would impose filing or registration requirements with

respect to such liens and security interests, such law is hereby pre-empted to the maximum extent permitted by the Bankruptcy Code, applicable federal or foreign law, and the judicial power and authority of the Court. By virtue of the terms of this Final Order, to the extent that any DIP Agent or Prepetition Agent, as applicable, has filed Uniform Commercial Code financing statements, mortgages, deeds of trust, or other security or perfection documents under the names of any of the Debtors (including all Guarantors), such filings shall be deemed to properly perfect the liens and security interests granted to it and confirmed by this Final Order without further action by the applicable DIP Agent or Prepetition Agent, as applicable.

(g) Except with respect to the Carve-Out, certain Permitted Liens, the DIP Liens, the DIP Superpriority Claims, the Prepetition Replacement Liens, and the Prepetition Adequate Protection Superpriority Claims (i) shall not be made subject to or *pari passu* with (A) any lien, security interest, or claim heretofore or hereinafter granted in any of these Chapter 11 Cases or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases against the Debtors (such converted cases, "***Successor Cases***"), their respective Estates, any trustee, or any other estate representative appointed or elected in these Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of these Chapter 11 Cases or any Successor Cases; (B) any lien that is avoided and preserved for the benefit of the Debtors and their respective Estates under section 551 of the Bankruptcy Code or otherwise; and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to sections 510, 549, 550, or 551 of the Bankruptcy Code.

2.2 Superpriority Administrative Expense Claims. For all DIP Obligations now existing or hereafter arising pursuant to this Final Order or the DIP Documents, DIP Agent, for the benefit of itself and DIP Lender, is granted an allowed superpriority administrative claim pursuant

to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 364(c)(1), 546(c), 726, 1113 or 1114 of the Bankruptcy Code (other than the Carve-Out), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (the "***DIP Superpriority Claim***").

2.3 Carve-Out.

(a) Carve-Out. As used in this Final Order, the "***Carve-Out***" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) subject to Sections 1.8(d) and (e) hereof, to the extent allowed or permitted to be paid at any time, whether by interim order, procedural order, or otherwise, all accrued and unpaid fees, disbursements, costs, and expenses (the "***Allowed Professional Fees***") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "***Debtor Professionals***") and by the Committee pursuant to section 327, 328, or 1103 of the Bankruptcy Code (the "***Committee Professionals***" and, together with the Debtors' Professionals, "***Professional Persons***") at any time before or on the first business day following delivery by DIP Agent to the Debtors of a Carve-Out Trigger Notice (as defined below), but shall not include any restructuring, sale, transaction or other "success" fee except for

such fee earned by Robert W. Baird & Co. Inc. in its capacity as investment banker to the Debtors during such time; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $150,000 incurred after the first business day following delivery by DIP Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (this section (iv) the "***Post-Carve-Out Trigger Notice Cap***"); and (v) an amount up to the amount secured by and necessary to fund the Canadian Priority Charges (as defined in the DIP Term Sheet) for the beneficiaries thereof (without duplication) in the CCAA Recognition Proceedings. For purposes of the foregoing, "***Carve-Out Trigger Notice***" shall mean a written notice delivered by email (or other electronic means) by DIP Agent to the Debtors and the Committee, which notice may be delivered in the sole discretion of DIP Agent following the occurrence of an Event of Default, and shall describe the Event of Default, state that the DIP Facility is terminated and that the Post-Carve-Out Trigger Notice Cap has been invoked.

(b) Pre-Carve-Out Trigger Notice Funding. Commencing on the Friday of the first full calendar week following the Petition Date and on a weekly basis thereafter, the DIP Secured Parties shall loan and the Debtors shall fund, using borrowings from the DIP Facility, Cash Collateral, or cash on hand, a segregated account (the "***Funded Reserve Account***") held by the Debtors in trust and solely for the benefit of the applicable Professional Persons in an amount equal to the amount of applicable Professional Fees set forth in the Approved Budget, subject to the objection procedures described in Section 1.8(d) hereof and the Prepetition Secured Parties' and DIP Secured Parties' reversionary interest in any unused amounts. The Debtors shall pay only Allowed Professional Fees from the Funded Reserve Account, and all payments of Allowed Professional Fees incurred prior to the Carve-Out Termination Date shall be paid first from such Funded Reserve Account, provided that this shall not be a limitation on payment of Allowed

Professional Fees from sources other than the Funded Reserve Account in the event the Funded Reserve Account does not have sufficient funds or has not be funded as provided above.

(c) Post-Carve-Out Trigger Notice Funding. On the day on which a Carve-Out Trigger Notice is given by the DIP Agent to counsel for the Debtors and the Committee (the "***Carve-Out Termination Date***"), the Carve-Out Trigger Notice shall be deemed a draw request and notice of borrowing hereunder and also a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund (A) the Funded Reserve Account in an amount equal to the sum of (x) to the extent not previously funded, the amounts set forth in paragraphs (a)(i)-(iii) above in accordance with the provisions of the this Final Order, plus (y) the total amount of unpaid Allowed Professional Fees set forth in the Approved Budget for any time before or on the first business day following the Carve-Out Termination Date, to the extent not already funded in accordance with Section 2.3(b) hereof, whether or not such fees have become Allowed Professional Fees prior to the Carve-Out Termination Date, plus (z) the amount set forth in paragraph (a)(v) above to an account designated by the Information Officer in the CCAA Recognition Proceedings for the beneficiaries of the Canadian Priority Charges (the "***Canadian Priority Reserve Account***"); and (B) a segregated escrow account held by the Debtors in trust for the benefit of Professional Persons in an amount equal to the Post-Carve-Out Trigger Notice Cap (the "***Post-Carve-Out Trigger Notice Reserve Account***" and, together with the Funded Reserve Account and the Canadian Priority Reserve Account, the "***Carve-Out Reserve Accounts***"). Prepetition Agent's, Prepetition Lender's, DIP Agent's, and DIP Lender's, in each case to the fullest extent applicable, claims, liens and security interests in any property of the Debtors, including, without limitation, the Prepetition Collateral, the DIP Collateral, Cash Collateral, the Prepetition Adequate Protection Superpriority Claim (as defined below), the DIP

Superpriority Claim, any other adequate protection or superpriority claim, and any junior pre- or post-petition lien, interest or claim in favor of any other party, shall be subordinate to the Allowed Professional Fee Claims of the Professional Persons and other beneficiaries thereof as to all funds in the Carve-Out Reserve Accounts.

(d) No Direct Obligation To Pay Allowed Professional Fees. None of the DIP Secured Parties or Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any Successor Cases under any chapter of the Bankruptcy Code; provided that the Carve-Out Reserve Accounts shall have been fully funded from cash on hand, Cash Collateral, or proceeds of the DIP Facility. Nothing in this Final Order shall be construed to obligate any of the DIP Secured Parties or Prepetition Secured Parties, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement, provided that the Carve-Out Reserve Accounts shall have been fully funded, and provided that this shall not be a limitation on payment of Allowed Professional Fees from sources other than the Carve-Out Reserve Accounts in the event the Carve-Out Reserve Accounts do not have sufficient funds or have not been funded as provided above. Notwithstanding anything herein, nothing shall require the DIP Secured Parties or Prepetition Secured Parties to provide any funding in excess of the DIP Commitment.

(e) Payment of Allowed Professional Fees Prior to the Carve-Out Termination Date. Any payment or reimbursement made prior to the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out; provided that, upon the full funding of the Carve-Out Reserve Accounts following the Carve-Out Termination

Date, the Debtors' authorization to use Cash Collateral to fund the Carve-Out Reserve Accounts shall cease, and the liens and claims of the DIP Agent and DIP Lender shall cease being subordinated to the Carve-Out, each with respect to and to the extent of the amounts so funded.

(f) Payment of Carve-Out on or After the Carve-Out Termination Date. Any payment or reimbursement made on or after the occurrence of the Carve-Out Termination Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Final Order, the DIP Documents, the Bankruptcy Code, and applicable law.

2.4 Payment of Carve-Out.

Any payment from the Carve-Out Reserve Accounts, whether by or on behalf of DIP Agent or DIP Lender, shall not and shall not be deemed to reduce the DIP Obligations, and shall not be deemed to subordinate any of any of DIP Agent's or DIP Lender's liens and security interests in the Prepetition Collateral, any other DIP Collateral, the Prepetition Adequate Protection Superpriority Claim, or the DIP Superpriority Claim to any junior pre- or post-petition lien, interest or claim in favor of any other party other than the Carve-Out for Professional Persons.

2.5 Excluded Professional Fees.

(a) Notwithstanding anything to the contrary in this Final Order, no DIP Collateral (or proceeds thereof) nor any DIP Loans or any other credit or financial accommodations provided under or in connection with the DIP Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; (B) invalidating, setting aside, avoiding, recharacterizing or subordinating, in whole or in part, (I) the Prepetition Obligations or any Prepetition Secured Parties' liens on and security interests in the Prepetition Collateral or (II) the DIP Obligations or any DIP Secured Parties' liens on and security interests in the DIP Collateral; or (C) preventing, hindering or delaying DIP Agent's or DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any DIP Collateral in accordance with the terms and conditions of the DIP Term Sheet, the DIP Documents, and this Final Order other than reasonable and documented fees in connection with a good faith challenge of an asserted Event of Default and related Carve-Out Trigger Notice;

(ii) a request made to this Court to use Cash Collateral without the prior written consent of DIP Agent and Prepetition Agent;

(iii) a request made to this Court for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to section 364(c) or section 364(d) of the Bankruptcy Code or otherwise incur Indebtedness (as defined in the Prepetition Credit Agreement) without the prior written consent of DIP Agent (except to the extent permitted under the DIP Documents);

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against any DIP Secured Party or Prepetition Secured Party or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest or disgorge any payments under chapter 5 of the Bankruptcy Code or any applicable state law equivalents;

(v) the cost of a Committee's investigation into any claims against any Prepetition Secured Parties arising under or in connection with the Prepetition Loan Documents in excess of $75,000; or

(vi) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of any of the DIP Secured Parties or Prepetition Secured Parties under this Final Order, or which directly results in the occurrence of an Event of Default under this Final Order or any DIP Documents.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of this Final Order, the DIP Term Sheet, the DIP Documents, and in accordance with the Approved Budget, Borrower shall be and are hereby authorized to use Cash Collateral for the period commencing on the date of this Final Order and terminating on the Carve-Out Termination Date, subject to the liens and security interests granted to Prepetition Agent and Prepetition Lender; provided, that during the Remedies Notice Period (as defined herein) the Debtors may use Cash Collateral solely for the following amounts and expenses: (i) to fund the Carve-Out Reserve Accounts in accordance with Section 2.3 above; and (ii) to pay expenses critical to the administration of the Estates, as agreed by DIP Agent in its sole discretion. Nothing in this Final

Order shall authorize the disposition of any assets of the Debtors or their Estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Final Order, the DIP Documents and in accordance with the Approved Budget.

(b) Prepetition Replacement Lien. As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Borrower's use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the Carve-Out on a dollar-for dollar basis (collectively, the "***Diminution in Value***"), Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all DIP Collateral (the "***Prepetition Replacement Lien***"). The Prepetition Replacement Lien shall be junior and subordinate only to (A) the Carve-Out, (B) the Permitted Liens, and (C) the DIP Liens on the DIP Collateral to secure the DIP Obligations, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the DIP Collateral.

(c) Prepetition Adequate Protection Superpriority Claim. As adequate protection for the Diminution in Value, Prepetition Agent, for the benefit of itself and Prepetition Lender, is hereby granted, solely to the extent of the Diminution in Value, an allowed superpriority administrative expense claim pursuant to sections 503(b), 507(a), and 507(b) of the Bankruptcy Code in each of the Chapter 11 Cases and any successor bankruptcy cases (the "***Prepetition Adequate Protection Superpriority Claim***"). The Prepetition Adequate Protection Superpriority Claim shall be junior only to (A) the Carve-Out, and (B) the DIP Superpriority Claim, and shall

otherwise have priority over all administrative expense claims and unsecured claims against the Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(d) Adequate Protection Payments and Protections. As further adequate protection (the "***Adequate Protection Payments***") for the Diminution in Value, the Debtors are authorized and directed to provide adequate protection to the Prepetition Secured Parties in the form of payment in cash (regardless of the Approved Budget, and regardless of any Diminution in Value) for (i) the reasonable, documented fees, expenses, and disbursements (including without limitation, the reasonable and documented fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising prior to the Petition Date, and (ii) the reasonable, documented fees, expenses, and disbursements (including without limitation, the fees, expenses, and disbursements of counsel and third-party consultants and other vendors, including without limitation, financial advisors and auditors) incurred by Prepetition Secured Parties arising subsequent to the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "***Event of Default***" under this Final Order: (a) any Debtor's failure to perform, in any respect, any of their obligations under this Final Order; or (b) the occurrence of an "Event of Default" under the DIP Term Sheet or any of the other DIP Documents, including the following:

(a) after the first applicable testing date, the occurrence of any deviation from the Approved Budget that is greater than the applicable Permitted Variance; provided, that, the DIP Lender may only declare an Event of Default arising from any deviation from the Professional Fee Variance if the DIP Lender and such Professional Person cannot mutually agree to a good faith modification during the Meet and Confer;

(b) the use of Cash Collateral for any purpose other than as permitted in the DIP Documents, DIP Orders, the Canadian DIP Recognitions Orders or Approved Budget;

(c) modification by the Debtors of the DIP Secured Parties' rights under the DIP Documents, DIP Orders or the Canadian DIP Recognition Orders;

(d) failure of any of the Chapter 11 Milestones to be satisfied;

(e) failure by any Debtor to be in compliance in all material respects with any of the sections of the DIP Term Sheet entitled "Affirmative Consents" (and five (5) business days shall have elapsed since the DIP Lender shall have given notice to the Debtors of such failure) or any "Negative Covenants" or failure to otherwise be in compliance in all material respects with any other provision of the DIP Term Sheet, the DIP Orders and the Canadian DIP Recognition Orders;

(f) failure of any representation or warranty to be true and correct in all material respects;

(g) filing of any application by the Debtors for the approval of (or an order is entered by the Court approving) any claim arising under section 507(b) of the Bankruptcy Code or any other provision of the Bankruptcy Code or any security, mortgage, collateral interest or other lien in any of the Chapter 11 Cases or CCAA Recognition Proceedings which is *pari passu* with or senior to the DIP Superpriority Claims or the DIP Liens, excluding liens arising under the DIP Orders or the Canadian DIP Recognition Orders, or pursuant to any other financing agreement made with the prior written consent of the DIP Agent;

(h) the filing of any applications by the Debtors for approval of (or an order is entered by the Court authorizing) compensation or other amounts under any employee or executive incentive or retention plans (or any similar sort of retention or incentive program) without the prior written consent of the DIP Secured Parties in their sole discretion;

(i) any request made by the Debtors for, or the reversal, modification, amendment, stay, reconsideration or vacatur of the DIP Orders, as entered by the Bankruptcy Court or the Canadian DIP Recognition Orders, as entered by the CCAA Court, as applicable, without the prior written consent of the DIP Secured Parties;

(j) the commencement of any action by the Debtors or other authorized person (other than an action permitted by the DIP orders or the Canadian DIP Recognition Orders) against any of the DIP Secured Parties or its agents and employees, to subordinate or avoid any liens made in connection with the DIP orders or the Canadian DIP Recognition Orders;

(k) (1) the assertion by the Debtors in any pleading filed in any court that any material provision of the DIP Orders, the Canadian DIP Recognition Orders or the DIP Term Sheet is not valid and binding, or (2) any material provision of the DIP Orders, the Canadian DIP Recognition Orders or this Term Sheet shall for any reason, or any other order of this Court approving the Debtors' use of Cash Collateral, cease to be valid and binding (without the prior written consent of the DIP Secured Parties);

(l) the filing with the Bankruptcy Court of any plan of reorganization or liquidation in any of the Chapter 11 Cases other than the Plan;

(m) the appointment or entry in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the operation of business of any Debtor (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code), unless such appointment or order has not been reversed, stayed, or vacated within thirty (30) days after the entry of such order;

(n) the granting of relief from the automatic stay by the Bankruptcy Court or of the stay ordered by the CCAA Court to any other creditor or party in interest in the Chapter 11 Cases with respect to any portion of the DIP Collateral exceeding $100,000 in value in the aggregate;

(o) failure to pay principal, interest or other DIP Obligations in full in cash when due, including, without limitation, on the Maturity Date;

(p) the allowance of any claim or claims under sections 506(c) and 552(b) against or with respect to any DIP Collateral;

(q) withdrawal or material modification by the Debtors of any motion in connection with the Backyard Sale, without the consent of the DIP Secured Parties;

(r) the Debtors seek to consummate an Alternative Transaction (as defined in the APA) without the prior written consent of the DIP Secured Parties;

(s) the Plan is not confirmed or is changed without the DIP Secured Parties' consent, or the Plan Sponsor breaches (or is anticipated to breach) its obligations under the Plan;

(t) the occurrence of any Material Adverse Change;

(u) any termination of the RSA or APA;

(v) the amount of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims (each as defined in the Plan) exceeds or is expected to exceed the Administrative Expense Claim, Priority Tax Claim, or Other Priority Claim Backstop Amount;

(w) the occurrence of any Negative Purchase Variance under any Purchase Price Calculation; and

(x) the conversion of any Chapter 11 Case to a Chapter 7 case(s), or any Debtor shall file a motion or other pleading seeking the conversion of any Chapter 11 Case to chapter 7 of the Bankruptcy Code or the making of an assignment bankruptcy by or entry by any Canadian Court of a bankruptcy order in respect of the Debtors under the BIA, or the entry of an order of any Canadian court appointing a receiver

under the BIA over any DIP Collateral, in each case, without the prior written consent of DIP Agent.[6]

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of an Event of Default, (a) the Debtors shall be bound by all restrictions, prohibitions and other terms as provided in this Final Order, the DIP Term Sheet and the other DIP Documents, and (b) DIP Agent shall be entitled to take any act or exercise any right or remedy (subject to Section 3.4 below) as provided in this Final Order or the DIP Term Sheet or any of the other DIP Documents, as applicable, including, without limitation, declaring all DIP Obligations immediately due and payable, accelerating the DIP Obligations, ceasing to extend DIP Loans, setting off any DIP Obligations with DIP Collateral or proceeds in DIP Agent's or DIP Lender's possession, and enforcing any and all rights with respect to the DIP Collateral. DIP Agent and DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of the Debtors, or provide any other financial accommodations to the Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Loan Commitment. Upon the expiration, termination, or maturity of Borrower's authority to borrow or otherwise obtain other credit accommodations from DIP Agent and DIP Lender pursuant to the terms of this Final Order and the DIP Documents (except if such authority shall be extended with the prior written consent of DIP Agent, which consent shall not be implied or construed from any action, inaction or acquiescence by DIP Agent or DIP Lender), unless an Event of Default set forth in Section 3.1 above occurs sooner and the automatic stay has been lifted or modified pursuant to Section 3.4 of this Final Order, all of the

[6] Capitalized terms used but not otherwise defined in Section 3.1(a)–(x) shall have the meanings set forth in the DIP Term Sheet.

DIP Obligations shall immediately become due and payable and DIP Agent and DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to the Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay; Remedies Notice Period.

(a) The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit DIP Agent and DIP Lender to perform any act authorized or permitted under or by virtue of this Final Order or the DIP Documents, as applicable, including, without limitation, (I)(A) to implement the DIP financing arrangements authorized by this Final Order and pursuant to the terms of the DIP Documents, (B) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the DIP Collateral, (C) to assess, charge, collect, advance, deduct and receive payments with respect to the Prepetition Obligations or the DIP Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Documents (subject to Section 5.12 of this Final Order) and apply such payments to the Prepetition Obligations or DIP Obligations pursuant to the DIP Documents and/or this Final Order, as applicable, and (II) upon an Event of Default, (A) declare a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral, (B) to take any other action and exercise all other rights and remedies provided to it by this Final Order, the DIP Documents or applicable law other than those rights and remedies subject to the expiration of the Remedies Notice Period, and (C) charge interest at the default rate under the DIP Documents.

(b) In addition, and without limiting anything in Section 3.4(a) hereof, upon the filing of a Carve-Out Trigger Notice on the docket of these Chapter 11 Cases and the

expiration of the five (5) business day period thereafter (the "***Remedies Notice Period***"), DIP Agent, acting on behalf of itself and DIP Lender, without further notice, application or order of the Court, shall be entitled to take any action and exercise all rights and remedies provided to it by this Final Order, the DIP Documents or applicable law that DIP Agent may deem appropriate in its sole discretion to proceed against and realize upon the DIP Collateral or any other assets or properties of the Estates upon which DIP Agent, for the benefit of itself and DIP Lender, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all DIP Obligations. Notwithstanding anything to the contrary, any action that DIP Agent is otherwise permitted to take pursuant to this Final Order to (i) terminate the DIP Commitments, (ii) accelerate the DIP Loans, (iii) send blocking notices or activation notices pursuant to the terms of any deposit account control agreement, and (iv) repay any amounts owing in respect of the DIP Obligations (including, without limitation, fees, indemnities and expense reimbursements), in each case, shall not require any advance notice to the Debtors. During the Remedies Notice Period, the Debtors, the Committee, and/or any party in interest shall be entitled to seek an emergency hearing, and DIP Agent and DIP Lender shall consent to such emergency hearing so long as it occurs within the Remedies Notice Period; provided, that, (A) the sole issue the Debtors may bring before the Court at any such emergency hearing is whether an Event of Default has occurred, and (B) if such emergency hearing cannot be scheduled prior to the expiration of the Remedies Notice Period solely as a result of the Court's unavailability, the Remedies Notice Period shall be automatically extended to the date that is one (1) business day after the first date the Court is available.

Section 4. Representations; Covenants; and Waivers.

4.1 Reservation of Third-Party Challenge Rights. Notwithstanding anything in this Final Order, the stipulations, releases, agreements, and admissions contained in this Final Order, including, without limitation, paragraph H hereof (collectively, the "***Debtors'***

Stipulations"), shall be binding in all circumstances on the Debtors, their respective Estates and any successor (including, without limitation, any estate representative or a chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors with respect thereto) provided that, the Debtors' Stipulations shall be binding on each other party in interest, including, without limitation, the Committee, unless (a) (1) any such party in interest (excluding the Committee) with standing and authority (which the DIP Secured Parties and Prepetition Secured Parties hereby agree may be sought on an emergency basis) has timely filed a complaint or a motion seeking authority to commence litigation as a representative of the estate (a "***Challenge***") before the earliest of (i) the objection deadline for the Plan and (ii) seventy-five (75) calendar days from the Petition Date and (2) for the Committee upon the earliest to occur of (i) seven (7) days following the occurrence of a Denial/Withdrawal or (ii) the Effective Date of the Plan (such periods set forth in (1) and (2), collectively, the "***Challenge Period***")[7] challenging the amount, validity, perfection, enforceability, priority, or extent of the Prepetition Obligations or Prepetition Liens, or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims, or causes of action, objections, contests, or defenses with respect to the Prepetition Obligations or Prepetition Liens and (b) such Challenge sets forth with specificity the basis for such challenge, and any challenges or claims not so specified prior to the expiration of the Challenge Period shall be deemed forever waived, released, and barred. For the avoidance of doubt, a party's commencement of a timely Challenge shall preserve the Challenge Period solely for the specified Challenge and only with respect to such party; provided that upon the effectiveness of the

[7] For the avoidance of doubt, the Debtors expressly reserve all rights to object to any Challenge or motion seeking standing or authority to pursue a Challenge.

Amended Plan, all such Challenges by the Committee shall be forever waived and extinguished; provided, further, that prior to the occurrence of a Denial/Withdrawal, the Committee shall not pursue or undertake any Challenge, or otherwise challenge, object to, seek discovery with respect to, or not support this Final Order. Nothing in this Final Order vests or confers on any Person (as defined in the Bankruptcy Code), including the Committee, standing or authority to pursue any Challenge or cause of action belonging to the Debtors or their respective Estates, including, without limitation, claims and defenses with respect to the Prepetition Credit Agreements or the Prepetition Liens on the Prepetition Collateral. If any Challenge is timely commenced, the Debtors' Stipulations shall nonetheless remain binding and conclusive (as provided in this paragraph) on the Debtors, the Committee, and any other person or entity, except as to any specific findings and admissions that were expressly and successfully challenged in such Challenge as set forth in a final, non-appealable order of a court of competent jurisdiction. If no such Challenge is timely and properly filed, or if a Challenge is timely and properly filed but denied, (i) the Prepetition Obligations shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and the Prepetition Liens on and security interest in the Prepetition Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of first and senior priority, subject to only the Carve-Out and Permitted Liens, and (ii) Prepetition Agent and Prepetition Lender, and each of their respective participants, agents, officers, directors, employees, attorneys, professionals, successors, and assigns (each in their respective capacities as such) shall be deemed released and discharged from any and all claims and causes of action related to or arising out of the Prepetition Loan Documents, and shall not be subject to any further objection or challenge relating thereto or arising therefrom

by any party at any time. Nothing contained in this Section 4.1(a) shall or shall be deemed or construed to impair, prejudice or waive any rights, claims or protections afforded to DIP Agent or DIP Lender in connection with the DIP Documents, and any other post-petition financial and credit accommodations provided by DIP Agent and DIP Lender to the Debtors in reliance on section 364(e) of the Bankruptcy Code and in accordance with the terms and provisions of this Final Order and the DIP Documents.

4.2 Debtors' Waivers. Prior to the indefeasible repayment in full in cash of all Prepetition Obligations and all DIP Obligations ("***Repayment in Full***"), any request by the Debtors of this Court without the prior consent of the DIP Agent with respect to the following shall also constitute an Event of Default: (a) to use Cash Collateral under section 363 of the Bankruptcy Code other than as provided in this Final Order, (b) to obtain post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code, other than as provided in this Final Order or as may be otherwise expressly permitted pursuant to the DIP Documents, (c) to challenge the application of any payments authorized by this Final Order as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Prepetition Collateral is less than the Prepetition Obligations, (d) to propose, support or have a plan of reorganization or liquidation that is inconsistent with the Plan, Backyard Sale or RSA, or (e) to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of DIP Agent or DIP Lender as provided in this Final Order and the DIP Documents or DIP Agent's or DIP Lender's exercise of such rights or remedies; provided, however, that DIP Agent may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by any DIP Secured Party.

4.3 Section 506(c) Claims. No costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against DIP Agent or DIP Lender, their respective claims, or the DIP Collateral pursuant to §§ 105 or 506(c) of the Bankruptcy Code or otherwise without the prior written consent of DIP Agent, and no such consent shall be implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender.

4.4 DIP Collateral Rights. Until the occurrence of Repayment in Full:

(a) no other party shall foreclose upon or otherwise seek to enforce any junior lien or claim in DIP Collateral and

(b) upon and after the delivery of a Carve-Out Trigger Notice and the expiration of the Remedies Notice Period, if requested by the DIP Agent in connection with such exercise of rights and remedies, the Debtors shall cooperate with the DIP Agent to, among other things, (i) make reasonable efforts to collect accounts receivable, without setoff by any account debtor, (ii) provide at all reasonable times access to the Debtors' premises to representatives or agents of the DIP Agent (including any collateral liquidator or consultant), (iii) provide the DIP Agent and its representatives or agents, at all reasonable times access to the Debtors' books and records and any information or documents requested by the DIP Agent or their respective representatives, (iv) perform all other obligations set forth in the DIP Documents, and (v) take reasonable steps to safeguard and protect the DIP Collateral.

4.5 Release of DIP Secured Parties. Each of the Releasors hereby forever, unconditionally, permanently, and irrevocably releases, discharges, and acquits each of the DIP Secured Parties and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (collectively, the "***DIP Releasees***") of and from any and all claims, demands, liabilities, damages, expenses, responsibilities, disputes, remedies, causes of

action, indebtedness and obligations, of every kind, nature and description, whether arising in law or otherwise, and whether known or unknown, matured, or contingent that any of the Releasors had, have or hereafter can or may have against any DIP Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Chapter 11 Cases, the Prepetition Obligations, the Prepetition Loan Documents, the DIP Obligations, the RSA, the Plan, the Backyard Sale, the DIP Documents and any DIP Loans or other financial accommodations made by DIP Agent and/or DIP Lender to the Debtors pursuant to the Prepetition Loan Documents or the DIP Documents including, without limitation, any so-called "lender liability" claims or defenses, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the DIP Obligations, the DIP Documents, or the DIP Liens.

Section 5. Other Rights and DIP Obligations.

5.1 No Modification or Stay of This Final Order. The DIP Agent and DIP Lender have acted in good faith in connection with the DIP Facility and with this Final Order, and their reliance on this Final Order is in good faith, and the DIP Agent and DIP Lender are hereby entitled to the full protections of section 364(e) of the Bankruptcy Code. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Final

Order, the DIP Documents or any term hereunder or thereunder, or (b) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "***Subject Event***"), (x) the acts taken by each of DIP Agent and DIP Lender in accordance with this Final Order, and (y) the DIP Obligations incurred or arising prior to DIP Agent's actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of this Final Order, and the acts taken by DIP Agent and DIP Lender in accordance with this Final Order, and the liens granted to DIP Agent and DIP Lender in the DIP Collateral, and all other rights, remedies, privileges, and benefits in favor of DIP Agent and DIP Lender pursuant to this Final Order and the DIP Documents shall remain valid and in full force and effect pursuant to section 364(e) of the Bankruptcy Code. For purposes of this Final Order, the term "appeal", as used in section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Final Order by the Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. DIP Agent and Prepetition Agent, as applicable, shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Final Order that are in favor of the DIP Secured Parties and Prepetition Secured Parties, respectively (the "***Lender Rights***"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any Lender Right(s). Any waiver by DIP Agent or Prepetition Agent of any Lender Rights shall not be or constitute a continuing waiver unless expressly provided therein. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject any of the DIP Secured Parties or Prepetition Secured Parties to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a

defense to any obligation owed by the Debtors to any of the DIP Secured Parties or Prepetition Secured Parties.

5.3 Disposition of DIP Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral outside the ordinary course of business, other than pursuant to the terms of the DIP Term Sheet, this Final Order, and the Approved Budget, without the prior written consent of DIP Agent (and no such consent shall be implied, from any other action, inaction or acquiescence by DIP Agent or DIP Lender) and, in each case, an order of the Court.

5.4 Inventory. The Debtors shall not, without the consent of DIP Agent, (a) enter into any agreement to return any inventory to any of their creditors for application against any prepetition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Final Order are in addition to and without prejudice to the rights of each DIP Secured Party and Prepetition Secured Party to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Documents, the Prepetition Loan Documents, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the DIP Collateral or Prepetition Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons

or other parties seeking compensation or reimbursement from the Estates and to pursue any and all rights and remedies against any Non-Debtor Loan Party.

5.6 Binding Effect.

(a) The provisions of this Final Order and the DIP Documents, the DIP Obligations, the Prepetition Adequate Protection Superpriority Claim, the DIP Superpriority Claim, and any and all rights, remedies, privileges and benefits in favor of each of DIP Agent and DIP Lender provided or acknowledged in this Final Order, shall be effective immediately upon entry of this Final Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other order converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Superpriority Claim and DIP Agent's and DIP Lender's liens on and security interests in the DIP Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of this Final Order shall continue in full force and effect notwithstanding such dismissal until Repayment in Full, and (b) the Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event the Court modifies any of the provisions of this Final Order or the DIP Documents, such modifications shall not affect the rights or priorities of DIP Agent and DIP Lender pursuant to this Final Order with respect to the DIP Collateral or any portion

of the DIP Obligations which arises or is incurred or is advanced prior to such modifications, and this Final Order shall otherwise remain in full force and effect to such extent.

(d) This Final Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Final Order shall also inure to the benefit of the Debtors, DIP Agent, DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use; Additional Financing; Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Term Sheet and the other DIP Documents are made in reliance on this Final Order and there shall not at any time be entered in the Chapter 11 Cases, or in any Successor Case, any order which authorizes the use of Cash Collateral, or the sale, lease, or other disposition of property of any Estate in which DIP Agent or DIP Lender have a lien or security interest, except as expressly permitted hereunder or in the DIP Documents, or authorizes under section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which DIP Agent or DIP Lender hold a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to DIP Agent and DIP Lender herein; unless, in each instance (x) DIP Agent shall have given its express prior written consent with respect thereto, no such consent being implied from any other action, inaction or acquiescence by DIP Agent or DIP Lender, or (y) such other order requires Repayment in Full. The security interests and liens granted to or for the benefit of DIP Agent and DIP Lender hereunder and the rights of DIP Agent and DIP Lender

pursuant to this Final Order and the DIP Documents with respect to the DIP Obligations and the DIP Collateral are cumulative.

(b) All DIP Obligations and Prepetition Obligations shall receive treatment under the Plan as set forth in the RSA, Plan Term Sheet, and DIP Term Sheet.

5.8 No Owner/Operator Liability. In determining to make any loan under the DIP Documents (including the negotiation thereof) and authorizing the use of Cash Collateral, none of the DIP Secured Parties or the Prepetition Secured Parties shall be deemed to (i) be in control of the operations of the Debtors or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute) or (ii) owe any fiduciary duty to any of the Debtors. Furthermore, nothing in this Final Order shall in any way be construed or interpreted to impose or allow the imposition upon any of the DIP Secured Parties or the Prepetition Secured Parties of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors and their respective affiliates (as defined in section 101(2) of the Bankruptcy Code).

5.9 Marshalling; 552(b) Waiver. None of the DIP Secured Parties or the Prepetition Secured Parties shall be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds of DIP Collateral shall be received and applied in accordance with the DIP Documents and the Prepetition Credit Agreements as applicable. The DIP Secured Parties and the Prepetition Secured Parties are and shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code. The "equities of the case" exception under section 552(b) shall not apply

to any of the Prepetition Secured Parties, DIP Secured Parties, DIP Obligations, or Prepetition Obligations.

5.10 Right of Setoff. To the extent any funds were on deposit with Prepetition Agent as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Prepetition Agent or Prepetition Lender immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "***Deposited Funds***") are subject to rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Prepetition Agent and/or Prepetition Lender, as applicable, pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) To the fullest extent permitted by section 363(k) of the Bankruptcy Code, in connection with any sale or other disposition of the DIP Collateral or Prepetition Collateral (as applicable) including any Sale: (a) DIP Agent (on behalf of DIP Lender) shall have the right to credit bid on a dollar-for-dollar basis, in accordance with the DIP Documents, up to the full amount of the DIP Obligations, (b) subject to the challenge rights set forth in Section 4.1 hereof, Prepetition Agent (on behalf of the Prepetition Lender) shall have the right to credit bid, in accordance with the Prepetition Loan Documents, up to the full amount of the Prepetition Secured Obligations, (c) each of the DIP Agent and Prepetition Agent shall have the absolute right (at the direction of their respective secured parties) to assign, transfer, sell or otherwise dispose of its rights to credit bid in connection with the assignment, transfer, sale, or disposition of the corresponding DIP Obligations, except as may be set forth in the DIP Documents, and (d) each of the Debtors, the Prepetition Secured Parties, and DIP Secured Parties acknowledge and agree that

they shall not object, or support any objection, to or limit, or support any limitation on, any other such DIP Secured Parties' or Prepetition Secured Parties' rights to credit bid, up to the full amount of their respective DIP Obligations and/or Prepetition Obligations,

5.12 Payment and Review of Lender Professional Fees and Expenses. Each Debtor shall pay all reasonable and documented professional fees and other expenses of the Prepetition Secured Parties and the DIP Secured Parties, whether incurred before or after the Petition Date; provided, that the Debtors shall pay all such reasonable and documented fees and expenses within ten (10) business days of delivery of a statement or invoice for any post-petition fees and expenses (it being understood that such statements or invoices may be in summary form and shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee, and the Committee, unless, within such seven (7) business day period, the Debtors or the Committee serve a written objection upon the requesting party, in which case, the Debtors shall immediately pay such amounts that are not the subject of any objection and pay the withheld amount as subsequently agreed by the parties or ordered by the Court to be paid.

5.13 Access to DIP Collateral. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of DIP Agent and DIP Lender contained in this Final Order, the DIP Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Term Sheet, upon reasonable prior written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing, DIP Agent may, subject to the applicable notice provisions, if any, in this Final Order and any separate applicable agreement by and between such landlord and DIP Agent, enter upon any leased premises of the Debtors or any

other party for the purpose of exercising any remedy with respect to DIP Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder, provided that DIP Agent shall be obligated only to pay rent of the Debtors that first accrues after the written notice referenced above and that is payable during the period of such occupancy by DIP Agent, calculated on a daily per diem basis. Nothing herein shall require DIP Agent to assume any lease as a condition to the rights afforded in this paragraph. For the avoidance of doubt, subject to (and without waiver of) the rights of DIP Agent under applicable nonbankruptcy law, DIP Agent can only enter upon a leased premises after an Event of Default in accordance with (i) a separate agreement with the landlord at the applicable leased premises, or (ii) upon entry of an order of the Court obtained by motion of DIP Agent on such notice to the landlord as shall be required by the Court.

5.14 Indefeasible Payment. All payments made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties after the Petition Date shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery or avoidance by any party for any reason.

5.15 Tax Liens. Notwithstanding any other provisions of this Final Order, any statutory liens (collectively, the "***Tax Liens***") held by Dallas County, Tarrant County, City of Grapevine and Grapevine-Colleyville ISD (the "***Taxing Authorities***") shall not be primed nor made subordinate to any liens granted to the DIP Lender and the Prepetition Lender only to the extent such Tax Liens are valid, senior to the liens of the Prepetition Lender, perfected and unavoidable, and all parties' rights to object to the priority, validity, amount, extent, perfection and avoidability of the claims and Tax Liens asserted by the Taxing Authorities are fully preserved.

5.16 Term; Termination. Notwithstanding any provision of this Final Order, the term of the financing arrangements among the Debtors, DIP Agent and DIP Lender authorized by this Final Order may be terminated by the DIP Secured Parties pursuant to the terms of the DIP Documents.

5.17 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Documents, the Motion, the Interim Orders, and this Final Order, the terms and provisions of this Final Order shall govern.

5.18 Objections Overruled. All objections to the entry of this Final Order are (to the extent not withdrawn, waived, or settled) hereby overruled.

5.19 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Final Order, the DIP Term Sheet, and the other DIP Documents.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and –

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

EXHIBIT A

DIP Term Sheet

Exhibit B

Approved Budget

SCHEDULE “D”

Bidder Protections Order

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 54**

ORDER (I) APPROVING CERTAIN BIDDER PROTECTIONS, (II) APPROVING CONTRACT ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (III) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft International IP Holdings, LLC (1841), KidKraft Partners, LLC (3268), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the Motion[2] filed by the above-referenced debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (the "***Order***") (i) approving the Debtors' entry into certain bidder protections in favor of the Purchaser, (ii) approving the Assumption and Assignment Procedures, and (iii) granting related relief, all as more fully set forth in the Motion and in the Declarations; and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates, creditors, and other parties in interest; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having found that good and sufficient cause exists for the granting of the relief requested in the Motion after having given due deliberation upon the Motion and all of the proceedings had before the Court in connection with the Motion, it is HEREBY ORDERED THAT:

1. The following Bidder Protections are approved:

    a. The Expense Reimbursement in an amount not to exceed $1 million;

    b. The Break-Up Fee shall be $884,754.90 (2.25% of the cash portion of the Purchase Price); and

    c. The definition of "***Qualifying Alternative Transaction***" under the Purchase Agreement shall mean: "an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: implied cash portion of the Purchase Price (determined based on the KK Inventory File) plus the

[2] Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

> Break-Up Fee plus the Expense Reimbursement plus $2,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities."

2. Any amounts that become due and payable, pursuant to the Bidder Protections in accordance with the Purchase Agreement and this Order, shall be deemed an actual and necessary cost of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code and constitute an allowed administrative expense claim under section 507(a)(2) of the Bankruptcy Code.

3. In the event of any inconsistency between the terms of the Purchase Agreement, the Motion, and this Order, the terms of this Order shall control.

4. The following Assumption and Assignment Procedures are approved:

a. Within three Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract (as defined in the Purchase Agreement) on any date following the Petition Date, within three Business Days after the Purchaser's designation of such later date), the Debtors shall deliver a notice, in form and substance reasonably acceptable to the Purchaser, of potential assumption and assignment of the Transferred Contract (a "***Contract Notice***") to the applicable Contract Counterparties, which shall specify: (a) that such contract is contemplated to be assumed and assigned to the Purchaser as a Transferred Contract in connection with the transactions contemplated under the Purchase Agreement; (b) the proposed Cure Claim (as defined in the Purchase Agreement) with respect to each Transferred Contract; and (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto.

b. Contract Objections must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is 21 days after the date the Debtors delivered the Contract Notice (the "***Contract Objection Deadline***"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Debtors, counsel to Gordon Brothers, counsel to Backyard, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparties believe is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred

Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults.

c. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing (as defined in the Purchase Agreement), the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the Court.

5. The form of Assumption, Assignment, and Cure Notice to be provided under the Assumption and Assignment Procedures and attached as **Exhibit B** to the Motion shall constitute adequate and sufficient notice and no additional notice need be provided.

6. The Debtors shall serve, via email, if available, or first-class mail, the Contract Notice in accordance with the Assumption and Assignment Procedures, on all counterparties to the Transferred Contracts and all parties on the Rule 2002 Notice List. Service of a Contract Notice in accordance with the Assumption and Assignment Procedures shall be deemed adequate service and no further notice shall be required.

7. The inclusion of any contract on the Contract Notice will not constitute any admission or agreement of the Debtors that such contract is an executory contract.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

9. Notwithstanding the relief granted herein or actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an implication or admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors', or any party in interest's, rights to subsequently dispute such claim or lien, a promise or requirement to pay any prepetition claim, an implication or admission that any particular claim is of a type specified or defined in the Motion

or any proposed order, a waiver of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

11. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR
THE DEBTORS AND DEBTORS IN POSSESSION

SCHEDULE "E"

Plan Confirmation Order

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 21, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket Nos. 28, 29, & 220**

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER (I) APPROVING THE DISCLOSURE STATEMENT; AND(II) CONFIRMING THE DEBTORS' AMENDED JOINT PREPACKAGED CHAPTER 11 PLAN

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

The above-captioned debtors and debtors in possession (collectively, the "***Debtors***") having:

a. distributed, through Stretto, Inc. (the "***Voting Agent***"), on or about May 9, 2024 (i) the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket. No. 29] (as may be amended, supplemented, or modified from time to time, the "***Disclosure Statement***"); (ii) the *Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 28] (the "***Initial Plan***"); and (iii) a ballot (the "***Ballot***") for voting on the Plan to the sole Holder of the Class 3 Prepetition Secured Party Claim in accordance with title 11 of the United States Code (the "***Bankruptcy Code***"), the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***N.D. Tex. L.B.R.***"), and applicable nonbankruptcy law, as evidenced by the *Certification of Stretto, Inc. Regarding Solicitation of Votes and Tabulation of Ballots Accepting and Rejecting Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 30] (the "***Voting Report***");

b. commenced these chapter 11 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 10, 2024 (the "***Petition Date***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***");

c. commenced recognition proceedings pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) in respect of the chapter 11 cases of the Debtors on May 17, 2024 (the "***CCAA Recognition Proceedings***") in the Ontario Superior Court of Justice (Commercial List) (the "***CCAA Court***") and on May 10, 2024, prior to commencement, obtained a preliminary stay in the CCAA Court;

d. continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code;

e. filed, on the Petition Date, the prepetition solicitation versions of the (i) Initial Plan and (ii) Disclosure Statement;

f. filed, on the Petition Date, that certain *Asset Purchase Agreement* [Docket No. 29, Ex. C] (together with all ancillary documents, as may be amended, modified, or supplemented, the "***Purchase Agreement***");

g. filed, on the Petition Date, the *Emergency Motion for Entry of an Order (I) Scheduling a Combined Hearing (II) Establishing Objection Deadlines, (III) Approving the Solicitation Materials and Tabulation Procedures; and (IV) Granting Related Relief* [Docket No. 27] (the "***Scheduling Motion***");

h. filed, on the Petition Date, the Voting Report, which detailed the results of the prepetition Plan solicitation and voting process;

i. served or caused to be served, on May 15, 2024, (i) the *Notice of (I) Combined Hearing to Consider Approval of Disclosure Statement and Confirmation of Plan, (II) Deadline for Filing Objections to Final Approval of Disclosure Statement and Confirmation of Plan, and (III) Other Relevant Information*, which contained, among other things, notice of the date and time set for the confirmation hearing to consider the adequacy of the Disclosure Statement and Confirmation of the Plan (the "***Combined Hearing***") and the deadlines for filing objections to the Plan and the Disclosure Statement (such notice, the "***Combined Hearing Notice***") and (ii) the *Notice of (I) Non-Voting Status, (II) Deadline for Filing Objections to Approval of Disclosure Statement and Confirmation of Plan, and (III) Other Relevant Information* (the "***Notice of Non-Voting Status***"), each as evidenced by the *Certificate of Service* [Docket No. 115] filed on May 17, 2024 (the "***Notice Affidavit***");

j. caused notice of the Combined Hearing to be published on May 17, 2024, in the *New York Times*, as evidenced by the *Affidavit of Publication* [Docket No. 123] filed on May 28, 2024, and on May 20, 2024, in the *Globe & Mail National Edition*, as evidenced by the *Affidavit of Publication* [Docket No. 124] filed on May 28, 2024, (collectively, the "***Combined Hearing Publication Notice***");

k. served or caused to be served, on June 11, 2024, the *Notice of Deadlines for Filing Proof of Claim* (the "***Bar Date Notice***"), as evidenced by the *Certificate of Service* [Docket No. 172] filed on June 12, 2024 (the "***Bar Date Notice Affidavit***"); and (i) on June 12, 2024, caused the publication of the Bar Date Notice in the *New York Times*, as evidenced by the *Affidavit of Publication* [Docket No. 206], filed on June 18, 2024 (the "***NYT Bar Date Publication Notice Affidavit***"); and (ii) on June 13, 2024, caused the publication of the Bar Date Notice in the *Globe & Mail National Edition*, as evidenced by the *Affidavit of Publication* [Docket No. 207] filed on June 18, 2024 (the "***G&M Bar Date Publication Notice Affidavit***," together, with the Bar Date Notice Affidavit and the NYT Bar Date Publication Notice Affidavit, the "***Bar Date Affidavits***");

l. filed, on June 12, 2024, the *Notice of Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 175], consisting of the Purchase Agreement, the Schedule of Assumed Executory Contracts and Unexpired Leases, and the Schedule of Retained Causes of Action (the "***First Plan Supplement***");

m. filed, on June 14, the *Notice of Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 187], consisting of the Liquidation Analysis (the "***Second Plan Supplement***");

n. filed, on June 14, 2024, the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Process, and (II) the Bid Protections* [Docket No. 188] (the "***Bijoor Sale Declaration***");

o. filed, on June 17, the *Notice of Filing of Global Settlement Term Sheet* [Docket No. 195];

p. filed, on June 20, 2024, (i) the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as may be further modified, amended, or supplemented from time to time, the "***Plan***"),[2] a copy of which is attached hereto as **Exhibit A** and (ii) the *Notice of Filing Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 221];

q. filed, on June 21, 2024, the *Notice of Second Amended Supplement to the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 223], consisting of (i) the Global Settlement Term Sheet, (ii) the GUC Trust Agreement, (iii) the GUC Settlement Opt-In Form, (iv) the Identity of Wind Down Administrator, and (v) the Identity of GUC Trustee (the "***Third Plan Supplement***," and together with the First Plan Supplement and the Second Plan Supplement, collectively, the "***Plan Supplement***");

r. filed, on June 20, 2024, the *Notice of Filing of (I) Proposed Confirmation Order and (II) Proposed Sale Order* [Docket No. 219], which included the proposed forms of this order and the *Order (I) Authorizing the Sale of the Debtors' Assets Free and Clear of all Liens, Claims, Interests and Encumbrances Pursuant to 11 U.S.C. §§ 105 and 363, (II) Approving the Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (the "***Proposed Sale Approval Order***");

s. filed, on June 20, 2024, the *Debtors' Memorandum of Law in Support of (I) Approval of the Disclosure Statement; (II) Confirmation of the Debtors' Amended Joint Prepackaged Chapter 11 Plan; and (III) Reply to Confirmation Objections* [Docket No. 213] (the "***Confirmation Brief***");

t. filed, on June 20, 2024, the *Certification of Stretto, Inc. Regarding Tabulation of Release Opt-Out Forms in Connection with the Debtors' Joint Prepackaged Chapter 11 Plan* [Docket No. 217] (the "***Opt-Out Report***");

u. filed, on June 20, 2024, the *Declaration of Geoffrey Walker in Support of Confirmation of the Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 214] (the "***Walker Confirmation Declaration***"); and

v. filed, on June 19, 2024, the *Declaration of Carl Moore, Managing Director of SierraConstellation Partners, LLC, in Support of the Debtors' Liquidation Analysis* [Docket No. 212] (the "***Moore Confirmation Declaration***," and together with the Walker Confirmation Declaration and the Bijoor Sale Declaration, the "***Confirmation Declarations***").

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[2] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Plan. The rules of interpretation set forth in Article I.B of the Plan apply.

The Bankruptcy Court having:

a. entered, on May 14, 2024, the *Order (I) Scheduling a Combined Hearing, (II) Establishing Objection Deadlines, (III) Approving the Solicitation Materials and Tabulation Procedures, and (IV) Granting Related Relief* [Docket No. 93] (the "***Scheduling Order***"), which, among other things, approved the Debtors' prepetition solicitation and tabulation procedures (the "***Prepetition Solicitation and Tabulation Procedures***");

b. approved May 9, 2024 as (i) the voting record date (the "***Voting Record Date***") and (ii) the deadline by which the Voting Agent must have received the completed Ballot (the "***Voting Deadline***");

c. set June 14, 2024, at 5:00 p.m. (Prevailing Central Time) as the deadline by which objections to the adequacy of the Disclosure Statement and/or Confirmation of the Plan must be filed (the "***Confirmation Objection Deadline***");

d. set June 19, 2024, as the date by which the Debtors must file a reply to objections to the Plan and the Disclosure Statement;

e. set June 21, 2024, at 9:30 a.m. (Prevailing Central Time) as the date and time for the Combined Hearing pursuant to Bankruptcy Rules 3017 and 3018 and sections 1126, 1128, and 1129 of the Bankruptcy Code, subject to adjournment;

f. entered, on June 10, 2024, the *Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice* [Docket No. 155] (the "***Bar Date Order***");

g. entered, substantially contemporaneously herewith, the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief*;

h. reviewed the Plan, the Confirmation Brief, the Plan Supplement, the Voting Report, the Opt-Out Report, the Confirmation Declarations, the Disclosure Statement, and all pleadings, exhibits, statements, responses, and comments regarding Confirmation, including any and all objections, statements, and reservations of rights filed by parties in interest on the docket of these chapter 11 cases;

i. held the Combined Hearing;

j. heard the statements, arguments, and objections, if any, made by counsel in respect of Confirmation of the Plan and approval of the Disclosure Statement;

k. considered all oral representations, testimony, documents, filings, and other evidence regarding Confirmation of the Plan and approval of the Disclosure Statement;

l. taken judicial notice of all pleadings and other documents filed, all orders entered, and all evidence and arguments presented in these chapter 11 cases; and

m. overruled any and all objections to the Plan, Confirmation, the adequacy of the Disclosure Statement, and all statements and reservations of right not consensually resolved or withdrawn unless otherwise indicated herein.

NOW, **THEREFORE**, the Bankruptcy Court having found that notice of the Combined Hearing and the opportunity for any party in interest to object to Confirmation of the Plan and approval of the Disclosure Statement have been adequate and appropriate as to all parties affected or to be affected by the Plan and the transactions contemplated thereby, and the legal and factual bases set forth in the documents filed in support of Confirmation and all evidence proffered, admitted, or adduced by counsel at or prior to the Combined Hearing and the entire record of these chapter 11 cases establish just cause for the relief granted herein; and after due deliberation thereon and good cause appearing therefor, the Bankruptcy Court hereby makes and issues the following Findings of Fact, Conclusions of Law, and Orders:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

IT IS HEREBY DETERMINED, FOUND, ADJUDGED, DECREED, AND ORDERED THAT:

A. Findings of Fact and Conclusions of Law.

1. The findings and conclusions set forth herein and on the record of the Combined Hearing constitute the Bankruptcy Court's findings of fact and conclusions of law under Bankruptcy Rules 7052 and 9014. To the extent any of the following findings of fact constitute conclusions of law, or vice versa, they are adopted as such.

B. Jurisdiction, Venue, and Core Proceeding.

2. The Bankruptcy Court has jurisdiction over these chapter 11 cases pursuant to section 1334 of title 28 of the United States Code. The Bankruptcy Court has exclusive jurisdiction

to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed. Venue is proper in this district pursuant to sections 1408 and 1409 of title 28 of the United States Code. Confirmation of the Plan is a core proceeding within the meaning of section 157(b)(2) of title 28 of the United States Code, and the Bankruptcy Court may enter a final order consistent with Article III of the United States Constitution.

C. Eligibility for Relief.

3. The Debtors were and are entities eligible for relief under section 109 of the Bankruptcy Code.

D. Commencement and Joint Administration of These Chapter 11 Cases.

4. On the Petition Date, each Debtor commenced a chapter 11 case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. By prior order of the Bankruptcy Court, these chapter 11 cases were consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015 [Docket No. 51]. The Debtors have operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases. On May 23, 2024, the U.S. Trustee appointed the Official Committee of Unsecured Creditors [Docket No. 120] (the "***Committee***") in these chapter 11 cases.

E. Judicial Notice.

5. The Bankruptcy Court takes judicial notice of the docket of these chapter 11 cases maintained by the Clerk of the Bankruptcy Court, including all pleadings and other documents filed, all orders entered, all hearing transcripts, all declarations, and all evidence and arguments made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of these chapter 11 cases.

F. Notice.

6. Due, timely, proper, and adequate notice of the Plan, the Claims Bar Date, and the Combined Hearing, together with the deadlines for voting to accept or reject the Plan as well as objecting to the Plan or opting out of the Releases (as defined herein), has been provided substantially in accordance with the Scheduling Order and the Bar Date Order, as set forth in the Voting Report, the Notice Affidavit, the Opt-Out Report, and the Bar Date Affidavits, respectively.

7. Such notice was appropriate and satisfactory based upon the facts and circumstances of these chapter 11 cases and pursuant to sections 1125, 1126(b)(1), and 1128 of the Bankruptcy Code, Bankruptcy Rules 2002, 3017, 3018, and 3020, and other applicable law and rules. Because such transmittal and service were adequate and sufficient, no other or further notice is necessary or shall be required, and due, proper, timely, and adequate notice of the Combined Hearing has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and applicable non-bankruptcy law, rule, or regulation.

G. Solicitation.

8. The Initial Plan, the Disclosure Statement, and the Ballot (collectively the "***Prepetition Solicitation Package***") were transmitted and served in compliance with the Bankruptcy Code, the Bankruptcy Rules, including Bankruptcy Rules 3017 and 3018, the N.D. Tex. L.B.R., the Prepetition Solicitation and Tabulation Procedures approved by the Bankruptcy Court via the Scheduling Order, and all other applicable rules, laws, and regulations applicable to such solicitation. Transmission and service of the Prepetition Solicitation Package was timely, adequate, and sufficient. No further notice is required.

9. As set forth in the Voting Report, on May 9, 2024, prior to the Petition Date, the Prepetition Solicitation Package was transmitted to and served on the eligible Holder of Class 3

Prepetition Secured Party Claims, which was the only Class of Claims entitled to vote to accept or reject the Plan (the "***Voting Class***").[3]

10. The sole Holder of a Claim in the Voting Class received a Ballot. The form of the Ballot adequately addressed the particular needs of these chapter 11 cases and was appropriate for the Holder of Claims in the Voting Class. The instructions on the Ballot advised that for the Ballot to be counted, the Ballot had to be properly executed, completed, and delivered to the Voting Agent so that it was actually received by the Voting Agent on or before the Voting Deadline. The period during which the Debtors solicited acceptance of the Plan was a reasonable period of time for the Holder of Claims in the Voting Class to make an informed decision to accept or reject the Plan.

11. The Debtors were not required to solicit votes from the Holders of Claims in Class 1 (Other Priority Claims) or Class 2 (Other Secured Claims) (collectively, the "***Unimpaired Classes***"), as each such Class is Unimpaired under the Plan and thus presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

12. The Debtors were not required to solicit votes from the Holders of Claims in Class 5 (Intercompany Claims) and Class 6 (Intercompany Interests), as the Holders of Claims or Interests in such Classes are either Unimpaired or Impaired by the Plan, and accordingly, such Holders are either presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or are not entitled to receive distributions on account of their Claims or Interests under the Plan except as set forth in the Plan and, thus, are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code and, in either case, were not entitled to vote to accept or reject the Plan.

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3 *See* the Voting Report [Docket No. 30].

13. The Debtors were not required to solicit votes from Holders of Claims or Interests in Class 4 (General Unsecured Creditors) or Class 7 (KidKraft Intermediate Holdings, LLC Interests), (collectively, the "***Deemed Rejecting Classes***"), as the Holders of Claims or Interests in such Class are Impaired and not entitled to receive distributions on account of their Claims or Interests under the Plan and, thus, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

14. As described in and as evidenced by the Voting Report, the transmittal and service of the Prepetition Solicitation Package (all of the foregoing, the "***Solicitation***") was timely, adequate, and sufficient under the circumstances and no other or further Solicitation was or shall be required. The Solicitation complied with the Solicitation and Tabulation Procedures, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases, was conducted in good faith and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., the Scheduling Order, and any other applicable rules, laws, and regulations governing the adequacy of disclosure in connection with such Solicitation. The applicable Released Parties and Exculpated Parties acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code and applicable non-bankruptcy law, rules, and regulations, including with respect to solicitation of the acceptance or rejection of the Plan, and are entitled to the protections of section 1125(e) of the Bankruptcy Code and all other applicable protections and rights provided in the Plan and this Confirmation Order.

H. Adequacy of the Disclosure Statement.

15. The Disclosure Statement (a) contains sufficient information of a kind necessary to satisfy the disclosure requirements of all applicable non-bankruptcy rules, laws, and regulations, including the Securities Act, as applicable, (b) contains "adequate information" (as such term is

defined in section 1125(a) of the Bankruptcy Code and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (c) is hereby approved on a final basis in all respects.

I. Voting.

16. On the Petition Date, the Voting Report was filed with the Bankruptcy Court, certifying the method and results of the Ballot tabulated for the Voting Class. As of the Voting Deadline, 100% in number and 100% in dollar amount of the Holder of Claims in the Voting Class that timely voted, voted to accept the Plan. As evidenced by the Voting Report, votes to accept or reject the Plan were solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R, and the Solicitation and Tabulation Procedures.

J. Plan Supplement.

17. The Debtors filed the Plan Supplement, consisting of: (i) the Purchase Agreement, (ii) the Schedule of Assumed Executory Contracts and Unexpired Leases, (iii) the Schedule of Retained Causes of Action, (iv) the Liquidation Analysis, (v) the Global Settlement Term Sheet, (vi) the GUC Trust Agreement, and (vii) the GUC Settlement Opt-In Form.

18. All such materials are consistent with the terms of the Plan, and the filing and notice of the Plan Supplement was proper and in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and all applicable law, and no other or further notice is or shall be required. All documents included in the Plan Supplement are integral to, part of, and incorporated by reference into the Plan as if set forth in full therein. Subject to the terms of the Plan, the Debtors reserve the right to and may alter, amend, update, or modify the Plan Supplement before the Effective Date with the consent of the Prepetition Secured Parties; *provided* that any

such alteration, amendment, update, or modification shall be in compliance with the Bankruptcy Code, the Bankruptcy Rules, and the terms of this Confirmation Order.

K. Modifications of the Plan.

19. Pursuant to and consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors proposed certain modifications to the Initial Plan as reflected herein, in the Plan Supplement, and/or in the Plan filed with the Bankruptcy Court prior to entry of this Confirmation Order (collectively, the "***Plan Modifications***"). Consistent with Bankruptcy Rule 3019, the Plan Modifications do not (a) constitute material modifications of the Initial Plan under section 1127 of the Bankruptcy Code, (b) cause the Plan to fail to meet the requirements of sections 1122 or 1123 of the Bankruptcy Code, (c) materially and adversely change the treatment of any Claims or Interests, (d) require re-solicitation of any Holders of any Claims or Interests, or (e) require that the Holder of Claims in the Voting Class be afforded an opportunity to change its previously cast acceptance of the Plan. Under the circumstances, the form and manner of notice of the proposed Plan Modifications are adequate, no further solicitation is necessary or required, and no other or further notice of the proposed Plan Modifications is necessary or required. In accordance with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, all Holders of Claims who voted to accept the Initial Plan or who are conclusively presumed to have accepted the Initial Plan are deemed to have accepted the Plan as modified by the Plan Modifications. The Holder of Claims in the Voting Class is not permitted to change its vote as a consequence of the Plan Modifications.

L. Bankruptcy Rule 3016.

20. In accordance with Bankruptcy Rule 3016(a), the Plan is dated and identifies the Debtors as the Plan proponents. The Debtors appropriately filed the Disclosure Statement with the Bankruptcy Court, thereby satisfying Bankruptcy Rule 3016(b). The release, injunction, and

exculpation provisions of the Plan are set forth in bold and with specific and conspicuous language, thereby complying with Bankruptcy Rule 3016(c).

M. Burden of Proof: Confirmation of the Plan.

21. The Debtors, as proponents of the Plan, have met their burden of proving the applicable elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard for Confirmation. In addition, and to the extent applicable, the Plan is confirmable under the clear and convincing evidentiary standard.

N. Compliance with Bankruptcy Code Requirements: Section 1129(a)(1).

22. The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, more particularly:

(i) Proper Classification: Sections 1122 and 1123(a)(1).

23. In addition to the Administrative Expense Claims (including Professional Fee Claims) and Priority Tax Claims, which need not be classified, Article III of the Plan provides for the separate classification of Claims and Interests into seven Classes at each Debtor (as applicable). Valid business, factual, and legal reasons exist for the separate classification of such Classes of Claims and Interests. The classifications reflect no improper purpose and do not unfairly discriminate between, or among, Holders of Claims or Interests. Each Class of Claims and Interests contains only Claims or Interests that are substantially similar to other Claims or Interests within that Class. The Plan therefore satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(ii) Specified Unimpaired Classes: Section 1123(a)(2).

24. Article III of the Plan specifies that Claims in the following Classes are Unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code:

Class	Claim or Interest
1	Other Priority Claims
2	Other Secured Claims

(iii) Specified Treatment of Impaired Classes: Section 1123(a)(3).

25. Article III of the Plan specifies that the Claims in the following Classes are Impaired under the Plan, and describes the treatment of such Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code:

Class	Claim or Interest
3	Prepetition Secured Party Claims
4	General Unsecured Claims
5	Intercompany Claims
6	Intercompany Interests
7	KidKraft Intermediate Holdings, LLC Interests

(iv) No Discrimination: Section 1123(a)(4).

26. Article III of the Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest in accordance with the Plan, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(v) Adequate Means for Plan Implementation: Section 1123(a)(5).

27. The Plan, including the various documents and agreements in the Plan Supplement, provides adequate and proper means for implementation of the Plan, including, without limitation: (a) the consummation of the Sale Transaction; (b) the general settlement of claims and interests; (c) the creation of specific segregated accounts for Plan Distributions; (d) the wind down of existing operations and corporate governance over time following the Effective Date; (e) the creation and funding of the Wind Down Estate, and the appointment of the Wind Down Administrator; (f) to the extent necessary, the sale and abandonment of assets by the Wind Down Estate; (g) the creation and funding of the GUC Trust and the appointment of the GUC Trustee; (h) the cancellation of certain existing securities, agreements, obligations, instruments, and Interests; (i) the release of liens; (j) the continuation of existing director and officer liability insurance; (k) the substitution of the Wind Down Estate or the Wind Down Administrator as the party to any litigation; (l) the payment of Unpaid Employee Severance Obligations; (m) the termination of any surviving obligations under the Restructuring Support Agreement; (n) the execution, delivery, filing, or recording of all contracts, instruments, releases, and other agreements or documents in furtherance of the Plan; (o) provisions governing the distributions under the Plan, thereby satisfying section 1123(a)(5) of the Bankruptcy Code; and (p) the general authority for the Debtors to take all actions necessary or appropriate to effectuate any transaction described in, approved by, or necessary or appropriate to effectuate the Plan, as set forth more fully in Article IV of the Plan.

(vi) Voting Power of Equity Securities: Section 1123(a)(6).

28. All existing securities will be canceled pursuant to the Plan. The Debtors' corporate charters are deemed amended by this Confirmation Order to provide that no nonvoting equity

securities will be issued and to otherwise comply with the requirements of section 1123(a)(6) of the Bankruptcy Code.

(vii) Designation of Directors and Officers: Section 1123(a)(7).

29. Article IV.A.17.b. of the Plan provides that, as of the Effective Date, the term of the current members of the board of directors of KidKraft and its Debtor Affiliates shall expire automatically, and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. The identities of the Wind Down Administrator and the GUC Trustee, to the extent known, have been or will be disclosed in the Plan Supplement prior to the Effective Date. To the extent that section 1123(a)(7) of the Bankruptcy Code applies to the Wind Down Administrator or the GUC Trustee, the Wind Down Administrator or the GUC Trustee was appointed in accordance with the interests of creditors and with public policy, and, therefore, satisfies section 1123(a)(7) of the Bankruptcy Code.

(viii) Impairment / Unimpairment of Classes: Section 1123(b)(1).

30. The Plan is consistent with section 1123(b)(1) of the Bankruptcy Code. Specifically, Article III of the Plan impairs or leaves Unimpaired each Class of Claims and Interests.

(ix) Assumption and Rejection of Executory Contracts and Unexpired Leases: Section 1123(b)(2).

31. The Plan is consistent with section 1123(b)(2) of the Bankruptcy Code. Article V.A of the Plan provides for the rejection of the Debtors' Executory Contracts and Unexpired Leases on the Effective Date. In accordance with the provisions of sections 365 and 1123(b)(2) of the Bankruptcy Code, except as otherwise provided in the Plan, the Plan Supplement, or this Confirmation Order, all Executory Contracts or Unexpired Leases shall be rejected as of the

Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

(x) Settlement, Releases, Exculpation, Injunction, and Preservation of Claims and Causes of Action: Section 1123(b)(3).

32. The Plan is consistent with section 1123(b)(3) of the Bankruptcy Code. In accordance with section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions, settlements, and other benefits provided under the Plan, except as stated otherwise in the Plan, the provisions of the Plan constitute a good-faith compromise of all Claims, Interests, and controversies relating to the contractual, subordination, and other legal rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The compromise and settlement of such Claims and Interests embodied in the Plan are in the best interests of the Debtors, the Estates, and all Holders of Claims and Interests, and are fair, equitable, and reasonable. The foregoing includes, without limitation, the Global Settlement (as defined below) and the corresponding settlement of Claims, Causes of Action, and controversies embodied in Article IV.C of the Plan.

33. Article IV.C of the Plan describes the terms of the Global Settlement between the Global Settlement Parties, which provides the potential for a recovery to Holders of Allowed Class 4 General Unsecured Claims who timely make a GUC Settlement Opt-In Election. The provisions of the Global Settlement constitute a good faith compromise and settlement among the Global Settlement Parties of all Claims, Causes of Action, Interests, and controversies among such parties, are in consideration of the value provided to the Estates by the Global Settlement Parties pursuant to the Global Settlement and are fair and equitable and in the best interests of the Estates and their creditors. The GUC Settlement Opt-In Election, including the GUC Settlement Opt-In Form and the procedures set forth therein, are fair and consistent with the Global Settlement. The Plan shall be deemed a motion to approve the Global Settlement, including the GUC Settlement Opt-In Form and related procedures, as a good faith compromise and settlement of all of the Claims, Interests, Causes of Action, and controversies described in the foregoing sentence pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019 (as applicable). Entry of this Confirmation Order constitutes the Bankruptcy Court's approval of the Global Settlement, as well as a finding by the Bankruptcy Court that the Global Settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. If a Global Settlement Party is in breach of the terms of the Global Settlement, the parties that are not in breach shall not be obligated to perform any obligations for the benefit of such breaching party.

34. Articles VIII.E and IV.C of the Plan describes certain releases granted by the Debtors and their Estates (the "***Debtor Releases***"). The Debtor Releases are granted in exchange for the good and valuable consideration provided by the Released Parties. The Debtors have satisfied the business judgment standard with respect to the propriety of the Debtor Releases. For

the reasons set forth on the record of these chapter 11 cases and the evidence proffered, admitted, or adduced at or prior to the Combined Hearing, such releases are a necessary and integral part of the Plan. The Debtor Releases are "fair and equitable" and "in the best interests of the estate" and the Holders of Claims and Interests considering (a) the probability of success in litigation of the released Claims and Causes of Action given uncertainty in fact and law with respect to such Claims and Causes of Action; (b) the complexity and likely duration and expense of litigating the released Claims and Causes of Action; and (c) the arm's-length negotiations that produced the settlements embodied in the Plan, including the Global Settlement. Additionally, the Debtor Releases are: (x) a good-faith settlement and compromise of the Claims and Causes of Action released by Articles VIII.E and IV.C of the Plan; (y) given and made, after due notice and opportunity for hearing; and (z) a bar to any of the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) or any other entity on behalf of the Debtors' estates asserting any Claim or Cause of Action released by Article VIII.E or IV.C of the Plan.

35. Article VIII.F of the Plan describes certain releases granted by the Releasing Parties (the "***Releases***"). The Releases provide finality for the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trustee, and the Released Parties (as applicable) regarding the parties' respective historic relationships with the Debtors, obligations under the Plan, and with respect to the Wind Down Estate and the GUC Trust. The Ballot unambiguously stated that the Plan contains the Releases, set forth the terms of the Releases, and provided the option for the Holder of the Claim in the Voting Class to elect to opt-out of granting the Releases by indicating such election on the Ballot. The Notice of Non-Voting Status sent to all Holders of Claims or Interests not entitled to vote on the Plan (collectively, the "***Non-Voting Classes***") similarly and unambiguously included information regarding the Releases and detailed the process by which

Holders of Claims and/or Interests in the Non-Voting Classes could opt-out of granting the Releases, including by providing a form by which such Holders could indicate that they wished to opt-out of granting the Releases and providing instructions for, alternatively, opting-out of granting the Releases electronically through the Debtors' case website. The Combined Hearing Notice sent to Holders of Claims and Interests included the terms of the Releases and an explanation of how to object to the Plan. In addition, the Combined Hearing Notice advised careful review of the release, exculpation, and injunction provisions of the Plan and emphasized in bold and capitalized typeface that any party who opposed the Plan, including the release, exculpation, or injunction provisions set forth therein, should timely file an objection to the Plan in accordance with the Combined Hearing Notice.

36. The Releases are (a) consensual; (b) specific in language; (c) integral to the Plan; (d) a condition of the settlements embodied in the Plan; (e) in exchange for good and valuable consideration provided by the Released Parties; (f) not violative of the Bankruptcy Code or any applicable non-bankruptcy law; and (g) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Releases. The Releases are consensual because all parties in interest, including all Releasing Parties, were provided with extensive and sufficient notice of the chapter 11 cases, the Plan, the deadline to object to Confirmation of the Plan, and the process for opting-out of giving the Releases and the consequences for failing to timely do so, and all such parties were properly informed that the Plan contained release provisions that could affect such parties' rights.

37. The Releases are sufficiently specific as to put the Releasing Parties on notice of the nature of the released Claims and Causes of Action, and they are appropriately tailored under the facts and circumstances of these chapter 11 cases. The Releases are conspicuous and

emphasized with boldface type in the Plan, the Disclosure Statement, the Ballot, the Notice of Non-Voting Status, and the Combined Hearing Notice.

38. The Releases are integral to the Plan because they, *inter alia*, facilitated participation in both the formulation of the Plan and the chapter 11 process generally and were critical in incentivizing the parties to support the Plan. As such, the Releases offer certain protections to parties that participated constructively in the Debtors' chapter 11 process by, among other things, supporting the Plan.

39. The Releases are consistent with established practice in this jurisdiction and others because they are, among other things: (a) consensual; (b) in the best interests of the Debtors, their Estates, and all Holders of Claims and Interests; (c) in exchange for the good and valuable consideration provided by the Released Parties; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Releases.

40. The exculpation, described in Article VIII.G of the Plan (the "***Exculpation***"), is appropriate under applicable law, including *In re Highland Capital Mgmt., L.P.,* 48 F.4th 419 (5th Cir. 2022), because it was proposed in good faith and is appropriately limited in scope. The Exculpated Parties reasonably relied upon the Exculpation provisions as a material inducement to engage in postpetition work for the Debtors that culminated in the Plan. The record in the chapter 11 cases supports that the Exculpation is appropriately tailored to protect the Exculpated Parties from unnecessary litigation and contains appropriate carve-outs for actions determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, nothing in this Confirmation Order or Article VIII.G of the Plan shall exculpate any

Exculpated Party from any Causes of Action specifically enumerated in the List of Retained Causes of Action.

41. The injunction provision set forth in Article VIII.H of the Plan is necessary to implement, preserve, and enforce the Debtors' discharge, the Debtor Releases, the Releases, and the Exculpation and, by extension, the compromise and settlement upon which the Plan is founded, and is narrowly tailored to achieve this purpose. Subject in all respects to Article XI of the Plan, no Entity or Person may commence or pursue a Claim or Cause of Action of any kind against any Released Party or Exculpated Party that arose or arises from, in whole or in part, the chapter 11 cases, the CCAA Recognition Proceedings, the Debtors (including the governance, management, ownership, and operation thereof), the Wind Down Estate, the Plan, the Plan Supplement, the Disclosure Statement, the Restructuring Support Agreement, the Sale Process, the Purchase Agreement, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Plan, the Disclosure Statement, the chapter 11 cases, the CCAA Recognition Proceedings, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing, or any Claim or Cause of Action subject to Article VIII.E, VIII.F, VIII.B, or VIII.G of the Plan, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim or Cause of Action of any kind, including negligence, bad faith, criminal misconduct, willful misconduct, fraud, or gross negligence against a Released Party or Exculpated Party and (b) specifically authorizing such entity or person to bring such Claim or Cause of Action against any such Released

Party or Exculpated Party. The Bankruptcy Court shall have sole and exclusive jurisdiction to determine whether a Claim or Cause of Action is colorable and, only to the extent legally permissible and as provided for in Article XI of the Plan, shall have jurisdiction to adjudicate the underlying colorable Claim or Cause of Action.

42. Article IV.A.20 of the Plan appropriately provides that in accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article VIII of the Plan, the Wind Down Estate will retain, and may enforce, all rights to commence and pursue, as appropriate, any and all Causes of Action, other than Causes of Action that are GUC Trust Assets, whether arising before or after the Petition Date, and any other actions specifically enumerated in the List of Retained Causes of Action, and such rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The provisions regarding the preservation of Causes of Action in the Plan are appropriate, fair, equitable, and reasonable, and are in the best interests of the Debtors, the Estates, and Holders of Claims and Interests.

43. The release and discharge of all mortgages, deeds of trust, Liens, pledges, or other security interests against the property of the Estates described in Article VIII.D of the Plan (the "***Lien Release***") is necessary to implement the Plan. The provisions of the Lien Release are appropriate, fair, equitable, and reasonable and are in the best interests of the Debtors, the Estates, and Holders of Claims and Interests.

(xi) Distribution of Sale Proceeds: Section 1123(b)(4)

44. In accordance with section 1123(b)(4) of the Bankruptcy Code, Article IV.A of the Plan provides for (i) the sale of substantially all of the Debtors' Assets under the Sale Transaction and the transfer of Wind Down Estate Assets, including any cash proceeds of the Sale Transaction,

and all GUC Trust Assets (solely until the GUC Trust Asset Transfer Occurs) not distributed pursuant to the Plan on the Effective Date, to the Wind Down Estate on the Effective Date and (ii) the creation of the Wind Down Estate to effectuate the liquidation of all assets contributed to the Wind Down Estate and the distribution of proceeds to creditors in accordance with the terms of the Plan. Wind Down Estate Assets are (i) any Assets of the Debtors' Estates that are not GUC Trust Assets and not sold pursuant to the Sale Transaction, including, but not limited to, the Excluded Assets, Interests in the Debtors' non-Debtor affiliates, and any Cause of Action specifically enumerated in the List of Retained Causes of Action which are not GUC Trust Assets and (ii) Cash in the amount set forth in the Post-Sale Reserve; *provided* that proceeds of any Wind Down Estate Assets, including without limitation, Excluded Assets and such Retained Causes of Action shall become Distributable Value. Article IV.C of the Plan provides for the creation of a GUC Trust, which shall be funded with GUC Trust Assets, which GUC Trust Assets may be funded with cash proceeds of the Sale.

(xii) Modification of Rights: Section 1123(b)(5).

45. The Plan modifies the rights of Holders of Claims or Interests, as applicable, in Class 3 (Prepetition Secured Party Claims), Class 4 (General Unsecured Claims), Class 5 (Intercompany Claims), Class 6 (Intercompany Interests), and Class 7 (KidKraft Intermediate Holdings, LLC Interests), as permitted by section 1123(b)(5) of the Bankruptcy Code.

(xiii) Additional Plan Provisions: Section 1123(b)(6).

46. The other discretionary provisions of the Plan are appropriate and consistent with the applicable provisions of the Bankruptcy Code, including provisions for (a) distributions to Holders of Claims and Interests, (b) resolution of Disputed Claims, (c) allowance of certain Claims, and (d) retention of Court jurisdiction, thereby satisfying section 1123(b)(6) of the

Bankruptcy Code. The failure to address any provisions of the Bankruptcy Code specifically in this Confirmation Order shall not diminish or impair the effectiveness of this Confirmation Order.

(xiv) Cure of Defaults: Section 1123(d).

47. The Debtors have cured, or provided adequate assurance that the Debtors will cure, defaults (if any) under or relating to each of the Executory Contracts that are being assumed and assigned to the Purchaser pursuant to the Sale Approval Order and the Plan. In addition, the Debtors' assigns to such Executory Contracts have provided adequate assurance of future performance under such Executory Contracts being assumed and assigned.

O. Debtor Compliance with the Bankruptcy Code: Section 1129(a)(2).

48. The Debtors have complied with the applicable provisions of the Bankruptcy Code and, thus, satisfied the requirements of section 1129(a)(2) of the Bankruptcy Code. Specifically, each Debtor:

a. is an eligible debtor under section 109 of the Bankruptcy Code, and a proper proponent of the Plan under section 1121(a) of the Bankruptcy Code;

b. has complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Bankruptcy Court; and

c. complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., any applicable non-bankruptcy law, rule and regulation, the Scheduling Order, and all other applicable law, in transmitting the Prepetition Solicitation Package and related documents and notices, and in soliciting and tabulating the votes on the Plan.

P. Plan Proposed in Good Faith: Section 1129(a)(3).

49. The Debtors have negotiated, developed, and proposed the Plan (including the Plan Supplement and all other documents and agreements necessary to effectuate the Plan) in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. In so determining, the Bankruptcy Court has considered the facts and record of these chapter 11 cases, the Disclosure Statement, and evidence proffered, admitted, or adduced at or prior to the

Combined Hearing, and examined the totality of the circumstances surrounding the filing of these chapter 11 cases, the Plan, and the process leading to Confirmation. The Debtors' chapter 11 cases were filed, and the Plan was proposed, with the legitimate purpose of allowing the Debtors to consummate the Sale Transaction and to distribute the proceeds from the sale of substantially all of the Debtors' Assets. The Plan (including all documents necessary to effectuate the Plan) and the Plan Supplement were negotiated in good faith and at arm's-length among the Debtors and their key stakeholders, including the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, MidOcean, and the Committee. Additionally, compromises and settlements embodied in the Plan, including the Global Settlement, were negotiated in good faith and at arm's-length and reflect the best possible compromises and settlements that could be reached given the facts and circumstances surrounding the Debtors and these chapter 11 cases. Further, the Plan's classification, indemnification, exculpation, release, and injunction provisions have been negotiated in good faith and at arm's-length, are consistent with sections 105, 1122, 1123(b)(3)(A), 1123(b)(6), 1129, and 1142 of the Bankruptcy Code, and are each integral to the Plan, and necessary for the Debtors' successful implementation of the Plan.

Q. Payment for Services or Costs and Expenses: Section 1129(a)(4).

50. The Debtors have satisfied section 1129(a)(4) of the Bankruptcy Code. Any payment made or to be made by the Debtors for services or for costs and expenses of the Debtors' professionals in connection with these chapter 11 cases, or in connection with the Plan and incident to these chapter 11 cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable. All such costs and expenses of the Debtors' Professionals shall be paid in accordance with the Plan, and all other estimated costs and expenses of the Debtors' Professionals shall be escrowed in the Professional Fee Escrow Account no later than the Effective Date.

R. Directors, Officers, and Insiders: Section 1129(a)(5).

51. The Debtors have complied with the requirements of section 1129(a)(5) of the Bankruptcy Code. To the extent known, the Plan Supplement discloses, or will disclose prior to the Effective Date, the identity and affiliations of the individuals or entities proposed to serve as the Wind Down Administrator and the GUC Trustee. The proposed Wind Down Administrator and GUC Trustee are qualified, and the appointment to such positions are consistent with the interests of the Holders of Claims and Interests and with public policy.

S. No Rate Changes: Section 1129(a)(6).

52. Section 1129(a)(6) of the Bankruptcy Code is not applicable to these chapter 11 cases. The Plan proposes no rate change subject to the jurisdiction of any governmental regulatory commission.

T. Best Interest of Creditors: Section 1129(a)(7).

53. The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analysis attached to the Amended Plan Supplement as **Exhibit D** and described in the Moore Confirmation Declaration and the other evidence related thereto in support of the Plan that was proffered, admitted, or adduced at the Combined Hearing: (a) are reasonable, persuasive, credible, and accurate as of the dates such analyses or evidence was prepared, presented, or proffered; (b) utilize reasonable and appropriate methodologies and assumptions; (c) have not been controverted by other evidence; and (d) establish that each Holder of an Impaired Claim or Interest against a Debtor either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if such Debtors were hypothetically liquidated under chapter 7 of the Bankruptcy Code as of the Effective Date.

U. Acceptance by Certain Classes: Section 1129(a)(8).

54. The Unimpaired Classes are Unimpaired by the Plan and, accordingly, Holders of Claims in such Classes are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The Voting Class is Impaired and has voted to accept the Plan, as established by the Voting Report.

55. The Deemed Rejecting Classes are Impaired and deemed to reject the Plan, pursuant to section 1126(g) of the Bankruptcy Code, and are not entitled to vote to accept or reject the Plan. Holders of Claims in the Deemed Rejecting Classes will not receive or retain any property on account of their Claims or Interests. Therefore, the Plan does not satisfy the requirements of section 1129(a)(8) with respect to the Deemed Rejecting Classes. Notwithstanding the foregoing, the Plan is confirmable because it satisfies sections 1129(a)(10) of the Bankruptcy Code because Class 3 voted to accept the Plan, and, with respect to the Deemed Rejecting Classes, section 1129(b) of the Bankruptcy Code is satisfied as set forth below.

V. Treatment of Claims Entitled to Priority Under Section 507(a) of the Bankruptcy Code: Section 1129(a)(9).

56. The treatment of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, DIP Claims, Adequate Protection Claims, Priority Tax Claims, and statutory fees imposed by 28 U.S.C. § 1930 under Article II of the Plan, and of Allowed Other Priority Claims under Article III of the Plan, satisfies the requirements of, and complies in all respects with, section 1129(a)(9) of the Bankruptcy Code.

W. Acceptance by At Least One Impaired Class: Section 1129(a)(10).

57. The Plan satisfies the requirements of section 1129(a)(10) of the Bankruptcy Code. As evidenced by the Voting Report, Class 3, which is Impaired, voted to accept the Plan in accordance with section 1126 of the Bankruptcy Code, determined without including any

acceptance of the Plan by any insider (as that term is defined in section 101(31) of the Bankruptcy Code).

X. Feasibility: Section 1129(a)(11).

58. The Plan satisfies the requirements of section 1129(a)(11) of the Bankruptcy Code. The evidence supporting Confirmation of the Plan proffered, admitted, or adduced by the Debtors at or prior to the Combined Hearing: (a) is reasonable, persuasive, credible, and accurate as of the dates such evidence was prepared, presented, or proffered; (b) utilizes reasonable and appropriate methodologies and assumptions; (c) has not been controverted by other evidence; (d) establishes that the Plan is feasible and Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, including the Wind Down Estate, except as provided for under the Plan; and (e) establishes that the Wind Down Estate will have sufficient funds available to meet its obligations under the Plan, including funding of the Post-Sale Reserve and Wind Down Estate.

Y. Payment of Fees: Section 1129(a)(12).

59. The Plan satisfies the requirements of section 1129(a)(12) of the Bankruptcy Code. Article II.F of the Plan provides for the payment of all fees payable by the Debtors under 28 U.S.C. § 1930(a).

Z. Continuation of Employee Benefits: Section 1129(a)(13).

60. The Debtors maintain no programs providing for employee retirement benefits, as defined in section 1114 of the Bankruptcy Code. Accordingly, section 1129(a)(13) of the Bankruptcy Code is not applicable.

AA. Non-Applicability of Certain Sections: 1129(a)(14), (15), and (16).

61. Sections 1129(a)(14), 1129(a)(15), and 1129(a)(16) of the Bankruptcy Code do not apply to these chapter 11 cases. The Debtors (a) are not required by a judicial or administrative

order, or by statute, to pay a domestic support obligation, (b) are not individuals, and (c) are each a moneyed, business, or commercial corporation.

BB. "Cram Down" Requirements: Section 1129(b).

62. The Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. Notwithstanding the fact that Class 4 (General Unsecured Claims), Class 5 (Intercompany Claims), Class 6 (Intercompany Interests), and Class 7 (KidKraft Intermediate Holdings, LLC Interests) are deemed to reject the Plan, the Plan may be confirmed pursuant to section 1129(b) of the Bankruptcy Code. The evidence in support of the Plan that was proffered, admitted, or adduced at or prior to the Combined Hearing is reasonable, persuasive, credible, and accurate, has not been controverted by other evidence, and establishes that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. *First*, all of the requirements of section 1129(a) of the Bankruptcy Code other than section 1129(a)(8) have been met. *Second*, the Plan is fair and equitable with respect to such Classes. The Plan has been proposed in good faith, is reasonable, and meets the requirements that (a) no Holder of any Claim or Interest that is junior to each such Classes will receive or retain any property under the Plan on account of such junior Claim or Interest and (b) no Holder of a Claim or Interest in a Class senior to such Classes is receiving more than 100% on account of its Claim. *Third*, the Plan does not discriminate unfairly with respect to such Classes because similarly situated Holders of Claims and Interests will receive substantially similar treatment on account of their Claims and Interests irrespective of Class. Accordingly, the Plan satisfies the requirement of section 1129(b)(1) and (2) of the Bankruptcy Code. The Plan may therefore be confirmed despite the fact that not all Impaired Classes have voted to accept the Plan.

CC. Only One Plan: Section 1129(c).

63. The Plan satisfies the requirements of section 1129(c) of the Bankruptcy Code. The Plan is the only chapter 11 plan filed with respect to each Debtor in each of these chapter 11 cases.

DD. Principal Purpose of the Plan: Section 1129(d).

64. The Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act.

EE. Not Small Business Cases: Section 1129(e).

65. These chapter 11 cases are not small business cases, and accordingly section 1129(e) of the Bankruptcy Code is inapplicable in these chapter 11 cases.

FF. Good Faith Solicitation: Section 1125(e).

66. Based on the record before the Bankruptcy Court in these chapter 11 cases, including evidence proffered, admitted, or adduced at or prior to the Combined Hearing, the Debtors and the other Exculpated Parties (i) have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, the N.D. Tex. L.B.R., the Solicitation and Tabulation Procedures, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with the development of the Plan, all their respective activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and (ii) shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the

securities under the Plan, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the Exculpation set forth in Article VIII.G of the Plan.

GG. Satisfaction of Confirmation Requirements.

67. Based upon the foregoing, all other pleadings, documents, exhibits, statements, declarations, and affidavits filed in connection with confirmation of the Plan, and all testimony, evidence, and arguments made, proffered, admitted, or adduced at or prior to the Combined Hearing, the Plan satisfies the requirements for Confirmation set forth in section 1129 of the Bankruptcy Code.

HH. Likelihood of Satisfaction of Conditions Precedent to the Effective Date.

68. Without limiting or modifying the rights of any party set forth in Article X.A or Article X.B of the Plan, each of the conditions precedent to the Effective Date, as set forth in Article IX.B of the Plan, has been or is reasonably likely to be satisfied or waived in accordance with Article IX.C of the Plan.

II. Implementation; Binding and Enforceable.

69. The terms of the Plan, including the Plan Supplement, and all exhibits and schedules thereto, and all other documents filed in connection with the Plan, and/or executed or to be executed in connection with the transactions contemplated by the Plan and all amendments and modifications of any of the foregoing made pursuant to the provisions of the Plan governing such amendments and modifications (collectively, the "***Plan Documents***") are incorporated by reference and constitute essential elements of the Plan and this Confirmation Order. Consummation of each such Plan Document is in the best interests of the Debtors, the Debtors' Estates, and Holders of Claims and Interests, and such Plan Documents are hereby approved. The Debtors have exercised reasonable business judgment in determining to enter into the Plan Documents, and the Plan Documents have been negotiated in good faith, at arm's-length, are fair

and reasonable, are supported by reasonably equivalent value and fair consideration, and shall, upon completion of documentation and execution, subject to the occurrence of the Effective Date, be valid, binding, and enforceable agreements and not be in conflict with any federal or state law. The Plan and the Plan Documents, subject to the occurrence of the Effective Date, shall bind any Holder of a Claim or Interest and such Holder's respective successors and assigns, whether or not the Claim or Interest is Impaired under the Plan, whether or not such Holder has accepted the Plan, and whether or not such Holder is entitled to a distribution under the Plan. The Plan and the Plan Documents constitute legal, valid, binding, and authorized obligations of the respective parties thereto and shall be enforceable in accordance with their terms. Pursuant to section 1142(a) of the Bankruptcy Code, the Plan and the Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law, rule, or regulation.

JJ. Settlements Embodied in the Plan Satisfy Bankruptcy Rule 9019.

70. All of the settlements and compromises pursuant to and in connection with the Plan or incorporated by reference into the Plan comply with the requirements of section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019. Pursuant to Bankruptcy Rule 9019 and in consideration for the benefits provided under the Plan, any and all compromise and settlement provisions of the Plan constitute good-faith compromises, are in the best interests of the Debtors, the Debtors' Estates, and all Holders of Claims and Interests, and are fair, equitable, and reasonable. The foregoing includes, without limitation, the Global Settlement and the corresponding settlement of Claims, Causes of Action and controversies embodied in Article IV.C of the Plan.

KK. GUC Trust Agreement.

71. The Debtors have exercised sound business judgment in determining to enter into the GUC Trust Agreement and have provided adequate notice thereof. The GUC Trust Agreement

has been negotiated in good faith and at arm's length and is deemed to have been made in good faith and for legitimate business purposes. The terms and conditions of the GUC Trust Agreement are fair and reasonable.

LL. Authority to Pursue, Settle, or Abandon Retained Causes of Action.

72. All Retained Causes of Action are reserved and preserved and shall not be impacted or affected in any way by deemed consolidation of the estates. From and after the Effective Date, except as otherwise set forth in Article VIII of the Plan or transferred to the GUC Trust in accordance with the Plan, prosecution and settlement of all Retained Causes of Action shall be the sole responsibility of the Wind Down Administrator pursuant to the Plan, the Confirmation Order. From and after the Effective Date, the Wind Down Administrator shall retain and may enforce any claims, demands, rights, and Causes of Action that the Debtors' Estates may hold. The Wind Down Administrator may pursue any such retained claims, demands, rights, or Causes of Action, as appropriate, in accordance with the best interests of the beneficiaries of the Wind Down Estate as the sole representative of the Estates pursuant to section 1123(b)(3) of the Bankruptcy Code.

MM. Restructuring Support Agreement.

73. The Restructuring Support Agreement has been negotiated in good faith and at arm's length and is deemed to have been made in good faith and for legitimate business purposes. The terms and conditions of the Restructuring Support Agreement are fair and reasonable. Any surviving obligations under the Restructuring Support Agreement shall terminate on a final basis upon the Effective Date.

NN. Good Faith.

74. The Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, MidOcean, the Committee, and other Released Parties, the Exculpated Parties, and their respective successors, assigns, predecessors, control persons, affiliates, directors, officers,

members, managers, shareholders, partners, employees, attorneys, investment bankers, advisors and agents, as applicable, acted in good faith and will be acting in good faith if they proceed to: (a) consummate the Plan and the agreements, settlements, transactions, and transfers contemplated thereby in accordance with the Plan and the Plan Documents; and (b) take the actions authorized and directed by this Confirmation Order. The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding and determination that (a) each Released Party's in-court or out-of-court efforts to develop, negotiate, and propose the Plan were, with respect to each other Released Party and any other Person, in good faith and not by any means forbidden by law and (b) the settlements reflected in the Plan are (i) in the best interests of the Debtors and their Estates, (ii) fair, equitable, and reasonable, and (iii) approved by the Bankruptcy Court pursuant to sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rule 9019.

OO. Retention of Jurisdiction.

75. The Bankruptcy Court may properly, and upon the Effective Date shall, retain exclusive jurisdiction over all matters arising in or related to, these chapter 11 cases, including the matters set forth in Article XI of the Plan and section 1142 of the Bankruptcy Code. The transactions contemplated as part of the reorganization in these cases should not be subject to any stay, and thus this Confirmation Order should not be subject to any stay under Bankruptcy Rule 3020(e) or any other Bankruptcy Rules such as Bankruptcy Rules 6004 and 6006, in each and every case, to the extent applicable.

ORDER

IT IS ORDERED, ADJUDGED, DECREED, AND DETERMINED THAT:

1. **Findings of Fact and Conclusions of Law**. The findings of fact and conclusions of law set forth herein and on the record at the Combined Hearing are hereby incorporated by reference as though fully set forth herein and shall constitute findings of fact and conclusions of

law pursuant to Bankruptcy Rule 7052, made applicable herein by Bankruptcy Rule 9014. To the extent that any finding of fact is determined to be a conclusion of law, it shall be deemed so, and vice versa.

2. **Approval of Disclosure Statement**. The Disclosure Statement (i) contains adequate information of a kind generally consistent with the disclosure requirements of all applicable non-bankruptcy law, including the Securities Act, (ii) contains "adequate information" (as such term is defined in section 1125(a)(1) and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (iii) is **APPROVED** on a final basis in all respects.

3. **Confirmation of the Plan**. The Plan is approved in its entirety and **CONFIRMED** under section 1129 of the Bankruptcy Code. The documents contained in or contemplated by the Plan, including, without limitation, the Plan Supplement and other Plan Documents, are hereby authorized and approved. The terms of the Plan are incorporated by reference into and are an integral part of this Confirmation Order. The failure to specifically describe, include, or to refer to any particular article, section, or provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, it being the intent of the Bankruptcy Court that the Plan is confirmed in its entirety, except as expressly modified herein, the Plan Documents are approved in their entirety, and all are incorporated herein by this reference.

4. **Objections**. All objections to Confirmation of the Plan or approval of the Disclosure Statement and other responses, comments, statements, or reservations of rights, if any, in opposition to the Plan or Disclosure Statement that have not been withdrawn, waived, or otherwise resolved by the Debtors prior to entry of this Confirmation Order are overruled on the merits. All objections to Confirmation of the Plan or approval of the Disclosure Statement not

Filed and served prior to the Objection Deadline, if any, are deemed waived and shall not be considered by the Bankruptcy Court.

5. **Plan Classification Controlling.** The terms of the Plan shall solely govern the classification of Claims and Interests for purposes of the distributions to be made thereunder. The classification set forth on the Ballot tendered in connection with voting on the Plan: (a) were set forth thereon solely for purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of Claims and Interests under the Plan for distribution purposes; (c) may not be relied upon by any Holder of a Claim or Interest as representing the actual classification of such Claim or Interest under the Plan for distribution purposes; and (d) shall not be binding on the Debtors except for voting purposes. All rights of the Debtors, the Wind Down Estate, and the GUC Trust, as applicable, to challenge, object to, or seek to reclassify Claims or Interests are expressly reserved.

6. **Combined Hearing Notice**. The Combined Hearing Notice and the Combined Hearing Publication Notice complied with the terms of the Scheduling Order, were appropriate and satisfactory based upon the circumstances of these chapter 11 cases, and were in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., and applicable non-bankruptcy law, rule, and regulation.

7. **Solicitation**. The solicitation of votes on the Plan complied with the Solicitation and Tabulation Procedures, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the N.D. Tex. L.B.R., the Scheduling Order, and applicable non-bankruptcy law, rule, and regulation.

8. **Plan Modifications**. The modifications, amendments, and supplements made to the Initial Plan following the solicitation of votes thereon constitute technical changes and do not materially adversely affect or change the proposed treatment of any Claims or Interests. After giving effect to such modifications, the Plan continues to satisfy the requirements of sections 1122 and 1123 of the Bankruptcy Code. The filing of the Plan and proposed form of this Confirmation Order with the Bankruptcy Court on June 20, 2024, which contain such modifications, and the disclosure of such modifications on the record at the Combined Hearing, constitute due and sufficient notice thereof. Accordingly, such modifications do not require additional disclosure or re-solicitation of votes under sections 1125, 1126, or 1127 of the Bankruptcy Code or Bankruptcy Rule 3019, nor do they require that the Holder of Claims in the Voting Class be afforded an opportunity to change its previously cast vote on the Plan. The Holder of Claims in the Voting Class who voted to accept the Initial Plan is deemed to accept the Plan as modified. The Plan, as modified, is, therefore, properly before this Bankruptcy Court and all votes cast with respect to the Plan prior to such modification shall be binding and shall apply with respect to the Plan.

9. **Sale Approval Order.** As more particularly set forth in the Sale Approval Order, attached hereto as **Exhibit B**, which is incorporated by reference and deemed a part of this Confirmation Order, the Debtors' entry into the Purchase Agreement, and all transactions contemplated thereby and all of the terms and conditions thereof, is hereby authorized in its entirety. The Debtors and the Wind Down Administrator, as applicable, are authorized to undertake the transactions contemplated by the Purchase Agreement, including pursuant to sections 363, 365, and 1123(a)(5) of the Bankruptcy Code. Pursuant to the Sale Approval Order and sections 363(f), 363(m), 365(c)(1), and 365(f)(1) of the Bankruptcy Code, the Debtors shall

have no obligation to give effect to any consent right, preferential purchase right, or other similar agreement with respect to the Debtors' assets and property.

10. **No Action Required.** No action of the respective directors, equity holders, managers, or members of the Debtors, the Wind Down Estate, or the GUC Trust (as applicable) is required to authorize the Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable) to enter into, execute, deliver, file, adopt, amend, restate, consummate, or effectuate, as the case may be, the Plan, or any contract, assignment, certificate, instrument, or other document to be executed, delivered, adopted, or amended in connection with the implementation of the Plan, including the GUC Trust Agreement, and the other Plan Documents.

11. **Binding Effect**. On the date of and after entry of this Confirmation Order, in accordance with section 1141(a) of the Bankruptcy Code and subject to the occurrence of the Effective Date and notwithstanding Bankruptcy Rules 3020(e), 6004(d), 6004(h), or otherwise, the terms of the Plan, the Plan Documents, and this Confirmation Order shall be immediately effective (and/or adopted, where applicable) and enforceable and deemed binding upon the Debtors, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable), and any and all Holders of Claims or Interests and such Holder's respective successors and assigns (regardless of whether or not (a) the Holders of such Claims or Interests voted to accept or reject, or are deemed to have accepted or rejected, the Plan or (b) the Holders of such Claims or Interests are entitled to a distribution under the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases (including the releases set forth in Article VIII of the Plan), waivers, discharges, exculpations, and injunctions provided for in the Plan, each Entity acquiring property under the Plan or this Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases. All Claims and Interests shall be fixed, adjusted, or

compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or Interest has voted on the Plan. The Plan and the Plan Documents constitute legal, valid, binding, and authorized obligations of the respective parties thereto and shall be enforceable in accordance with their terms. Pursuant to section 1142(a) of the Bankruptcy Code, the Plan and the Plan Documents, and any amendments or modifications thereto, shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

12. **Vesting of Wind Down Estate Assets in the Wind Down Estate.** Except as otherwise provided in the Plan, the Plan Supplement, or the Confirmation Order, on the Effective Date, all Wind Down Estate Assets (including all interests, rights, and privileges related thereto) and all GUC Trust Assets (solely until the GUC Trust Assets Transfer occurs) in each Estate and all Causes of Action that are retained under the Plan shall vest in the Wind Down Estate, to be administered by the Wind Down Administrator in accordance with the Plan, free and clear of all Claims, Liens, and encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Wind Down Estate may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action (other than those that are GUC Trust Assets) without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. To the extent that the retention by the Wind Down Estate of assets or property held immediately prior to the Effective Date in accordance with the Plan is deemed, in any instance, to constitute a "transfer" of property, such transfer of property to the Wind Down Estate (a) is or shall be a legal, valid, and effective transfer of property, (b) vests or shall vest the Wind Down Estate with good title to such property, free and clear of all Liens, Claims, charges, or other encumbrances, except as expressly provided in the Plan, the Plan Documents, or the Confirmation Order, (c) does not and shall not constitute an avoidable transfer under the

Bankruptcy Code or under applicable non-bankruptcy law, rule, or regulation, and (d) does not and shall not subject the Wind Down Estate to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, rule, or regulation, including by laws affecting or creating successor or transferee liability.

13. **Creation of the GUC Trust.** Except as otherwise provided in the Plan, the Plan Documents, this Confirmation Order, or in any agreement, instrument, or other document incorporated in the Plan, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all GUC Trust Assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. On and after the Effective Date, the GUC Trust is deemed created and effective without any further action by the Bankruptcy Court or any party. The GUC Trust shall be established with the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their Allowed General Unsecured Claims, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the purpose of the GUC Trust and as may be reasonably necessary to conserve and protect the GUC Trust Assets and provide for the orderly liquidation and distribution thereof. The terms and conditions of the GUC Trust Agreement are approved.

14. **Effectiveness of All Actions**. All actions contemplated by the Plan, including all actions pursuant to, in accordance with, or in connection with the Plan Documents, are hereby effective and authorized to be taken on, prior to, or after the Effective Date, as applicable, under this Confirmation Order, without further application to, or order of the Bankruptcy Court, or further action by the respective officers, directors, managers, members, or equity holders of the

Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable) and with the effect that such actions had been taken by unanimous action of such officers, directors, managers, members, or equity holders or the Wind Down Administrator or GUC Trustee (as applicable).

15. **Plan Implementation**.

(a) Consistent with section 1142 of the Bankruptcy Code and any provisions of the business corporation law and limited liability company law of any applicable jurisdiction, and without further action by the Bankruptcy Court or the equity holders, members, managers, officers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable), the Debtors, the Wind Down Administrator, and the GUC Trustee (as applicable) are authorized to: (i) take any and all actions as may be necessary or appropriate to implement, effectuate, and consummate the Plan, the Plan Supplement, the Plan Documents, this Confirmation Order, and any transaction contemplated thereby or hereby, and (ii) execute and deliver, adopt or amend, as he case may be, any contracts, instruments, releases, agreements, and documents necessary to implement, effectuate, and consummate the Plan, the Plan Supplement, the Plan Documents, this Confirmation Order, and any transaction contemplated thereby or hereby.

(b) Except as set forth in the Plan, all actions authorized to be taken pursuant to the Plan, the Plan Supplement, and the Plan Documents including, (i) the rejection or assumption, as appropriate, of any Executory Contracts and Unexpired Leases, (ii) the sale and/or abandonment of Assets, (iii) contribution of Wind Down Estate Assets to the Wind Down Estate, (iv) contribution of GUC Trust Assets to the GUC Trust, and (v) entry into any contracts, instruments, releases, agreements, and documents necessary to implement, effectuate, and consummate the Plan are hereby approved and shall be effective prior to, on, or after the Effective Date pursuant to this Confirmation Order, without further notice, application to, or order of the

Bankruptcy Court, or further action by the Debtors, the Wind Down Administrator, or the GUC Trustee (as applicable).

(c) To the extent that, under applicable non-bankruptcy law, rule, or regulation, any of the foregoing actions would otherwise require the consent or approval of the equity holders, members, managers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable), this Confirmation Order shall, pursuant to section 1142 of the Bankruptcy Code, constitute such consent or approval, and such actions are deemed to have been taken by unanimous action of the equity holders, members, managers, or directors of any of the Debtors or the Wind Down Administrator or GUC Trustee (as applicable).

(d) All such transactions effectuated by the Debtors during the pendency of these chapter 11 cases from the Petition Date through the Confirmation Date (or as otherwise contemplated by this Confirmation Order) are approved and ratified, subject to the satisfaction of any applicable terms and conditions to effectiveness of such transactions and the occurrence of the Effective Date.

16. **Global Settlement Approved**. The Global Settlement, as incorporated in the Plan, constitutes a compromise and settlement pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 among the Global Settlement Parties. The related provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, issues, disputes and, controversies that were, or could have been asserted in connection with these chapter 11 cases.

17. The Global Settlement was negotiated at arm's length and in good faith, is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. The GUC Settlement Opt-In Election , including the GUC Settlement Opt-In Form and the procedures set forth therein, are fair and consistent with the Global

Settlement. Entry of this Confirmation Order shall constitute the Bankruptcy Court's approval of the Global Settlement, including the GUC Settlement Opt-In Form and related procedures, the settlement of all such Claims, Interests, and controversies, and the approval of all such releases granted in connection therewith. For the avoidance of doubt, the settlement, release, injunction, and related provisions described in Article VIII the Plan and approved by this Confirmation Order shall be in addition to, and not in lieu of, the settlements, releases, agreements, and compromises granted pursuant to the Global Settlement.

18. **Cancellation of Existing Securities and Agreements**. On the Effective Date, except to the extent otherwise provided herein or in the Plan, all notes, instruments, certificates, credit agreements, indentures, and other documents evidencing Claims or Interests (including with respect to the Prepetition Credit Agreement Documents), and any Interests that are not represented by certificates or other instruments, shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be discharged, deemed satisfied in full, canceled, and of no force or effect against the Debtors, the Wind Down Estate, or the GUC Trust without any further action on the part of the Debtors, the Wind Down Administrator, the GUC Trustee, or any other Person. Holders of or parties to such canceled instruments, Securities, and other documentation will have no rights arising from or relating to such instruments, Securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan.

19. Notwithstanding anything to the contrary in the Plan, but subject to any applicable provisions of Articles IV and VI of the Plan, the Prepetition Credit Agreement Documents shall continue in effect as between all Debtors and the non-Debtors party thereto until the wind down of the Debtors and the Netherlands Wind Down is complete. Following completion of the wind

down of the Debtors and the Netherlands Wind Down and distribution of proceeds (if any) to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Prepetition Credit Agreement Documents shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full, canceled, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person.

20. **Directors and Officers of the Debtors**. As of the Effective Date, the term of the current members of the boards of directors or boards of managers, as applicable, of KidKraft and its Debtor Affiliates shall expire automatically and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. Consistent with the Plan, each of the Estates will vest in the Wind Down Estate effective as of the Effective Date and, thus, no individuals will serve as directors, officers, or voting trustees after the Effective Date for any Debtors.

21. **Preservation of Causes of Action.** In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article VIII of the Plan, the Wind Down Administrator shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, including any Retained Cause of Action; *provided that*, the Wind Down Estate will not retain any Causes of Action (including Avoidance Actions) that are assigned to the Purchaser as Transferred Assets in connection with the Sale Transaction or that may be included in the GUC Trust Assets and transferred to the GUC Trust. For the avoidance of doubt, Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser. The Wind Down Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. Except to the extent any such claim is

specifically satisfied, settled, and released herein, in accordance with and subject to any applicable law, the Debtor's inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtor or Estate may hold against any Person. Except to the extent any such claim is specifically satisfied, settled, and released herein, the Debtor intends to preserve those claims, demands, rights, or causes of action designated as Retained Causes of Action.

22. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as an indication that the Debtors or the Wind Down Estate, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Wind Down Estate, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity or Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, including pursuant to Article VIII of the Plan, the Debtors or the Wind Down Estate, as applicable, expressly reserve all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

23. **Substitution in Pending Legal Actions.** On the Effective Date, the Wind Down Estate or the Wind Down Administrator, as applicable, shall be deemed to be the same litigation party as the applicable Debtor(s) and are authorized to be substituted as the party to any litigation in which the Debtors are a party, including (but not limited to) (i) pending contested matters or adversary proceedings in the Bankruptcy Court or the CCAA Court, (ii) any appeals of orders of

the Bankruptcy Court and (iii) any state court or federal or state administrative proceedings or equivalent in Canada or any other applicable jurisdiction pending as of the Petition Date. The Wind Down Administrator and its professionals are not required to, but may, take such steps as are appropriate to provide notice of such substitution.

24. **Wind Down Estate**. On and after the Effective Date, the Wind Down Estate shall be empowered to: (a) perform all actions and execute all agreements, instruments, and other documents necessary to implement the Plan; (b) accept, preserve, receive, collect, manage, invest, sell, liquidate, transfer, supervise, prosecute, settle, and protect, as applicable, the Wind Down Estate Assets (directly or through its professionals or a Disbursing Agent), in accordance with the Plan; (c) review, reconcile, settle, or object to all such Claims (other than General Unsecured Claims) that are Disputed Claims as of the Effective Date pursuant to the procedures for allowing Claims prescribed in the Plan; (d) calculate and make distributions of the proceeds of the Wind Down Estate Assets to Holders of Allowed Claims (other than Holders of Allowed General Unsecured Claims) in accordance with the terms of the Plan and otherwise implementing the Plan; (e) subject to Article VIII of the Plan, pursue Retained Causes of Actions ; (f) retain, compensate, and employ professionals to represent the Wind Down Estate; (g) file appropriate tax returns and other reports on behalf of the Wind Down Estate and pay taxes or other obligations owed by the Wind Down Estate; (h) file, to the extent reasonably feasible, appropriate tax returns on behalf of the Debtor and pay taxes or other obligations arising in connection therewith; (i) exercise such other powers as may be vested in the Wind Down Estate under the Plan, or as deemed by the Wind Down Administrator to be necessary and proper to implement the provisions of the Plan; (j) take such actions as are necessary or appropriate to close the Debtors' chapter 11 cases; (k) dissolve the entities comprising the Wind Down Estate; and (l) undertake the Wind Down Transactions.

25. **Wind Down Administrator**. SierraConstellation Partners, LLC is hereby appointed to serve as the Wind Down Administrator for the Wind Down Estate in accordance with the terms of this Confirmation Order, and the Plan. The Wind Down Administrator shall be authorized to take all actions necessary to establish, maintain, and administer the Wind Down Estate pursuant to the terms of the Plan, and this Confirmation Order.

26. **GUC Trust Agreement**. The GUC Trust Agreement, substantially in the form filed with the Plan Supplement, is hereby approved in its entirety, and the Debtors are authorized to enter into the GUC Trust Agreement.

27. **GUC Trust**. On the Effective Date, the GUC Trust will be established with the purpose and authority set forth in the Plan and the GUC Trust Agreement.

28. **GUC Trustee**. Jiangang Ou is hereby appointed to serve as the GUC Trustee for the GUC Trust in accordance with the terms of this Confirmation Order, the Plan, and the GUC Trust Agreement. The GUC Trustee shall be authorized to take all actions necessary to establish, maintain, and administer the GUC Trust and any sub-trust of the GUC Trust pursuant to the terms of the GUC Trust Agreement, the Plan, and this Confirmation Order.

29. **Funding and Transfer of Assets Into the GUC Trust**. Except as otherwise provided in the Plan or the Confirmation Order, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all such assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. Except as set forth in the Plan, the GUC Trust Assets shall be transferred to the GUC Trust free and clear of all Claims, Liens, and encumbrances to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code. The act of transferring the GUC Trust Assets, as authorized by the Plan, shall not be

construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the GUC Trust as if the asset or right was still held by the Debtors.

30. **Settlement of Claims by the GUC Trustee**. Except as otherwise provided in the Plan or the GUC Trust Agreement, on and after the Effective Date, the GUC Trustee may compromise or settle any General Unsecured Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for GUC Trust Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

31. **Professional Compensation**. The provisions governing compensation of Professionals set forth in Article II.B of the Plan are approved in their entirety. All final requests for Professional Fee Claims through and including the Effective Date shall be Filed no later than 45 days after the Effective Date. Any objections to Professional Fee Claims shall be served and filed no later than 24 days after the filing of such final applications for payment of Professional Fee Claims.

32. **Payment of Professional Fee Claims**. On the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the "Professional Fee Reserve Amount" described in Article II.B.3 herein. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and the other professionals with Professional Fee Claims. The Debtors shall utilize the Funded Reserve Account (as defined in the DIP Approval Order) to fund the Professional Fee Escrow Account, *provided that* the Funded Reserve Account is not a limitation on the amount funded to the Professional Fee Escrow Account. The Professional Fee Escrow Account and funds therein shall not be considered property of the Estates

of the Debtors the Wind Down Estate, or the GUC Trust. The amount of Allowed Professional Fee Claims shall be paid in Cash to the Professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed, and the amount of all other Professional Fee Claims shall be paid in Cash to the applicable professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account on the Effective Date.

33. After all Professional Fee Claims have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be deemed Distributable Value and distributed to the holders of Prepetition Secured Party Claims without any further action or order of the Bankruptcy Court.

34. **Establishment of Appropriate Reserves**. In accordance with the terms of the Confirmation Order and the Plan, the Debtors shall establish the Post-Sale Reserve in the amount of $650,000 to fund the reasonably anticipated costs necessary for the wind down of the Wind Down Estate, including an estimated amount of reasonable fees and expenses that may be incurred by professionals for services rendered after the Effective Date and statutory fees, which cash reserve shall be funded into a segregated account on the Effective Date.

35. **Subordination.** The allowance, classification, and treatment of all Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, the Wind Down

Administrator, or the GUC Trustee (as applicable) reserve(s) the right to reclassify any Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

36. **Release of Liens.** Except for the Wind Down Claims, and as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date concurrently and consistent with the treatment provided for Claims and Interests in Article III, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate (including the Wind Down Estate and the GUC Trust) shall be deemed fully released and discharged. After the wind down of the Debtors and the Netherlands Wind Down is complete and after the proceeds of the Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate on account of the Wind Down Claims shall be deemed fully released and discharged. Notwithstanding anything contained herein to the contrary, until completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Plan shall not operate as a waiver of any right, power or remedy of the Prepetition Agent or Prepetition Lender, or constitute a waiver of any provision of the Prepetition Credit Agreement Documents in respect of any non-Debtor affiliate of the Debtors party thereto and the obligations of the non-Debtor affiliates thereunder shall remain in full force and effect.

37. **Indemnification**. Pursuant to Article V.G of the Plan, the Indemnification Obligations shall not be discharged or impaired by the Plan or entry of this Confirmation Order,

and the Indemnification Obligations are hereby deemed to be, and shall be treated as, Executory Contracts assumed by the Debtors and assigned to the Wind Down Estate under the Plan and shall continue as obligations of the Wind Down Estate.

38. **Insurance.** To the extent that any of the Debtors' insurance policies constitute Executory Contracts, such insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan and shall be assumed by the Debtors and assigned to the Wind Down Estate on the Effective Date. All other insurance policies (to the extent not deemed Executory Contracts) shall vest in the Wind Down Estate on the Effective Date.

39. **Rejection of Contracts and Leases.** On the Effective Date, except as otherwise provided herein or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the Plan shall serve as a motion under sections 365 and 1123(b)(2) of the Bankruptcy Code to assume, assume and assign, or reject Executory Contracts and Unexpired Leases, and all Executory Contracts or Unexpired Leases shall be rejected as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

40. **Distributions**. All distributions pursuant to the Plan shall be made in accordance with Article VI of the Plan, and such methods of distribution are approved.

41. **Compromise and Settlement of Claims, Interests, and Controversies**. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions, settlements, releases, and other benefits provided pursuant to the Plan, which distributions, settlements, releases, and other benefits shall be irrevocable and not subject to challenge upon the Effective Date, the provisions of the Plan, and the distributions, releases, and other benefits provided hereunder, shall constitute a good-faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan. The entry of this Confirmation Order constitutes approval of the compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that all such compromises and settlements are in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Wind Down Estate or the Wind Down Administrator (as applicable) and the GUC Trust or the GUC Trustee (as applicable, and solely with respect to General Unsecured Claims and GUC Trust Assets) may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

42. In accordance with Bankruptcy Rule 9019, the Plan constitutes the good-faith compromise and settlement among the Global Settlement Parties regarding the matters set forth in

the Global Settlement Term Sheet, and reflects and implements such compromise and settlement, including by the establishment and funding of the GUC Trust. Such compromise and settlement is made in exchange for consideration and is in the best interests of the Global Settlement Parties and the Holders of Allowed General Unsecured Claims, is within the reasonable range of possible litigation outcomes, is fair, equitable, and reasonable, and is an essential element of the resolution of these chapter 11 cases.

43. **Release, Discharge, Exculpation, and Injunction Provisions**. All discharge, injunction, release, and exculpation provisions set forth in the Plan, including but not limited to those contained in Articles VIII.B, VIII.C, VIII.D, VIII.E, VIII.F, VIII.G and VIII.H of the Plan, are approved and shall be effective and binding on all Persons and Entities to the extent provided therein. For the avoidance of doubt, the right of any party to object to any Estate Professional's fee application, subject to applicable objection deadlines, is preserved, notwithstanding the approval of the Releases herein.

44. **Tax Withholding**. Pursuant to the Plan, including Article VI.D thereof, to the extent applicable, the Debtors, the Wind Down Administrator, the GUC Trustee, the Disbursing Agent, and any applicable withholding agent shall comply with all applicable tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, such parties shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions until receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are

reasonable and appropriate. For these purposes, all distributions made on behalf of the Debtors pursuant to the Plan shall if applicable be first in satisfaction of the portion of Claims that are not subject to any withholding tax obligation. All Persons holding Claims against any Debtor shall be required to provide any additional information reasonably necessary for the Debtors, the Wind Down Administrator, the GUC Trustee, the Disbursing Agent, and any applicable withholding agent to comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, including an IRS Form W-8 or W-9, as applicable, and any other applicable tax forms. The Debtors, the Administrator on behalf of the Wind Down Estate, the GUC Trustee on behalf of the GUC Trust, and the Disbursing Agent (as applicable) reserve the right to allocate all distributions made under the Plan in a manner that complies with all other legal requirements, such as applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances. Any amounts withheld pursuant to the Plan shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim or Allowed Interest shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution.

45. **Payment of Statutory Fees**. Statutory Fees due and payable prior to, and that remain unpaid as of, the Effective Date shall be paid by the applicable Debtors on the Effective Date. No statutory fees shall be paid on the initial funding of the Post-Sale Reserve or the GUC Trust. Fees due and payable pursuant to 28 U.S.C. § 1930 shall only be paid on subsequent disbursement of Cash by the Wind Down Estate or the GUC Trust, as applicable. Any fees due and payable pursuant to 28 U.S.C. § 1930 that may be owed by the Debtors, the Wind Down

Estate, or the GUC Trust, as applicable, after the Confirmation Date related to the reduction to Cash of non-Cash assets shall be paid by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, until the case is closed, dismissed, or converted. If no disbursements are made by the Debtors, the Wind Down Estate, or the GUC Trust for any quarter post-confirmation, only the minimum statutory fee will be owed in accordance with 28 U.S.C. § 1930(a)(6). The Wind Down Estate and the GUC Trust shall file post-confirmation operating reports with respect to their respective operations and disbursements until these Chapter 11 Cases are closed, dismissed, or converted to cases under chapter 7 of the Bankruptcy Code.

46. **Documents, Mortgages and Instruments**. Each federal, state, local, foreign or other governmental agency is authorized to accept any and all documents, mortgages or instruments necessary or appropriate to effectuate, implement or consummate the Plan.

47. **Return of Deposits**. All utilities, including any Person who received a deposit or other form of "adequate assurance" of performance pursuant to section 366 of the Bankruptcy Code during these chapter 11 cases (collectively, the "***Deposits***"), whether pursuant to the *Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief* [Docket No. 87] (the "***Utilities Order***") or otherwise, including, but not limited to, gas, electric, telephone, data, cable, trash, freight, and waste management services, are directed to return such Deposits to the Wind Down Estate within 15 days following the Effective Date. Such amounts returned shall constitute Distributable Value. Additionally, the Wind Down Estate or the Wind Down Administrator, as applicable, are hereby authorized to close

the Adequate Assurance Account (as defined in the Utilities Order) upon entry of the Confirmation Order.

48. **Distributable Value**. Any Distributable Value that is available for distribution after the Effective Date shall be promptly distributed by the Debtors or the Wind Down Estate (as applicable) to Holders of Allowed Prepetition Secured Party Claims. After the Effective Date, in lieu of conducting sales of liquidating its assets, with the consent of the Prepetition Secured Parties, the Wind Down Administrator may transfer any assets of the Wind Down Estate to the Prepetition Secured Parties free and clear of all Liens, Claims, and encumbrances. All payments, distributions, and transfers made to or for the benefit of any of the DIP Secured Parties or Prepetition Secured Parties pursuant to the Plan or this Confirmation Order shall be indefeasible and shall not be subject to disgorgement, counterclaim, set-off, subordination, recharacterization, defense, disallowance, recovery, or avoidance for any reason.

49. **Filing and Recording**. This Confirmation Order is binding upon and shall govern the acts of all Persons or Entities including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other Persons and Entities who may be required, by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any document or instrument. Each and every federal, state, and local government agency is hereby directed to accept any and all documents and instruments necessary, useful, or appropriate (including financing statements under the applicable uniform commercial code) to effectuate, implement, and consummate the transactions contemplated by the Plan and this Confirmation Order without payment of any stamp tax or similar tax imposed by state or local law.

50. **Continued Effect of Stays and Injunctions**. Unless otherwise provided in the Plan, the Confirmation Order, the Confirmation Recognition Order, the Sale Approval Order, or any other Final Order entered by the Bankruptcy Court, all injunctions or stays arising under or entered during the chapter 11 cases under section 362 of the Bankruptcy Code or otherwise, or ordered by the CCAA Court in the CCAA Recognition Proceedings, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date set forth in the order providing for such injunction or stay.

51. **Debtors' Actions Post-Confirmation Through the Effective Date**. During the period from the entry of this Confirmation Order through and until the Effective Date, each of the Debtors shall continue to operate its business as a debtor in possession, subject to the oversight of the Bankruptcy Court as provided under the Bankruptcy Code, the Bankruptcy Rules, and this Confirmation Order and any order of the Bankruptcy Court that is in full force and effect.

52. **Authorization to Consummate**. The Debtors are authorized to consummate the Plan and the Restructuring at any time after entry of this Confirmation Order subject to satisfaction, or waiver in accordance with Article IX.C of the Plan, of the conditions precedent to the Effective Date set forth in Article IX of the Plan.

53. **Conditions Precedent to the Effective Date**. The Plan shall not become effective unless and until the conditions set forth in Article IX.B of the Plan have been satisfied or waived pursuant to Article IX.C of the Plan.

54. **Nonseverability of Plan Provisions Upon Confirmation**. Each provision of the Plan is: (a) valid and enforceable in accordance with its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent (and subject to other consents and

consultation rights set forth in the Plan) in accordance with the terms set forth in the Plan; and (c) nonseverable and mutually dependent.

55. **Post-Confirmation Modifications**. Subject to the terms of the Plan and without need for further order or authorization of the Bankruptcy Court, the Debtors, the Wind Down Administrator, or the GUC Trustee (solely with respect to the GUC Trust Agreement) as applicable, are authorized and empowered to make any and all modifications to any and all Plan Documents that are necessary to effectuate the Plan that do not materially modify the terms of such documents and are consistent with the Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, the Wind Down Administrator, and the GUC Trustee (as applicable) reserve their respective rights prior to the Effective Date to withdraw, alter, amend, or modify materially the Plan with respect to such Debtor, Wind Down Estate, or GUC Trust, as applicable, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, or this Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article X.A of the Plan.

56. **Reversal/Stay/Modification/Vacatur of Confirmation Order**. Except as otherwise provided in this Confirmation Order, if any or all of the provisions of this Confirmation Order are hereafter reversed, modified, vacated, or stayed by subsequent order of this Court or any other court, such reversal, stay, modification, or vacatur shall not affect the validity or enforceability of any act, obligation, indebtedness, liability, priority, or Lien incurred or undertaken by the Debtors prior to the effective date of such reversal, stay, modification, or

vacatur. Notwithstanding any such reversal, stay, modification, or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, or in reliance on, this Confirmation Order prior to the effective date of such reversal, stay, modification, or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan or any amendments or modifications thereto.

57. **Applicable Non-Bankruptcy Law.** The provisions of this Confirmation Order, the Plan, and related documents, or any amendments or modifications thereto, shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law, rule, or regulation.

58. **Governmental Approvals Not Required**. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state, federal, or other governmental authority with respect to the implementation or consummation of the Plan, any certifications, documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to therein, or contemplated by, the Plan.

59. **Police and Regulatory**. Nothing in this Confirmation Order or the Plan discharges, releases, precludes, or enjoins: (i) any liability to any Governmental Unit that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Effective Date; (iii) any liability to a Governmental Unit under police and regulatory law that any Entity would be subject to as the owner or operator of property after the Effective Date; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors or the Wind Down Estate. Nor shall anything in this Confirmation Order or the Plan enjoin or otherwise bar any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence.

60. **Strouse Litigation.** Consistent with her decision to opt-out of the Plan's Releases, nothing in the Plan or this Order shall prejudice, release, or enjoin the ability of Phoebe Strouse

("***Strouse***") to litigate to final judgment or settlement, including any appeal, her claims pending against Solowave Design, Inc., Solowave Design Corp., and various non-debtor defendants, in Case No. 37-2022-00023823-CU-PL-CTL in the California Superior Court for San Diego County, styled as *Phoebe Strouse, a minor by and through her guardian ad litem, Ginger Strouse vs. Solowave Design, Inc. et al* (the "***Strouse State Court Case***"), for purposes of collection against non-debtor defendants and/or insurance policies, if any, providing coverage or being otherwise liable for such claims. Solowave Design, Inc. and Solowave Design Corp. reserve all rights and defenses with respect to the Strouse State Court Case as available under applicable law. The Plan Injunction shall remain in place for all other purposes, including, without limitation, to prevent the enforcement of any final judgment or settlement against Solowave Design, Inc. and Solowave Design Corp. other than from insurance coverage as available. Any recovery by Strouse with respect to Solowave Design, Inc. and Solowave Design Corp. other than from insurance coverage shall be solely pursuant to the terms of the Plan, and the foregoing paragraphs shall not be deemed to modify or improve the character, validity, or priority of any of Strouse's claims.

61. **Waiver of Filings**. Any requirement under section 521 of the Bankruptcy Code or Bankruptcy Rule 1007 obligating the Debtors to file any list, schedule, or statement with the Bankruptcy Court or the Office of the United States Trustee for the Northern District of Texas (the "***U.S. Trustee***") (except for monthly operating reports or any other post-confirmation reporting obligation to the U.S. Trustee) is hereby waived as to any such list, schedule, or statement not filed as of the Confirmation Date.

62. **Notice of Entry of the Confirmation Order and Effective Date**. In accordance with Bankruptcy Rules 2002 and 3020(c), as soon as reasonably practicable after the Effective Date, the Debtors shall serve notice of the entry of the Sale Approval Order, substantially in the

form annexed hereto as **Exhibit B**, and this Confirmation Order and notice of the Effective Date, substantially in the form annexed hereto as **Exhibit C**, to all parties who hold a Claim or Interest in these chapter 11 cases, the U.S. Trustee, and other parties in interest. Such notice is hereby approved in all respects and shall be deemed good and sufficient notice of confirmation of the Plan, entry of this Confirmation Order, and the occurrence of the Effective Date.

63. **Waiver of Stay.** The Confirmation Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. As set forth in the Sale Approval Order, time is of the essence in Closing the Sale. Accordingly, sufficient cause has been shown to waive the stays contemplated by Bankruptcy Rule 3020(e) or any other Bankruptcy Rule such as Bankruptcy Rules 6004 and 6006, in each and every case, to the extent applicable. Any party objecting to this Confirmation Order must exercise due diligence in filing an appeal, pursuing a stay, and obtaining a stay prior to the Closing or risk its appeal being foreclosed as moot.

64. **Substantial Consummation**. On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127 of the Bankruptcy Code.

65. **Termination of Restructuring Support Agreement**. On the Effective Date, the Restructuring Support Agreement will terminate automatically in accordance with Section 12 thereof.

66. **References to and Omissions of Particular Plan Provisions**. References to articles, sections, and provisions of the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan or this Confirmation Order. The failure to specifically describe, include, or refer to any particular article, section, or provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, it being the intent of the Bankruptcy Court that the Plan is confirmed in its

entirety, except as expressly modified herein, the Plan Documents are approved in their entirety, and all of the foregoing are incorporated herein by this reference.

67. **Headings.** Headings utilized herein are for convenience and reference only, and do not constitute a part of the Plan or this Confirmation Order for any other purpose.

68. **Effect of Conflict**. This Confirmation Order supersedes any Court order issued prior to the Confirmation Date that may be inconsistent with this Confirmation Order. If there is any inconsistency between the terms of the Plan and the terms of this Confirmation Order, then, solely to the extent of such inconsistency, the terms of this Confirmation Order govern and control.

69. **Final Order.** This Confirmation Order is a Final Order and the period in which an appeal must be filed shall commence upon the entry hereof.

70. **Retention of Jurisdiction**. Except as set forth in the Plan or this Confirmation Order, the Bankruptcy Court may properly, and, upon the Effective Date, shall retain jurisdiction over all matters arising out of, and related to, these chapter 11 cases, including the matters set forth in Article XI of the Plan and section 1142 of the Bankruptcy Code.

 # # # END OF ORDER # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit A

Plan

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al.*,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

DEBTORS' AMENDED JOINT PREPACKAGED CHAPTER 11 PLAN

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
VINSON & ELKINS LLP

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Dated: June 20, 2024

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

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INTRODUCTION

KidKraft and its affiliated debtors, as Debtors and debtors in possession in the above-captioned chapter 11 cases, jointly propose this prepackaged chapter 11 plan for the resolution of outstanding Claims against, and Interests in, the Debtors. Although proposed jointly for administrative purposes, the Plan constitutes a separate Plan for each Debtor for the resolution of outstanding Claims against, and Interests in, such Debtor. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in Article I.A of the Plan or the Bankruptcy Code or Bankruptcy Rules. Holders of Claims and Interests should refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, Assets, results of operations, and historical financial information, as well as a summary and description of the Plan. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS WHO ARE ELIGIBLE TO VOTE ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. *Defined Terms*

As used in the Plan, capitalized terms have the meanings set forth below.

1. "***363 Sale***" means the sale of the Transferred Assets pursuant to section 363 of the Bankruptcy Code in accordance with the terms of the Purchase Agreement and Sale Approval Order.

2. "***503(b)(9) Claim***" means a Claim pursuant to section 503(b)(9) of the Bankruptcy Code for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtors' business.

3. "***Adequate Protection Claim***" means any Claim for adequate protection within the meaning of section 361 of the Bankruptcy Code arising under applicable law or pursuant to Final Order of the Bankruptcy Court.

4. "***Administrative Expense Claim***" means any Claim (other than any Adequate Protection Claims or DIP Claims) for costs and expenses of administration of the Debtors' Estates pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (i) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Debtors' Estates and operating the Debtors' businesses, (ii) any Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code, and (iii) any Unpaid Employee Severance Obligations.

5. "***Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount***" means the amount set forth in the Approved Budget (or as otherwise agreed upon by the Debtors, the DIP Secured Parties, and the Purchaser), and funded by cash on hand of the Debtors and the proceeds of the DIP Facility prior to the Confirmation Date, sufficient to satisfy the agreed upon estimated amount of the Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Other Priority Claims; *provided that* in no event will the DIP Secured Parties' obligations to provide such funding exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount.

6. "***Administrative Expense Claims Bar Date***" means the deadline for Filing requests for payment of Administrative Expense Claims (other than 503(b)(9) Claims), which: (a) with respect to Administrative Expense Claims other than Professional Fee Claims, shall be 30 days after the Effective Date; and (b) with respect to Professional Fee Claims of Professionals, shall be 45 days after the Effective Date.

7. "***Affiliate***" shall have the meaning set forth in section 101(2) of the Bankruptcy Code when used in reference to a Debtor, and when used in reference to an Entity other than a Debtor, means any other Entity that controls, is controlled by, or is under common control with such Entity, other than a Debtor.

8. "***Allowed***" means with reference to any Claim or Interest, (i) any Claim or Interest arising on or before the Effective Date (a) as to which no objection to allowance has been interposed within the time period set forth in the Plan and such Claim or Interest is not Disputed or (b) as to which any objection has been determined by a Final Order of the Bankruptcy Court to the extent such objection is determined in favor of the respective Holder, (ii) any Claim or Interest as to which the liability of the Debtors and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court, or (iii) any Claim or Interest expressly allowed under the Plan; *provided*, *however*, that notwithstanding the foregoing, the Wind Down Estate (to the extent applicable) will retain all claims and defenses with respect to Allowed Claims that are Reinstated or otherwise Unimpaired pursuant to the Plan.

9. ***"Approved Budget"*** means the weekly budget, as defined in paragraph G(iv) of the DIP Approval Order.

10. "***Assets***" means all of the Debtors' property, rights, and interests that are property of the Estates pursuant to section 541 of the Bankruptcy Code.

11. "***Assigned Avoidance Actions***" means all Avoidance Actions other than those against (i) any parties identified on Schedule 1 to the Global Settlement Term Sheet, unless any such party makes a GUC Settlement Opt-In Election, (ii) any other "Designated Parties" (as that term is defined in the Purchase Agreement) under Section 2.1(k)(ii) through (iv) of the Purchase Agreement, and (iii) any Released Parties.

12. "***Assumed Liabilities***" shall have the meaning set forth in Section 2.3 of the Purchase Agreement.

13. "***Avoidance Actions***" means any and all actual or potential Claims and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtors arising under

chapter 5 of the Bankruptcy Code, including sections 502, 510, 544, 545, 547 through 553, and 724(a) of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer and preference laws.

14. "***Ballots***" means the ballots distributed to certain Holders of Impaired Claims entitled to vote on the Plan upon which such Holders shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process.

15. "***Bankruptcy Code***" means title 11 of the United States Code, as amended and in effect during the pendency of the Chapter 11 Cases.

16. "***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court, in each case, as amended from time to time.

17. "***Bankruptcy Court***" means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

18. "***Bar Date Order***" means the order entered by the Bankruptcy Court setting the Claims Bar Date and the Governmental Bar Date.

19. "***Bidder Protections***" means, collectively, the Break-Up Fee and Expense Reimbursement.

20. "***Break-Up Fee***" shall have the meaning set forth in Section 9.3(a) of the Purchase Agreement, as may be modified by a subsequent order of the Bankruptcy Court.

21. "***Business Day***" means any day other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

22. "***Canadian Debtors"*** means, collectively, the following Debtors: Solowave Design Holdings Limited, Solowave Design LP, Solowave Design Inc., and Solowave International Inc. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Canadian Debtors shall mean the Wind Down Estate to the extent context requires.

23. "***Canadian Property***" *means the assets, undertakings and property* of the Canadian Debtors and any other assets, undertakings and property of the Debtors that may be located in Canada.

24. "***Canadian Transferred Assets***" means the Transferred Assets of the Canadian Debtors and any other Transferred Assets of the Debtors that may be located in Canada.

25. "***Cash***" means cash in legal tender of the United States of America and cash equivalents, including bank deposits, checks, and other similar items.

26. "***Cause of Action***" means any action, claim, cause of action, controversy, third-party claim, dispute, demand, right, action, Lien, indemnity, contribution, guaranty, suit,

obligation, liability, loss, debt, fee or expense, damage, interest, judgment, account, defense, remedy, power, privilege, license, and franchise of any kind or character whatsoever, whether known, unknown, foreseen or unforeseen, existing or hereafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, Disputed or undisputed, Secured or Unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract, in tort, in law, or in equity or pursuant to any other theory of law. For the avoidance of doubt, a "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any Claim pursuant to section 362 or chapter 5 of the Bankruptcy Code (including Avoidance Actions); (d) any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim.

27. "***CCAA Court***" means the Ontario Superior Court of Justice (Commercial List).

28. "***CCAA Recognition Proceedings***" means the recognition proceedings commenced pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) in respect of the Chapter 11 Cases of KidKraft and the Canadian Debtors.

29. "***Chapter 11 Cases***" means each individual case or the jointly administered cases pending under chapter 11 of the Bankruptcy Code for each individual Debtor or the Debtors, as applicable, in the Bankruptcy Court.

30. "***Claim***" shall have the meaning set forth in section 101(5) of the Bankruptcy Code, against any Debtor.

31. "***Claims Bar Date***" means such time and date established pursuant to the Bar Date Order by which Proofs of Claim (other than for Administrative Expense Claims and Claims held by Governmental Units), including 503(b)(9) Claims, must be Filed.

32. "***Claims Objection Deadline***" means the deadline for objecting to a Claim against a Debtor, which shall be on the date that is the later of (a) 120 days after the Effective Date, subject to extension by order of the Bankruptcy Court, (b) 90 days after the Filing of a Proof of Claim, or (c) such other period of limitation as may be fixed by the Plan, the Confirmation Order, the Bankruptcy Rules, or a Final Order for objecting to a Claim.

33. "***Claims Register***" means the official register of Claims against and Interests in the Debtors maintained by the Noticing and Claims Agent.

34. "***Class***" means a category of Claims against or Interests in the Debtors as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

35. "***Committee***" means the official committee of unsecured creditors of the Debtors appointed by the U.S. Trustee in the Chapter 11 Cases on May 23, 2024, pursuant to section 1102 of the Bankruptcy Code.

36. "***Confirmation***" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

37. "***Confirmation Date***" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

38. "***Confirmation Hearing***" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1128(a) of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

39. "***Confirmation Order***" means the Order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which Order may include the Sale Approval Order.

40. ***"Confirmation Recognition Order"*** means an Order of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the Confirmation Order.

41. "***Consummation***" means the occurrence of the Effective Date.

42. "***Cure Claim***" means a monetary Claim based upon a Debtor's defaults under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed, or assumed and assigned by such Debtor pursuant to section 365 of the Bankruptcy Code.

43. "***Cure Notice***" means a notice of a proposed amount to be paid on account of a Cure Claim in connection with an Executory Contract or Unexpired Lease to be assumed under the Plan pursuant to section 365 of the Bankruptcy Code, which notice shall include (a) procedures for objecting to proposed assumptions of Executory Contracts and Unexpired Leases, (b) Cure Claims to be paid in connection therewith and (c) procedures for resolution by the Bankruptcy Court of any related disputes.

44. "***D&O Liability Insurance Policies***" means all unexpired directors', managers', and officers' liability insurance policies (including any "tail policy") maintained by any of the Debtors with respect to directors, managers, officers, and employees of the Debtors.

45. "***Debtors***" means, collectively, the following: KidKraft, Inc.; KidKraft Europe, LLC; KidKraft Intermediate Holdings, LLC; KidKraft International Holdings, Inc.; KidKraft International IP Holdings, LLC; KidKraft Partners, LLC; Solowave Design Corp.; Solowave Design Holdings Limited; Solowave Design Inc.; Solowave Design LP; and Solowave International Inc. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors shall mean the Wind Down Estate to the extent context requires.

46. "***Definitive Documentation***" means, without limitation, the following definitive documents and agreements: (a) this Plan and all exhibits hereto, including the Plan Supplement documents; (b) the Confirmation Order and Confirmation Recognition Order; (c) the Disclosure Statement; (d) the solicitation materials with respect to the Plan; (e) the Purchase Agreement, including the exhibits and schedules thereto; (f) the Sale Order, if not incorporated as part of the Confirmation Order and Confirmation Recognition Order, as applicable; (g) any documentation or budget related to the Post-Sale Reserve and Foreign Sale Reserve; (h) the DIP Order; (i) all "first day" motions, applications, and other documents that any Debtor intends to file with the

Bankruptcy Court and seeks to have heard on an expedited basis at the "first-day hearing" in the Chapter 11 Cases and any proposed orders related thereto; (j) all motions, applications, and other documents that any Debtor (including a foreign representative appointed by the Bankruptcy Court for any Debtor) or any Canadian Affiliates of Debtors intend to file with the CCAA Court in the CCAA Recognition Proceedings, and any proposed orders related thereto; (k) any provision in any documentation regarding (i) releases of Claims, causes of action, and avoidance actions or (ii) Assumed Liabilities or Transferred Contracts under the Purchase Agreement; (l) such other agreements, instruments, and documentation as may be necessary or reasonably desirable to consummate and document the Restructuring and Sale Transaction (including, without limitation, in connection with the CCAA Recognition Proceedings); and (m) to the extent not included, any motions and related proposed orders seeking approval of each of the above. For the avoidance of doubt, the Definitive Documentation shall be in form and substance acceptable to the Debtors, the Prepetition Secured Parties, the Purchaser, and with respect to MidOcean, solely with respect to any provision therein having a material effect on MidOcean or releasing Claims or causes of action by or against MidOcean or its affiliates thereunder.

47. "***De Minimis Assets***" means assets with a total transaction value, as calculated within the Debtors' or Wind Down Administrator's reasonable discretion, in consultation with the Prepetition Secured Parties, less than or equal to $50,000.

48. "***DIP Agent***" means GB Funding, LLC, in its capacity as administrative agent and collateral agent under the DIP Facility.

49. "***DIP Approval Order***" means the interim order entered by the Bankruptcy Court approving the DIP Facility and the Final DIP Approval Order.

50. "***DIP Claim***" means any Claim of the DIP Agent or any DIP Lender on account of or arising from, under or in connection with the DIP Facility.

51. "***DIP Facility***" means the senior secured superpriority debtor-in-possession financing facility to be provided by the DIP Lenders, all as set forth in, and consistent with and subject to, the terms and conditions of the DIP Facility Documents.

52. "***DIP Facility Documents***" means the DIP Facility Term Sheet, the DIP Credit Agreement (as applicable) and all other agreements, documents, instruments, and amendments related thereto, including any DIP Order, and any guaranty agreements, pledge and collateral agreements, UCC financing statements, or other perfection documents, subordination agreements, fee letters, and any other security agreements.

53. "***DIP Facility Term Sheet***" means that certain term sheet regarding the terms of debtor-in-possession financing between KidKraft, Inc., as borrower, certain of KidKraft's subsidiaries and affiliates, as guarantors, the DIP Agent, and the DIP Lender, attached as Exhibit A to the DIP Approval Order.

54. "***DIP Lender***" means 1903 Partners, LLC, in its capacity as lender under the DIP Facility.

55. "***DIP Liens***" mean the Liens granted to the DIP Agent under the DIP Order to secure the DIP Claims.

56. ***"DIP Order"*** means the DIP Approval Order and the DIP Recognition Order, as applicable.

57. ***"DIP Recognition Order"*** means one or more orders of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the DIP Approval Order, including the Final DIP Recognition Order.

58. "***DIP Secured Parties***" means collectively, the DIP Lender and the DIP Agent, in their respective capacities under the DIP Facility.

59. ***"DIP Secured Parties Advisors"*** means Katten Muchin Rosenman LLP, as counsel to the DIP Secured Parties and Fasken Martineau DuMoulin LLP as Canadian Counsel to the DIP Secured Parties.

60. "***Disallowed***" means, with respect to any Claim, or any portion thereof, that such Claim, or such portion thereof, is not Allowed; *provided, however*, that a Disputed Claim shall not be considered Disallowed until so determined by entry of a Final Order.

61. "***Disbursing Agent***" means the Debtors, the Wind Down Estate, the GUC Trust, or the Entity or Entities selected by the Debtors, the Wind Down Estate, or the GUC Trust as applicable, to make or facilitate distributions pursuant to the Plan.

62. "***Disclosure Statement***" means the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan*, dated as of May 8, 2024, as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

63. "***Disputed***" means, with respect to any Claim or Interest, that such Claim or Interest (a) is not yet Allowed, (b) is not Disallowed by the Plan, the Bankruptcy Code, or a Final Order, as applicable, (c) as to which a dispute is being adjudicated by a court of competent jurisdiction in accordance with non-bankruptcy law, or (d) is or is hereafter listed in the Schedules as contingent, unliquidated, or disputed and for which a Proof of Claim is or has been timely Filed in accordance with the Bar Date Order.

64. "***Dissolution Transactions***" means the transactions that the Debtors or Wind Down Administrator, with the consent of the Prepetition Secured Parties, determine to be necessary or appropriate to implement the terms of the Plan, and ultimately result in the dissolution or other termination of the corporate entities that comprise the Debtors.

65. "***Distributable Value***" means (a) the Purchase Price *plus* (b) any of the Debtors' cash on hand as of the Effective Date *plus* (c) proceeds of the monetization of any Excluded Assets of the Debtors, whenever received by the Debtors or the Wind Down Estates *plus* (d) surrender of collateral or proceeds of any other collateral securing the DIP Claims or Prepetition Secured Party Claims, whenever received by the Debtors or the Wind Down Estates; *minus* (e) amounts held-

back to secure any purchase price adjustments pursuant to the Purchase Agreement (unless and until distributed to the Debtors in accordance therewith); *minus* (f) amounts necessary to fund the Professional Fee Escrow Account in the Professional Fee Reserve Amount; *minus* (g) amounts necessary to satisfy Restructuring Expenses; *minus* (h) amounts necessary to fund the Post-Sale Reserve; *minus* (g) amounts necessary to fund the Foreign Sale Reserve; *provided that* any unused amounts remaining from the Professional Fee Escrow Account, the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount, and the Post-Sale Reserve shall be considered Distributable Value; *provided that*, for the avoidance of doubt, no GUC Trust Assets shall be included as Distributable Value.

66. "***Distribution Record Date***" means the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be the Confirmation Date or such other date as designated in an order of the Bankruptcy Court.

67. "***Effective Date***" means the date selected by the Debtors on which: (a) no stay of the Confirmation Order, Confirmation Recognition Order or Sale Order (if separately entered) is in effect; (b) all conditions precedent specified in Article IX have been satisfied or waived (in accordance with Article IX.C); and (c) the Plan becomes effective; *provided, however*, that if such date does not occur on a Business Day, the Effective Date shall be deemed to occur on the first Business Day after such date.

68. "***Entity***" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

69. "***Estate***" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

70. "***Excluded Assets***" shall have the meaning set forth in Section 2.2 of the Purchase Agreement.

71. "***Exculpated Party***" means each of the following solely in its capacity as such and to the maximum extent permitted by law: (a) the Debtors; (b) the Committee; and (c) the members of the Committee, solely in their capacities as such.

72. "***Executory Contract***" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

73. "***Expense Reimbursement***" shall have the meaning set forth in Section 9.3(a) of the Purchase Agreement, as may be modified by a subsequent order of the Bankruptcy Court.

74. "***Federal Judgment Rate***" means the federal judgment rate in effect as of the Petition Date, compounded annually.

75. "***File***," "***Filed***," or "***Filing***" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim, the Noticing and Claims Agent or the Bankruptcy Court through the PACER or CM/ECF website.

76. "***Final Decree***" means the decree contemplated under Bankruptcy Rule 3022.

77. "***Final DIP Approval Order***" means the Final Order entered by the Bankruptcy Court approving the DIP Facility.

78. "***Final DIP Recognition Order***" means the Final Order of the CCAA Court recognizing and giving effect in Canada to the Final DIP Approval Order.

79. "***Final Order***" means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired; provided, however, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be filed with respect to such order or judgment.

80. "***Foreign Sale Reserve***" means the amount of the Purchase Price allocated to the inventory transferred from the Netherlands Subsidiaries to facilitate the Sale Transaction, which amount will be distributed from Debtors to the Netherlands Subsidiaries pursuant to the Plan.

81. "***General Unsecured Claim***" means any Claim that is not secured, subordinated, or entitled to priority under the Bankruptcy Code or any Final Order of the Bankruptcy Court (other than an Intercompany Claim or a Subordinated Claim).

82. "***Global Settlement***" means the global settlement between the Global Settlement Parties pursuant to the term sheet (the "***Global Settlement Term Sheet***") attached to the *Notice of Filing Global Settlement Term Sheet* [Docket No. 195].

83. "***Global Settlement Parties***" means the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean.

84. "***Governmental Bar Date***" means such time and date established pursuant to the Bar Date Order by which Proofs of Claim of Governmental Units must be Filed.

85. "***Governmental Unit***" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

86. "***GUC Critical Vendor Cash***" means any amounts permitted to be paid under the *Final Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief* [Docket No. 200] that are unused as of the Effective Date (with the Debtors having sole discretion to pay amounts authorized under such order, except that any

Allowed Claims entitled to priority status under section 503(b)(9) of the Bankruptcy Code shall be paid in full to the Holders thereof).

87. "***GUC L/C Cash***" means 40% of any cash collateral recovered from the former prepetition agent pursuant to the Assignment and Assumption dated as of January 31, 2024 by and between (i) Antares AssetCo LP, Antares Capital LP, Antares Holdings LP, Antares CLO 2017-2, LTD., Antares CLO 2018-1, LTD., Fifth Third Bank, N.A., and PNC Bank, N.A., as assignors, and (ii) 1903 Partners, LLC, as assignee.

88. "***GUC Purchase Price Cash***" means (i) $350,000 if, on the Effective Date, the calculation of the Purchase Price Calculation is within a 0-5% variance of $39,322,916; (ii) $250,000 if, on the Effective Date, the Purchase Price Calculation is within a 6-10% variance of $39,322,916; (iii) $200,000 if, on the Effective Date, the Purchase Price Calculation is within a 11-20% variance of $39,322,916; or (iv) $150,000 if, on the Effective Date, the Purchase Price Calculation is a more than 20% variance of $39,322,916.

89. "***GUC Settlement Opt-In Election***" means the affirmative election by a Holder of a General Unsecured Claim to opt-in to the settlement under the Global Settlement Term Sheet and receive its Pro Rata share of 100% of the GUC Trust Interests.

90. "***GUC Settlement Opt-In Election Deadline***" means the date that is thirty (30) days after the Effective Date.

91. "***GUC Settlement Opt-In Form***" means the form by which a potential holder of a General Unsecured Claim may make a GUC Settlement Opt-In Election, which form shall be included in the Plan Supplement.

92. "***GUC Settlement Opt-In Procedures***" means the procedures set forth in the GUC Settlement Opt-In Form for a potential holder of an Allowed General Unsecured Claim to make a GUC Settlement Opt-In Election.

93. "***GUC Trust***" means the trust established pursuant to Article IV.C of the Plan to, among other things, hold and liquidate the GUC Trust Assets and make distributions to Holders of Allowed General Unsecured Claims that make a GUC Settlement Opt-In Election pursuant to the Plan.

94. "***GUC Trust Accounts***" means the bank accounts to be held in the name of the GUC Trustee that are created pursuant to Article IV.C of the Plan.

95. "***GUC Trust Agreement***" means the agreement establishing and governing the GUC Trust, which agreement shall be included in the Plan Supplement and executed as of the Effective Date, and which agreement shall be acceptable in form and substance to the Debtors, the Committee, and the Prepetition Secured Parties.

96. "***GUC Trust Assets***" means, in the aggregate, (i) the GUC Trust Expense Reserve; (ii) $125,000 in Cash; (iii) the Sponsor Cash Contribution; (iv) the GUC L/C Cash; (v) the GUC Purchase Price Cash; (vi) any unused amounts in the Approved Budget that are designated for fees and expenses of the Committee's professionals; (vii) the GUC Critical Vendor Cash, if any;

(viii) all commercial tort claims (as that term is defined in Article 9 of the Uniform Commercial Code) of the Debtors other than any such claims against any Released Party under the Plan; and (ix) the Assigned Avoidance Actions.

97. "***GUC Trust Assets Transfer***" means the assignment, conveyance, or other transfer of the GUC Trust Assets to the GUC Trust, which shall occur on the next Business Day following the GUC Settlement Opt-In Election Deadline.

98. "***GUC Trust Beneficiaries***" means any Holder of an Allowed General Unsecured Claim that has made a GUC Settlement Opt-In Election and thereby obtained one or more GUC Trust Interests and the Prepetition Secured Parties. For the avoidance of doubt, the Prepetition Secured Parties shall be deemed to have made a GUC Settlement Opt-In Election and shall be GUC Trust Beneficiaries without the need to submit any opt-in election or otherwise comply with the GUC Settlement Opt-In Procedures.

99. "***GUC Trust Expense Reserve***" means a reserve in the amount of $75,000 funded from Cash on hand of the U.S. Debtors to the GUC Trust on the Effective Date to allow the GUC Trustee to maintain and administer the GUC Trust Assets.

100. "***GUC Trust Interests***" means the beneficial interests in the GUC Trust.

101. "***GUC Trustee***" means the trustee appointed pursuant to Article IV.C of the Plan (or any successor trustee), in its capacity as the trustee of the GUC Trust, who shall be solely responsible for overseeing the reconciliation, objection, settlement, or other disposition of General Unsecured Claims asserted in these Chapter 11 Cases.

102. "***Holder***" means a Person or Entity holding a Claim against or Interest in a Debtor, as applicable.

103. "***Impaired***" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

104. "***Indemnification Obligations***" means each of the Debtors' indemnification obligations, whether in the bylaws, certificates of incorporation or formation, limited liability company agreements, other organizational or formation documents, board resolutions, management or indemnification agreements, or employment contracts, for the current and former directors and the officers of the Debtors.

105. "***Intercompany Claim***" means any Claim against a Debtor held by another Debtor.

106. "***Intercompany Interest***" means any Interest in a Debtor held by another Debtor.

107. "***Interest***" means any equity interest (as defined in section 101(16) of the Bankruptcy Code) in any Debtor, including all ordinary shares, units, common stock, preferred stock, membership interest, partnership interest, or other instrument, evidencing any fixed or contingent ownership interest in the Debtors, whether or not transferable, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest, that existed immediately before the Effective Date.

108. "***Internal Revenue Code***" means the Internal Revenue Code of 1986, as amended.

109. "***IRS***" means the Internal Revenue Service.

110. "***Judicial Code***" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

111. "***KidKraft***" means KidKraft, Inc.

112. "***Lien***" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

113. "***List of Retained Causes of Action***" means the schedule of certain Causes of Action of the Debtors which shall be included in the Plan Supplement.

114. "***Local Rules***" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Texas.

115. "***MidOcean***" means MidOcean Partners IV, L.P. in its capacity as the holder of Preferred A Units and Preferred C Units in KidKraft Group Holdings, LLC and party to that certain *Note Purchase Agreement* dated as of January 13, 2023, pursuant to which, KidKraft agreed to issue and sell to and MidOcean agreed to purchase, notes in the aggregate principal amount of up to $5,000,000 and MidOcean US Advisor, L.P. as party to that certain *Professional Services Agreement* dated as of July 15, 2015 by and among KidKraft Group Holdings, LLC, KidKraft, and MidOcean US Advisor, L.P., as amended by that First Amendment to the Professional Services Agreement dated as of September 30, 2016.

116. "***Netherlands Asset Sale***" has the meaning set forth in Article IV.A.3. of the Plan.

117. "***Netherlands Liquidation***" has the meaning set forth in Article IV.A.3. of the Plan.

118. "***Netherlands Subsidiaries***" means non-debtors KidKraft Netherlands C.V., KidKraft Holdings B.V., and KidKraft Netherlands B.V.

119. ***"Note Purchase Agreement Documents***" means that certain *Note Purchase Agreement* dated as of January 13, 2023 by and among certain of the Debtors and MidOcean and all other agreements, documents, instruments, and amendments related thereto.

120. "***Noticing and Claims Agent***" means Stretto Inc., the noticing, claims, and solicitation agent proposed to be retained by the Debtors in the Chapter 11 Cases.

121. "***Other Priority Claim***" means any Claim that is entitled to priority of payment under section 507(a) of the Bankruptcy Code other than an Administrative Expense Claim or a Priority Tax Claim.

122. "***Other Secured Claims***" means Secured Claims other than Priority Tax Claims, DIP Claims, or Prepetition Secured Party Claims.

123. "***Person***" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

124. "***Petition Date***" means the date on which each Debtor Filed its voluntary petition for relief commencing the Chapter 11 Cases.

125. "***Plan***" means this chapter 11 plan, as it may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the terms of the Plan, including the Plan Supplement and all exhibits, supplements, appendices, and schedules to the Plan, which shall be consistent with, and subject to the approvals and consents as to form and substance set forth in, the Restructuring Support Agreement.

126. "***Plan Supplement***" means, to the extent applicable, the compilation of documents and forms of documents, and all exhibits, attachments, schedules, agreements, documents and instruments referred to therein, ancillary or otherwise, including, without limitation, the Purchase Agreement, the Schedule of Assumed Executory Contracts and Unexpired Leases, the GUC Trust Agreement, the Global Settlement Term Sheet, the GUC Settlement Opt-In Form, the identity of the Wind Down Administrator, and the List of Retained Causes of Action all of which shall be incorporated by reference into, and are an integral part of, the Plan, as may be amended, modified, replaced and/or supplemented from time to time, subject to the consent of the Prepetition Secured Parties.

127. "***Post-Sale Reserve***" means a cash reserve in the amount of $650,000 to fund the reasonably anticipated costs necessary for the wind down of the Wind Down Estate, including an estimated amount of reasonable fees and expenses that may be incurred by professionals for services rendered after the Effective Date and statutory fees, which cash reserve shall be funded into a segregated account on the Effective Date.

128. "***Prepetition Credit Agreement***" means that certain *Amended and Restated First Lien Credit Agreement*, dated as of April 3, 2020 (as amended from time to time), by and among KidKraft, Inc. and KidKraft Netherlands B.V., jointly and severally, as borrowers, the guarantors thereto, GB Funding, LLC, as Prepetition Credit Agreement Agent, and 1903 Partners, LLC, as Lender.

129. "***Prepetition Credit Agreement Agent***" means GB Funding, LLC, in its capacity as Administrative Agent and Collateral Agent (as such terms are defined in the Prepetition Credit Agreement) under the Prepetition Credit Agreement.

130. "***Prepetition Credit Agreement Documents***" means the Prepetition Credit Agreement and all other agreements, documents, instruments, and amendments related thereto, including any guaranty agreements, pledge and collateral agreements, UCC financing statements, or other perfection documents, subordination agreements, fee letters, and any other security agreements.

131. "***Prepetition Secured Parties***" means GB Funding, LLC, as Administrative Agent and Collateral Agent, and 1903 Partners, LLC, as Lender, in their respective capacities under the Prepetition Credit Agreement.

132. "***Prepetition Secured Party Advisors***" means Katten Muchin Rosenman LLP, as counsel to the Prepetition Secured Parties and Fasken Martineau DuMoulin LLP as Canadian counsel to the Prepetition Secured Parties.

133. "***Prepetition Secured Party Claims***" means all Claims, including "Parallel Debts" (as defined in the Prepetition Credit Agreement Documents) held by the Prepetition Secured Parties on account of, arising under, or relating to their respective capacities as lender or agent under the Prepetition Credit Agreement Documents.

134. "***Prepetition Secured Parties' Deficiency Claims***" means the deficiency Claims held by the Prepetition Secured Parties. Solely for purposes of any distributions to be made from the GUC Trust Assets to GUC Trust Beneficiaries, the Prepetition Secured Parties' Deficiency Claims shall be capped at $55 million.

135. "***Prepetition Secured Party Liens***" means all Liens granted to the Prepetition Credit Agreement Agent to secure the Prepetition Secured Party Claims.

136. "***Priority Tax Claim***" means a Claim held by a Governmental Unit of the kind entitled to priority of payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

137. "***Pro Rata***" means the proportion that an Allowed Claim or an Allowed Interest bears to the aggregate amount of Allowed Claims, Allowed Interests, or other matter so referenced, as the context requires.

138. "***Professional***" means an Entity employed pursuant to a Bankruptcy Court order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code.

139. "***Professional Fee Claims***" means a Claim for the compensation of the Professionals and other professionals (including, for certainty, professionals to be compensated pursuant to the orders of the CCAA Court in the CCAA Recognition Proceedings) and the reimbursement of expenses incurred by such professionals through and including the Effective Date to the extent such fees and expenses have not been previously paid, including, for the avoidance of doubt, any costs, fees, expenses, or commissions (including with respect to any investment banking transaction fees or commissions) incurred in connection with the Restructuring; *provided that* to the extent a Debtor Professional (as defined in the DIP Approval Order) agrees with the DIP Lender to a modification to the Debtor Professional fees in accordance with Section 1.8 of the DIP Approval Order, the Claim as modified shall be included in the applicable Professional Fee Claim. Professional Fee Claims of the Committee's Professionals shall not exceed the aggregate amounts set forth in the Approved Budget, consistent with the Global Settlement Term Sheet.

140. "***Professional Fee Escrow Account***" means an interest-bearing account funded by the Debtors on the Effective Date in an amount equal to the Professional Fee Reserve Amount, pursuant to Article II.B.

141. "***Professional Fee Reserve Amount***" means the total amount of Professional Fee Claims estimated in accordance with Article II.B.

142. "***Professional Services Agreement Documents***" means that certain *Professional Services Agreement* dated as of July 15, 2015 by and among certain of the Debtors and MidOcean and all other agreements, documents, instruments, and amendments related thereto.

143. "***Proof of Claim***" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

144. "***Purchase Agreement***" means that certain Asset Purchase Agreement dated as of April 25, 2024, as amended, modified, or supplemented from time to time, among Purchaser and certain of the Debtors, including all schedules and exhibits thereto, which shall be Filed with the Plan Supplement.

145. "***Purchase Price***" shall have the meaning set forth in the Purchase Agreement.

146. "***Purchase Price Calculation***" means the calculation of the "Purchase Price at close" in accordance with Exhibit B of the Purchase Agreement.

147. "***Purchaser***" means Backyard Products, LLC, and permitted successors, assigns, and designees, as applicable.

148. "***Qualifying Alternative Transaction***" shall have the meaning set forth in the Purchase Agreement.

149. "***Reinstated***" or "***Reinstatement***" means, with respect to Claims and Interests, the treatment provided for in section 1124 of the Bankruptcy Code, which, in all instances, shall be acceptable to the Prepetition Secured Parties and the Purchaser in their sole and absolute discretion.

150. "***Released Party***" means each of the following solely in its capacity as such: (a) the Debtors; (b) the DIP Agent; (c) the DIP Lender; (d) MidOcean; (e) the Prepetition Secured Parties; (f) the Purchaser; (g) the Committee; and (h) with respect to each of the foregoing under (a) through (g) such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity Holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such.

151. "***Releasing Party***" means each of the following solely in its capacity as such: (a) all Released Parties; (b) all Holders of Claims who affirmatively cast a timely ballot to accept the Plan and did not affirmatively opt out of the releases set forth in Article VIII.F herein; (c) all Holders of Claims and Interests that were given notice of the opportunity to opt out of granting the releases set forth in Article VIII.F herein but did not otherwise affirmatively opt out of such releases; and (d) all GUC Trust Beneficiaries.

152. "***Restructuring***" means all actions that may be necessary or appropriate to effectuate the transactions described in, approved by, contemplated by, or necessary to effectuate, the Plan.

153. "***Restructuring Expenses***" means the reasonable and documented professional fees and expenses incurred by the DIP Secured Party Advisors, the DIP Secured Parties, the Prepetition Secured Party Advisors and the Prepetition Secured Parties, in each case, in connection with or arising as a result of the Restructuring, the Restructuring Support Agreement, Sale Transaction, the Plan, or the Chapter 11 Cases.

154. "***Restructuring Support Agreement***" means that certain *Restructuring Support Agreement*, dated April 25, 2024, by and among the Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, and MidOcean, as may be further amended, restated, modified, supplemented, or replaced from time to time in accordance with the terms thereof.

155. "***Retained Causes of Action***" means those Causes of Action identified on the List of Retained Causes of Action that are not released, waived, or transferred pursuant to the Plan or any Sale Transaction.

156. "***RSA Parties***" mean, collectively, the Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Purchaser, and MidOcean.

157. "***Sale Approval Order***" means the order of the Bankruptcy Court approving the Purchase Agreement and the Sale Transaction, which order may be, but is not required to be, part of the Confirmation Order.

158. "***Sale Hearing***" means the hearing held by the Bankruptcy Court to consider Confirmation of the Sale Order, as such hearing may be adjourned or continued from time to time.

159. ***"Sale Order"*** means the Sale Approval Order and the Sale Recognition Order, as applicable.

160. ***"Sale Recognition Order"*** means an order of the CCAA Court in the CCAA Recognition Proceedings recognizing and giving effect in Canada to the Sale Approval Order, which order may be, but is not required to be, part of the Confirmation Recognition Order.

161. "***Sales Process***" means the marketing and sales process for the Debtors' Assets.

162. "***Sale Transaction***" means the sale by the Debtors that are party to the Purchase Agreement of all of their respective right, title, and interest in, to and under the Transferred Assets to the Purchaser in accordance with the terms of the Purchase Agreement and the Sale Order.

163. "***Sale Transaction Documents***" means the Sale Order, the Purchase Agreement, and all other documents required to consummate the Sale Transaction (with respect to such other documents required to consummate the Sale Transaction, in form and substance acceptable to each party thereto).

164. "***Schedule of Assumed Executory Contracts and Unexpired Leases***" means the schedule of Executory Contracts and Unexpired Leases to be assumed and assigned to Purchaser pursuant to the Plan, as set forth in the Plan Supplement, as may be amended from time to time prior to the Effective Date.

165. "***Schedules***" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial conformance with the official bankruptcy forms, as the same may have been amended, modified, or supplemented from time to time.

166. **"*SEC*"** means the United States Securities and Exchange Commission.

167. "***Secured Claim***" means a Claim (i) secured by a lien on collateral to the extent of the value of such collateral as (a) set forth in the Plan, (b) agreed to by the Holder of such Claim and the Debtors, or (c) determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code, or (ii) secured by the amount of any right of setoff of the Holder thereof in accordance with section 553 of the Bankruptcy Code.

168. "***Security***" shall have the meaning set forth in section 101(49) of the Bankruptcy Code.

169. "***Special Committee***" means the Special Committee of the Board of Directors of KidKraft, Inc.

170. "***Sponsor Cash Contribution***" has the meaning set forth in Article IV.C.8 of the Plan.

171. "***Sponsor Claims Waiver***" has the meaning set forth in Article IV.C.8 of the Plan.

172. "***Subordinated Claim***" means any Claim against a Debtor arising from (a) rescission of a purchase or sale of a Security in any Debtor or an Affiliate of any Debtor, (b) purchase or sale of such a Security, or (c) reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

173. "***Transferred Assets***" shall have the meaning set forth in Section 2.1 of the Purchase Agreement, *provided, however,* the Assigned Avoidance Actions shall not be Transferred Assets.

174. "***Transferred Contracts***" shall have the meaning set forth in Section 2.1(e) of the Purchase Agreement.

175. "***Unclaimed Property***" means any distribution under the Plan on account of an Allowed Claim whose Holder has not: (a) accepted such distribution or, in the case of distributions made by check, negotiated such check; (b) given notice to the Wind Down Estate of an intent to accept such distribution; (c) responded to the Debtors', Wind Down Administrator's, or GUC Trustee's (as applicable) requests for information necessary to facilitate such distribution; or (d) taken any other action necessary to facilitate such distribution.

176. "***Unexpired Lease***" means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

177. "***Unimpaired***" means, with respect to a Class of Claims or Interests, a Class consisting of Claims or Interests that are not "impaired" within the meaning of section 1124 of the Bankruptcy Code, including through payment in full in Cash or Reinstatement.

178. "***Unpaid Employee Severance Obligations***" means those obligations owed to certain eligible employees who were terminated prior to the Petition Date and who executed a separation agreement after the Petition Date and prior to the Effective Date, which obligations shall be deemed to have been incurred after the Petition Date and treated as Administrative Expense Claims for purposes of this Plan.

179. "***Unsecured***" means, with respect to a Claim, not Secured.

180. "***U.S. Trustee***" means the Office of the United States Trustee for the Northern District of Texas.

181. "***U.S. Trustee Fees***" means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

182. "***Wind Down Administrator***" means the Person or Persons identified in the Plan Supplement (as determined by the Debtors), if known, and appointed on the Effective Date, who will serve as the trustee and administrator overseeing the Wind Down Estate and dissolution of the Debtors and their Estates in accordance with the Plan.

183. "***Wind Down Claims***" means the Prepetition Secured Party Claims that remain outstanding on the Effective Date, in an amount not to exceed $10,000,000, and the Prepetition Secured Party Liens securing such Prepetition Secured Party Claims, which Prepetition Secured Party Claims and Liens shall be automatically released and discharged following the orderly wind down of the Debtors and the other borrower and guarantors under the Prepetition Credit Agreement and after the proceeds of the Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan.

184. "***Wind Down Estate***" means, collectively, (i) the Estates of the Debtors and (ii) the Debtors' non-Debtor affiliates, as applicable, following the Effective Date.

185. "***Wind Down Estate Assets***" means (i) any Assets of the Debtors' Estates that are not GUC Trust Assets and not sold pursuant to the Sale Transaction, including, but not limited to, the Excluded Assets, Interests in the Debtors' non-Debtor affiliates, and any Cause of Action specifically enumerated in the List of Retained Causes of Action and (ii) Cash in the amount set forth in the Post-Sale Reserve; *provided that* proceeds of any Wind Down Estate Assets, including without limitation, Excluded Assets and such Retained Causes of Action shall become Distributable Value. For the avoidance of doubt, no GUC Trust Assets shall be Wind Down Estate Assets.

186. "***Wind Down Estate Expenses***" means any and all reasonable and documented fees, costs, and expenses incurred by the Wind Down Estate or the Wind Down Administrator (or any Person, entity, or professional engaged to assist the Wind Down Administrator) in connection with the Wind Down Transactions, including, without limitation, any reasonable and documented

administrative fees, attorneys' or other professionals' fees and expenses, insurance fees, taxes, escrow expenses and fees payable under 28 U.S.C. § 1930, costs associated with any maintenance of any going concern as part of the wind down of such going concern's business operations, or costs to maintain certain assets while they are held, in each case, in accordance with and subject to the Post-Sale Reserve.

187. "***Wind Down Transactions***" means the transactions that the Debtors or Wind Down Administrator, as applicable, with the consent of the Prepetition Secured Parties, determines to be necessary or appropriate to implement the terms of the Plan, and that ultimately result in the dissolution or other termination of KidKraft and its Affiliates.

B. *Rules of Interpretation*

For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) except as otherwise provided, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document, as previously amended, modified, or supplemented, if applicable, shall be substantially in that form or substantially on those terms and conditions; (3) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the terms of the Plan; (4) unless otherwise specified, all references herein to "Articles" are references to Articles of the Plan; (5) unless otherwise stated, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (6) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (7) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation;" (8) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (9) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; and (10) any docket number references in the Plan shall refer to the docket number of any document Filed with the Bankruptcy Court in the Chapter 11 Cases.

C. *Computation of Time*

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction, action, or event shall or may occur pursuant to the Plan is a day that is not a Business Day, then such transaction, action, or event shall instead occur on the next succeeding Business Day.

D. *Governing Law*

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of New York without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided that* the corporate or limited liability company governance matters relating to the Debtors shall be governed by the laws of the state of incorporation or formation (as applicable) of the applicable Debtor.

E. *Reference to Monetary Figures*

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

F. *Reference to the Debtors or the Wind Down Estate*

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Wind Down Estate shall mean the Debtors and the Wind Down Estate, as applicable, to the extent the context requires.

G. *Controlling Document*

In the event of an inconsistency between the Plan, the Disclosure Statement, or any other Final Order (other than the Confirmation Order or Sale Approval Order, as applicable) referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing, other than the Plan Supplement), the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order or Sale Approval Order and the Plan, the Confirmation Order or Sale Approval Order, as applicable, shall control.

ARTICLE II.
ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, DIP Claims, Adequate Protection Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

A. *Administrative Expense Claims*

Except (i) with respect to Administrative Expense Claims that are Professional Fee Claims and Bidder Protections, or (ii) to the extent that (x) an Administrative Expense Claim has already been paid during the Chapter 11 Cases or a Holder of an Allowed Administrative Expense Claim

and the applicable Debtor(s) or (y) Wind Down Administrator (as applicable) agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall be paid in full in Cash; on the latest of: (a) on or as soon as reasonably practicable after the Effective Date if such Administrative Expense Claim is Allowed as of the Effective Date; (b) on or as soon as reasonably practicable after the date such Administrative Expense Claim is Allowed; and (c) the date such Allowed Administrative Expense Claim becomes due and payable, or as soon thereafter as is reasonably practicable; *provided that* in no event shall the amount paid in the aggregate to Administrative Expense Claims (excluding Professional Fee Claims) in accordance with this Article II.A, Priority Tax Claims under Article II.E hereof, and Other Priority Claims under Article III.B hereof exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount. For the avoidance of doubt, the Bidder Protections shall be an Administrative Expense Claim in accordance with any applicable orders of the Bankruptcy Court.

Except as otherwise provided in this Article II.A of the Plan and except with respect to Administrative Expense Claims that are Professional Fee Claims, Unpaid Employee Severance Obligations, or Bidder Protection Claims, requests for allowance and payment of Administrative Expense Claims must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable), pursuant to the procedures specified in the Bar Date Order, the Confirmation Order, and the notice of entry of the Confirmation Order no later than the Administrative Expense Claims Bar Date. Holders of Administrative Expense Claims that are required to, but do not, File and serve on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) a request for allowance and payment of such Administrative Expense Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Debtors, the Wind Down Estate, or their respective assets or property and such Administrative Expense Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) and the requesting party no later than 90 days after the Effective Date or such other date fixed by the Bankruptcy Court. Notwithstanding the foregoing, no request for payment of an Administrative Expense Claim need be Filed with respect to an Administrative Expense Claim previously Allowed.

B. *Professional Compensation*

1. Final Fee Applications

All final requests for payment of Professional Fee Claims of Professionals, including such Professional Fee Claims incurred during the period from the Petition Date through and including the Effective Date, shall be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator, as applicable, no later than 45 days after the Effective Date. Each such final request will be subject to approval by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in the Chapter 11 Cases, and once approved by the Bankruptcy Court, such Allowed Professional Fee Claims shall be promptly paid in Cash from the Professional Fee Escrow Account up to its full Allowed amount.

Objections to any Professional Fee Claim of Professionals must be Filed and served on the Debtors, the Wind Down Estate, or the Wind Down Administrator, as applicable, and the

applicable Professional no later than 24 days after such Professional Fee Claim is Filed with the Bankruptcy Court.

2. Professional Fee Escrow Account

On the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the "Professional Fee Reserve Amount" described in Article II.B.3 herein. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and the other professionals with Professional Fee Claims. The Debtors shall utilize the Funded Reserve Account (as defined in the DIP Approval Order) to fund the Professional Fee Escrow Account, *provided that* the Funded Reserve Account is not a limitation on the amount funded to the Professional Fee Escrow Account. The Professional Fee Escrow Account and funds therein shall not be considered property of the Estates of the Debtors or the Wind Down Estate. The amount of Allowed Professional Fee Claims shall be paid in Cash to the Professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed, and the amount of all other Professional Fee Claims shall be paid in Cash to the applicable professionals by the Disbursing Agent or the Wind Down Administrator from the Professional Fee Escrow Account on the Effective Date. After all such Professional Fee Claims have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be distributed to the Wind Down Estate and deemed Distributable Value and distributed to the holders of Prepetition Secured Party Claims without any further action or order of the Bankruptcy Court.

3. Professional Fee Reserve Amount

No later than five Business Days prior to the Effective Date, the Debtors shall solicit Professionals and the other professionals with Professional Fee Claims for estimates of their unpaid Professional Fee Claims before and as of the Effective Date, and such Professionals and other professionals shall deliver such estimate to the Debtors in writing via email two Business Days prior to the Effective Date; *provided*, *however*, that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of any such professional's final request for payment of Professional Fee Claims. If any professional does not timely provide an estimate, the Debtors may estimate the unpaid and unbilled fees and expenses of such professional.

4. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Disbursing Agent, the Wind Down Estate, or the Wind Down Administrator (as applicable) shall, in the ordinary course of business and without any further notice or application to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable, actual, and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred on or after the Effective Date by the Professionals and other professionals (including any fees related to the preparation of Professional fee applications). Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors, the Wind Down Estate, or the Wind Down Administrator (as applicable) may employ and pay any Professional or other professional for fees and expenses

incurred after the Effective Date in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court. Notwithstanding the foregoing, in no circumstances shall the payment of any post-Effective Date fees and/or expenses and other Wind Down Estate Expenses exceed the amount of the Post-Sale Reserve.

C. *DIP Claims*

Notwithstanding anything to the contrary herein, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of all DIP Claims, on the Effective Date, the DIP Claims shall: (i) be indefeasibly paid in Cash in full, or (ii) receive such other treatment as agreed by the Debtors and the applicable Holder of a DIP Claim.

D. *Adequate Protection Claims*

On the Effective Date, the Adequate Protection Claims shall (i) be paid in Cash in full or (ii) receive such other treatment as agreed by (a) to the extent such Adequate Protection Claims are held by the Prepetition Secured Parties, the Debtors and the Prepetition Secured Parties or (b) to the extent such Adequate Protection Claims are not held by a Prepetition Secured Party, the Debtors and the applicable Holder of such Adequate Protection Claims.

E. *Priority Tax Claims*

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall receive Cash in an amount equal to such Allowed Priority Tax Claim on the Effective Date or as soon as practicable thereafter or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

F. *Statutory Fees*

All Statutory Fees due and payable prior to, and that remain unpaid as of, the Effective Date shall be paid by the applicable Debtors on the Effective Date. No statutory fees shall be paid on the initial funding of the Post-Sale Reserve or the GUC Trust. Statutory fees shall only be paid on subsequent disbursement of Cash by the Wind Down Estate or the GUC Trust, as applicable. Any Statutory Fees that may be owed by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, after the Confirmation Date related to the reduction to Cash of non-Cash assets shall be paid by the Debtors, the Wind Down Estate, or the GUC Trust, as applicable, until the case is closed, dismissed, or converted. If no disbursements are made by the Debtors, the Wind Down Estate, or the GUC Trust for any quarter post-confirmation, only the minimum statutory fee will be owed in accordance with 28 U.S.C. § 1930(a)(6). The Wind Down Estate and the GUC Trust shall file post-confirmation operating reports with respect to their respective operations and disbursements until these Chapter 11 Cases are closed, dismissed, or converted to cases under chapter 7 of the Bankruptcy Code.

G. *Restructuring Expenses*

The Debtors will promptly pay in full in Cash any Restructuring Expenses in accordance with the terms of the Restructuring Support Agreement and the DIP Approval Order. To the extent any Restructuring Expenses remain unpaid on the Effective Date, such Restructuring Expenses shall constitute Allowed Administrative Expense Claims and shall be paid in full in Cash, subject to the Restructuring Support Agreement and the DIP Approval Order without the need to file a proof of such Claim and without further order of the Court. On the Effective Date, the Disbursing Agent or the Wind Down Estate, as applicable, shall pay the Restructuring Expenses that have accrued and are unpaid as of the Effective Date.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. *Classification of Claims*

The Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest fits within the description of that Class and is classified in other Class(es) to the extent that any portion of the Claim or Interest fits within the description of such other Class(es). A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Presumed to Accept
2	Other Secured Claims	Unimpaired	Presumed to Accept
3	Prepetition Secured Party Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Deemed to Reject
5	Intercompany Claims	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
6	Intercompany Interests	Unimpaired/Impaired	Presumed to Accept/Deemed to Reject
7	KidKraft Intermediate Holdings, LLC Interests	Impaired	Deemed to Reject

B. *Treatment of Claims and Interests*

1. Class 1 — Other Priority Claims

a. *Classification*: Class 1 consists of all Other Priority Claims.

b. *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, in full and final satisfaction of such Allowed Other Priority Claim, each Holder of an Allowed Other Priority Claim will, (i) be paid in full in Cash or (ii) otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code, payable on the later of the Effective Date and the date that is 10 business days after the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, in each case, or as soon as reasonably practicable thereafter; *provided that* in no event shall the amount paid in the aggregate for Administrative Expense Claims (excluding Professional Fee Claims) in accordance with Article II.A hereof, Priority Tax Claims under Article II.E hereof, and Other Priority Claims under this Article III.B exceed the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount.

c. *Voting*: Class 1 is Unimpaired under the Plan. Holders of Class 1 Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 — Other Secured Claims

a. *Classification*: Class 2 consists of all Other Secured Claims.

b. *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, in full and final satisfaction of such Allowed Other Secured Claim, at the option of Debtors or the Wind Down Estate, as applicable, each Holder shall receive either (i) cash equal to the full allowed amount of its claim, (ii) reinstatement of such holder's claim, (iii) the return to or abandonment of the collateral securing such holder's claim, or (iv) such other treatment as may otherwise be agreed to by such Holder and the Debtors.

c. *Voting*: Class 2 is Unimpaired under the Plan. Holders of Class 2 Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 — Prepetition Secured Party Claims

a. *Classification*: Class 3 consists of all Prepetition Secured Party Claims.

b. *Treatment*: Except to the extent that the Holder of Prepetition Secured Party Claims agrees to less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Prepetition Secured Party Claim (which satisfaction, settlement, release, and discharge shall occur (i) on the Effective Date for all Prepetition Secured Party Claims other than the Wind Down Claims, and (ii) after the orderly wind down of the Debtors and other borrower and guarantors under the Prepetition Credit Agreement for all Wind Down Claims), each Holder of an Allowed Prepetition Secured Party Claim shall receive the remaining Distributable Value following payment of Administrative Expense Claims and Priority Tax Claims, DIP Claims, Other Priority Claims, Other Secured Claims, (which amount may be paid directly by the Purchaser on the Effective Date), and GUC Trust Interests (subject to the terms of the Global Settlement) on the Effective Date and any Distributable Value that is available for distribution after the Effective Date shall be promptly distributed by the Debtors or Wind Down Estate to holders of Prepetition Secured Party Claims.

c. *Voting*: Class 3 is Impaired under the Plan. Holders of Class 3 Secured Party Claims will be entitled to vote to accept or reject the Plan.

4. Class 4 — General Unsecured Claims

a. *Classification*: Class 4 consists of all General Unsecured Claims.

b. *Treatment*: On the Effective Date, all General Unsecured Claims will be canceled, released, extinguished and discharged, and Holders of General Unsecured Claims will receive no recovery or distribution on account of such claims; *provided*, *however*, that any Holder of Allowed General Unsecured Claims who timely makes a GUC Settlement Opt-In Election in compliance with the GUC Settlement Opt-In Procedures shall receive its Pro Rata share of 100% of the GUC Trust Interests.

c. *Voting*: Class 4 is Impaired under the Plan. Holders of Class 4 General Unsecured Claims will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders will not be entitled to vote to accept or reject the Plan.

5. Class 5 — Intercompany Claims

a. *Classification*: Class 5 consists of all Intercompany Claims.

b. *Treatment*: All Intercompany Claims will be unaltered and otherwise unaffected by the Plan, or canceled on the Effective Date, in the Debtors' discretion, with the consent of Purchaser.

c. *Voting*: Class 5 is Unimpaired/Impaired under the Plan. Holders of Class 5 Intercompany Claims are proponents of the Plan within the meaning of

section 1129 of the Bankruptcy Code. Therefore, the vote of such Holders to accept or reject the Plan will not be solicited.

6. Class 6 — Intercompany Interests

a. *Classification*: Class 6 consists of all Intercompany Interests.

b. *Treatment*: All Intercompany Interests shall be maintained under the Plan, solely for purposes of administrative convenience or canceled on the Effective Date, in the Debtors' discretion, subject to the consent of the Prepetition Secured Parties and the Purchaser.

c. *Voting*: Class 6 is Unimpaired/Impaired under the Plan. Holders of a Class 6 Intercompany Interests are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Therefore, the vote of such Holders to accept or reject the Plan will not be solicited.

7. Class 7 — KidKraft Intermediate Holdings, LLC Interests

a. *Classification*: Class 7 consists of all KidKraft Intermediate Holdings, LLC Interests.

b. *Treatment*: All prepetition Interests in KidKraft Intermediate Holdings, LLC will be canceled on the Effective Date and Holders shall receive no recovery or distribution on account of their Interests.

c. *Voting*: Class 7 is Impaired under the Plan. For purposes of solicitation, it is presumed that Holders of Class 7 KidKraft Intermediate Holdings, LLC Interests shall not receive any distribution on account of such KidKraft Intermediate Holdings, LLC Interests and will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders will not be entitled to vote to accept or reject the Plan.

C. *Special Provision Governing Unimpaired or Reinstated Claims*

Nothing under the Plan shall affect the Debtors', the Wind Down Estate's, or the Wind Down Administrator's (as applicable) claims, Causes of Action, rights, or defenses in respect of any Unimpaired Claims or Reinstated Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims or Reinstated Claims.

D. *Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code*

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article III.B of the Plan. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a

Class of Claims or Interests to render such Class of Claims or Interests Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

E. *Elimination of Vacant Classes*

Any Class of Claims that does not contain an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court for voting purposes as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

F. *Voting Classes*; *Presumed Acceptance by Non-Voting Classes*

If a Class contains Claims eligible to vote and no Holder of Claims eligible to vote in such Class votes to accept or reject the Plan, the Plan shall be presumed accepted by such Class.

G. *Controversy Concerning Impairment*

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date

H. *Subordinated Claims*

The allowance, classification, and treatment of all Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors, Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) reserve(s) the right to reclassify any Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. *Means for Implementation*

1. Sale Transaction

On the Effective Date, the applicable Debtors shall consummate the Sale Transaction and the Transferred Assets shall vest in the Purchaser free and clear of all Liens, Claims, charges, or encumbrances pursuant to section 1123 of the Bankruptcy Code and the CCAA and the Sale Transaction Documents; *provided*, that, the conditions precedent set forth in the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof. Upon entry of the Sale Approval Order by the Bankruptcy Court and the Sale Recognition Order by the CCAA Court, all matters provided for under the Purchase Agreement and the other Sale Transaction

Documents will be deemed authorized and approved without any requirement of further act or action by the Debtors or the Debtors' governing bodies. The applicable Debtors are authorized to execute and deliver, and to consummate the transactions contemplated by the Sale Transaction Documents, as well as to execute, deliver, file, record and issue any documents, or agreements in connection therewith, without further notice to or order of the Bankruptcy Court or the CCAA Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

In the alternative, the Plan shall serve as a motion under section 363 of the Bankruptcy Code to authorize the sale of the Transferred Assets pursuant to the terms of the Sale Transaction Documents. Section 363(f) of the Bankruptcy Code provides that the Debtors' assets may be sold free and clear of any and all liens, claims, interests, and encumbrances with any such liens, claims, interests, and encumbrances attaching to the proceeds of the Sale Transaction. The Debtors submit that the Sale Transaction satisfies the requirements of section 363(f) of the Bankruptcy Code. To the extent a party objects to Sale Transaction on the basis that it holds a lien or encumbrance on the Transferred Assets, the Debtors believe that any such party could be compelled to accept a monetary satisfaction of such claims under section 365(f)(5) of the Bankruptcy Code and the CCAA. In addition, to the extent the Debtors discover any party may hold a lien on all, or a portion of, the Assets, the Debtors have provided such party with notice of, and an opportunity to object to, the Sale Transaction. Absent objection, each such party will be deemed to have consented to the sale of the Transferred Assets.

Except as otherwise expressly provided in the Sale Transaction Documents, (a) the Purchaser and all of its Affiliates shall not be liable for any Claims against the Debtors or any of their predecessors or direct or indirect subsidiaries, and (b) neither the Purchaser nor any of its affiliates shall have successor or vicarious liabilities of any kind or character, including under any theory of successor or transferee liability, labor, employment, tort, products liability, or benefits law, whether known or unknown as of the closing, then existing or hereafter arising, whether fixed or contingent, asserted or unasserted, liquidated or unliquidated, in each case, with respect to the Debtors or any obligations of the Debtors arising prior to the closing, including liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of the Debtors prior to the closing (except as otherwise expressly provided in the Sale Transaction Documents). For the avoidance of doubt, any Avoidance Actions purchased by the Purchaser will not be pursued by the Purchaser.

The transactions contemplated by the Sale Transaction Documents are undertaken by the applicable Debtors and the Purchaser without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided therein to consummate the Sale Transaction shall not affect the validity of such sale, unless such authorization and consummation of such sale are duly stayed pending such appeal. The Purchaser is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

2. Break-Up Fee and Expense Reimbursement

Consistent with the Sale Transaction Documents, the payment of the Break-Up Fee and Expense Reimbursement for the Purchaser are hereby authorized in the event: (i) the Debtors that are party to the Purchase Agreement consummate or enter into a Qualifying Alternative Transaction and the Purchase Agreement is terminated in connection therewith; (ii) the Debtors that are party to the Purchase Agreement publicly announce or support any plan of reorganization or plan of liquidation other than the Plan and other than a plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay consummation of the Closing (as defined in the Purchase Agreement) in accordance with the terms of the Purchase Agreement; or (iii) the board of directors or board of managers, as applicable, of any Debtor that is party to the Purchase Agreement determines, in good faith based upon advice of outside legal counsel, that proceeding with the Purchase Agreement or the transactions contemplated thereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law, and the Purchase Agreement is terminated in connection therewith (in each of the foregoing cases as further set forth in and subject to the terms of the Purchase Agreement). The potential remedy of the Break-Up Fee and Expense Reimbursement was a condition of the Purchaser entering into the Purchase Agreement, which is the best option for the Debtors to maximize the value of their estates. The Break-Up Fee and Expense Reimbursement are the product of arm's-length, good faith negotiations among the Debtors and the Purchaser, and as a result, the Debtors believe that the agreement to pay such fees to the Purchaser (if and when the same become due to the Purchaser pursuant to, and in accordance with the terms and conditions in, the Purchase Agreement) is a valid exercise of their business judgment and should be approved if required under the Sale Transaction Documents.

3. Transactions with Netherlands Affiliates

On or prior to the closing of the transactions contemplated by the Purchase Agreement, the assets of the Netherlands Subsidiaries that would otherwise be Transferred Assets under the Purchase Agreement if such assets were owned by a Seller (as defined in the Purchase Agreement) shall be sold to KidKraft, or another Debtor designated by KidKraft, in exchange for the portion of the Purchase Price attributable to such assets (the "***Netherlands Asset Sale***"). The transactions contemplated by the Netherlands Asset Sale are undertaken by the Netherlands Subsidiaries and the Debtors without collusion and in good faith. The Netherlands Subsidiaries' assets that do not become Transferred Assets shall be liquidated with the consent of the Prepetition Secured Parties and the Netherlands Subsidiaries (the "***Netherlands Liquidation***"). The Netherlands Subsidiaries will create a right of pledge in favor of the Prepetition Secured Parties over the proceeds of the Netherlands Asset Sale and the proceeds of the Netherlands Liquidation.

The proceeds of the Netherlands Asset Sale (i.e. the Foreign Sale Reserve) and proceeds of the Netherlands Liquidation, in each case with the consent of the Prepetition Secured Parties, shall be used to implement the orderly out-of-court wind down of the Netherlands Subsidiaries (the "***Netherlands Wind Down***," collectively, with the Netherlands Asset Sale and Netherlands Liquidation, the "***Netherlands Transactions***").

To the extent proceeds of the Netherlands Asset Sale (i.e. the Foreign Sale Reserve) or Netherlands Liquidation remain, after the Netherlands Wind Down is complete, such proceeds shall be distributed to the Prepetition Secured Parties in a manner to be determined by the Prepetition Secured Parties, the Debtors, and the Wind Down Administrator, as applicable, and the Netherlands Subsidiaries. Following the distribution of such proceeds, the Prepetition Secured Parties and the Netherlands Subsidiaries shall execute a mutual release of all Claims and Causes of Action.

Upon the Bankruptcy Court entering the Sale Approval Order, the Netherlands Asset Sale will be deemed authorized and approved without any requirement or further act or action by the Debtors or the Debtors' governing bodies.

4. Vesting of Wind Down Estate Assets in the Wind Down Estate

Except as otherwise provided in the Plan, the Plan Supplement, or the Confirmation Order, on the Effective Date, all Wind Down Estate Assets (including all interests, rights, and privileges related thereto) and all GUC Trust Assets (solely until the GUC Trust Assets Transfer occurs) in each Estate and all Causes of Action that are retained under the Plan shall vest in the Wind Down Estate, to be administered by the Wind Down Administrator in accordance with the Plan, free and clear of all Claims, Liens, and encumbrances (except for the Wind Down Claims) to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code; *provided that*, for the avoidance of doubt, no Assets that are, or shall be, transferred to Purchaser as Transferred Assets before or after the Effective Date in accordance with the Purchase Agreement and the Sale Approval Order shall vest in the Wind Down Estate.

The vesting of the Wind Down Estate Assets, as authorized by the Plan, shall not be construed to destroy or limit any such Assets or rights or be construed as a waiver of any right, and such rights may be asserted by the Wind Down Estate as if such Asset or right was still held by the Debtors.

On the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer.

5. Wind Down Administrator

The Wind Down Administrator shall be selected by the Debtors, with the consent of the Prepetition Secured Parties and the DIP Secured Parties. The Wind Down Administrator shall be the successor to and representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights, and responsibilities of the Wind Down Administrator shall include the authority and responsibility to fulfill the obligations of the Plan consistent with the Confirmation Order.

On the Effective Date, the authority, power, and incumbency of the Persons acting as managers, directors, and officers of the Debtor entities comprising the Wind Down Estate shall vest in the Wind Down Administrator. The Wind Down Administrator shall be appointed the sole manager, sole director, and sole officer of the Debtor entities comprising the Wind Down Estate, as applicable, and shall succeed to the powers of the Debtors' managers, directors, and officers. From and after the Effective Date, the Wind Down Administrator shall be the sole Representative

of the Wind Down Estate and shall have the authority to sell, liquidate, or otherwise dispose of any and all of the Wind Down Estate Assets without any additional notice to or approval from the Bankruptcy Court.

In the event the Wind Down Administrator becomes incapacitated or unable to continue serving in such role for any reason, the Prepetition Secured Parties shall select a suitable replacement Wind Down Administrator as promptly as possible without the need for any further action or order of the Bankruptcy Court.

6. Wind Down Transactions

The Wind Down Administrator shall retain the authority to take all necessary actions to wind down the operations of the Wind Down Estate and dissolve the entities comprising the Wind Down Estate, to the extent required by applicable law. Subject in all respects to the terms of this Plan, the Wind Down Administrator shall have the power and authority to take any action necessary to dissolve the entities comprising the Wind Down Estate, and may: (i) file a certificate of dissolution for the Wind Down Estate, together with all other necessary corporate and company documents, to effect the dissolution of the Wind Down Estate under applicable laws; (ii) complete and file all final or otherwise required federal, state, and local tax returns and pay all required taxes, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of any of the Debtors, their respective Estates, or the entities comprising the Wind Down Estate for any tax incurred during the administration of these Chapter 11 Cases, as determined under applicable tax laws; and (iii) represent the interests of the Debtors, their respective Estates, and entities comprising the Wind Down Estate before any taxing authority in all tax matters, including any action, suit, proceeding, or audit.

Any applicable filing by the Wind Down Administrator of any certificates of dissolution (or similar documentation) of the entities comprising the Wind Down Estate shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholder, members, officers, board of directors, or board of managers of the Debtors or any of their respective Affiliates. As the entities comprising the Wind Down Estate will be dissolved upon completion of the administration of this Plan, no new corporate organizational documents will be executed by the Wind Down Administrator.

For the avoidance of doubt, the Wind Down Administrator shall not be empowered to perform any actions designated to the GUC Trust or the GUC Trustee under the Plan or the GUC Trust Agreement.

7. Fees and Expenses of the Wind Down Administrator

The Wind Down Estate Expenses shall be paid after the Effective Date solely using the Post-Sale Reserve. The Wind Down Administrator, on behalf of the Wind Down Estate, may employ, without further order of the Bankruptcy Court, professionals (including professionals previously employed by the Debtors) to assist in carrying out duties for the Wind Down Estate and may compensate and reimburse the expenses of such professionals in the ordinary course, without further order of the Bankruptcy Court, subject to the Post-Sale Reserve.

8. Settlement of Claims

Except as otherwise provided in the Plan, on and after the Effective Date, the Wind Down Administrator may compromise or settle any Claims related to the Wind Down Estate Assets without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for Wind Down Estate Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

9. Sales of Assets by the Wind Down Estate

The Wind Down Administrator may conduct any sales or liquidations of De Minimis Assets on any terms it deems reasonable, subject to the consent of the Prepetition Secured Parties (with such consent not to be unreasonably withheld), without further order of the Bankruptcy Court. In lieu of conducting sales or liquidating its assets, with the consent of the Prepetition Secured Parties, the Wind Down Administrator may transfer any Wind Down Estate Assets to the Prepetition Secured Parties free and clear of all liens, claims, and encumbrances after the Effective Date.

10. Abandonment of Assets by the Wind Down Estate

The Wind Down Administrator may, with the consent of the Prepetition Secured Parties, on no less than 14 days' written notice to the U.S. Trustee, abandon any Wind Down Estate Assets which the Wind Down Administrator determines are burdensome to the Wind Down Estate, including any pending adversary proceeding or other legal action commenced or commenceable by any Debtor prior to the Effective Date; *provided that* if the U.S. Trustee provides a written objection to the Wind Down Administrator prior to the expiration of such 14 day period with respect to the proposed abandonment of any Wind Down Estate Asset, then such property may be abandoned only pursuant to an order by the Bankruptcy Court.

11. Plan Distributions

a. Sources of Consideration for Plan Distributions

On the Effective Date, the Debtors will fund the Debtors' distributions under the Plan with (i) the proceeds of the Sale Transaction, subject in all respects to amounts held-back in accordance with the Purchase Agreement, (ii) the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount, (iii) the Debtors' available Cash on hand, and (iv) with the consent of the DIP Secured Parties, the proceeds of the DIP Facility. After the Effective Date, other than with respect to funds held in the Professional Fee Escrow Account, the Post-Sale Reserve shall be held in a separate account from any other funds held by the Wind Down Estate.

b. Professional Fee Escrow Account

The Professional Fee Reserve Amount shall be held in trust in a segregated Professional Fee Escrow Account by the Wind Down Administrator for distributions or payment in accordance with the terms of Article II of the Plan.

12. Corporate Existence

On or after the Effective Date, each of the Debtors will be subject to a Dissolution Transaction. The equity or membership interests of each Debtor entity that is not subject to a Dissolution Transaction on the Effective Date will vest in the Wind Down Estate pursuant to this Plan. For the avoidance of doubt, the Debtor entities that are not subject to a Dissolution Transaction on the Effective Date will continue to exist after the Effective Date for the limited purpose of completing the GUC Trust Assets Transfer and the Wind Down Transactions. Promptly after completing the Wind Down Transactions, such entities shall be dissolved by the Wind Down Administrator.

13. Dissolution Transactions

On or after the Effective Date, the Debtors or the Wind Down Administrator will enter into such Dissolution Transactions and will take such actions as may be necessary or appropriate to merge, dissolve, or otherwise terminate the corporate existence of the Debtors. The actions to effect the Dissolution Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which these entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as these entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, continuance, or dissolution or similar instruments with the applicable governmental authorities; and (iv) the taking of all other actions that the Wind Down Administrator determines to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Dissolution Transactions.

14. Recourse Solely to Wind Down Estate Assets

All Claims against the Debtors and against the GUC Trust are deemed satisfied, waived, and released as to the Debtors and the GUC Trust, as applicable, in exchange for the treatment of such Claims under the Plan or the distributions made from the GUC Trust, and Holders of Allowed Claims against any Debtor will have recourse solely to the Wind Down Estate Assets (and, in the case of the Prepetition Secured Parties, to the unused amounts, if any, of the Post-Sale Reserve and Professional Fee Escrow Account) for the payment of their Allowed Claims in accordance with the terms of the Plan. There will be no recourse for claims other than as to non-Debtors.

15. Cancellation of Existing Securities and Agreements

On the Effective Date, except to the extent otherwise expressly provided in the Plan (including with respect to the Prepetition Credit Agreement Documents), (i) all notes, bonds, debentures, instruments, certificates, credit agreements, indentures, collateral documents, guarantees, filings, recordings, registrations, and other documents and instruments evidencing, securing, or governing Claims or Interests, and any Interests that are not represented by certificates or other instruments, shall be canceled, terminated, released, and surrendered automatically

without any action on the part of any party, (ii) all Liens of any nature or any assets of any Debtor securing, or purporting to secure, such Claims shall be fully, finally, and irrevocably released and extinguished automatically without any action on the part of any party (and (x) the Debtors are hereby irrevocably authorized to make such filings, recordings, registrations, and notifications, and take such other actions, as the Debtors shall deem necessary or advisable to carry out such release and extinguishment and (y) the holders of such Claims shall take such actions and execute such instruments as the Debtors may reasonably request to carry out such release and extinguishment) and (iii) the obligations of the Debtors in respect of such Claims or in any way related thereto or arising therefrom (except with respect to any Indemnification Obligations, which obligations shall be assumed and assigned as set forth in Article V.G of the Plan) shall be deemed satisfied in full, terminated, canceled, released, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person. Holders of or parties to such canceled instruments, Securities, and other documentation will have no rights arising from or relating to such instruments, Securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan. To the extent applicable, the Debtors' corporate charters shall be deemed amended by the Confirmation Order to provide that no nonvoting equity securities will be issued and to otherwise comply with the requirements of section 1123(a)(6) of the Bankruptcy Code.

Notwithstanding anything to the contrary herein, but subject to any applicable provisions of Articles IV and VI of the Plan, the Prepetition Credit Agreement Documents shall continue in effect as between all Debtors and the non-Debtors party thereto until the wind down of the Debtors and the Netherlands Wind Down is complete. Following completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Prepetition Credit Agreement Documents shall be canceled and surrendered and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full, canceled, and of no force or effect against the Debtors or the Wind Down Estate, without any further action on the part of the Debtors, the Wind Down Estate, or any other Person. Except as provided in the Plan (including Article VI of the Plan), on the Effective Date, the Prepetition Credit Agreement Agent, its respective agents, successors, and assigns shall be automatically and fully discharged of all of their duties and obligations associated with the Prepetition Credit Agreement Documents (as applicable). The commitments and obligations (if any) of the Prepetition Credit Agreement Lenders to extend any further or future credit or financial accommodations to any of the Debtors, any of their respective subsidiaries, including, any non-Debtors, or any of their respective successors or assigns under the Prepetition Credit Agreement Documents shall fully terminate and be of no further force or effect on the Effective Date.

16. Release of Liens

Except for the Wind Down Claims (which include the Prepetition Secured Party Liens securing such Claims), and as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date concurrently and consistent with the treatment provided for Claims and Interests in Article III, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate shall be deemed fully released and discharged. After the wind down of the Debtors and the Netherlands Wind Down is complete and after the proceeds of the

Netherlands Asset Sale and Netherlands Liquidation, if any, are indefeasibly distributed in Cash to the Prepetition Secured Parties as provided in Article IV of the Plan, all mortgages, deeds of trust, Liens against, security interests in, or other encumbrances or interests in property of any Estate on account of the Wind Down Claims shall be deemed fully released and discharged. Notwithstanding anything contained herein to the contrary, until completion of the wind down of the Debtors and the Netherlands Wind Down and distribution of the proceeds after the Netherlands Wind Down is complete, if any, to the Prepetition Secured Parties, as provided in Article IV of the Plan, the Plan shall not operate as a waiver of any right, power or remedy of the Prepetition Agent or Prepetition Lenders, or constitute a waiver of any provision of the Prepetition Credit Agreement Documents in respect of any non-Debtor affiliate of the Debtors party thereto and the obligations of the non-Debtor affiliates thereunder shall remain in full force and effect.

17. Corporate Governance, Directors and Officers.

a. Certificates of Incorporation and Bylaws

Consistent with the Plan, all existing certificates of incorporation and by-laws will be canceled; accordingly, no new certificates of incorporation and by-laws will be necessary for any Debtors. Certain of the Debtor entities comprising the Wind Down Estate will continue to exist after the Effective Date for the purpose of completing the GUC Trust Assets Transfer and the Wind Down Transactions.

b. Directors and Officers

As of the Effective Date, the term of the current members of the boards of directors or boards of managers, as applicable, of KidKraft and its Debtor Affiliates shall expire automatically and each person serving as a director of KidKraft and each of its Debtor Affiliates shall be removed and shall be deemed to have resigned and cease to serve automatically. Consistent with the Plan, each of the Estates will vest in the Wind Down Estate effective as of the Effective Date and, thus, no individuals will serve as directors, officers, or voting trustees after the Effective Date for any Debtors. The Wind Down Administrator will be the sole member, manager, director, officer, or other governing body or controlling authority of each Debtor entity that is not subject to a Dissolution Transaction on the Effective Date.

18. Insurance Policies

To the extent that any of the Debtors' insurance policies constitute Executory Contracts, such insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan and shall be assumed by the Debtors and assigned to the Wind Down Estate on the Effective Date. All other insurance policies shall vest in the Wind Down Estate.

19. D&O Liability Insurance Policies

Notwithstanding anything in the Plan to the contrary, as of the Effective Date, the Debtors shall be deemed to assume and vest in the Wind Down Estate all D&O Liability Insurance Policies (including tail coverage liability insurance) pursuant to section 365(a) of the Bankruptcy Code, to the extent they are Executory Contracts. Entry of the Confirmation Order will constitute the

Bankruptcy Court's approval of the Debtors' assumption of each of the D&O Liability Insurance Policies, to the extent they are Executory Contracts. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed, and shall survive the Effective Date. On the Effective Date, all D&O Liability Insurance Policies shall vest in the Wind Down Estate consistent with the Confirmation Order without further order of the Bankruptcy Court.

20. Preservation of Causes of Action

Except as provided in the Plan, or in any contract, instrument, release, or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Wind Down Estate will retain and may enforce any claims, demands, rights, and causes of action that any Estate may hold against any Person to the extent not satisfied, settled, and released under the Plan or otherwise, including the Retained Causes of Action; *provided that*, the Wind Down Estate will not retain any Causes of Action (including Avoidance Actions) that are assigned to Purchaser as Transferred Assets in connection with the Sale Transaction that may be included in the GUC Trust Assets and transferred to the GUC Trust or are transferred to the GUC Trust in accordance with the Plan. The Wind Down Administrator may pursue any such retained claims, demands, rights, or causes of action, as appropriate, in accordance with the best interests of the Wind Down Estate. Except to the extent any such claim is specifically satisfied, settled, and released herein, in accordance with and subject to any applicable law, the Debtor's inclusion or failure to include any Cause of Action on the List of Retained Causes of Action shall not be deemed an admission, denial, or waiver of any claims, demands, rights, or causes of action that the Debtor or Estate may hold against any Person. Except to the extent any such claim is specifically satisfied, settled, and released herein, the Debtor intends to preserve those claims, demands, rights, or causes of action designated as Retained Causes of Action. For the avoidance of doubt, in no instance will any Cause of Action preserved pursuant to this Article IV.A.20 include any claim or Cause of Action with respect to, or against, a Released Party.

21. Substitution in Pending Legal Actions

On the Effective Date, the Wind Down Estate or the Wind Down Administrator, as applicable, shall be deemed to be substituted as the party to any litigation in which the Debtors are a party, including (but not limited to) (i) pending contested matters or adversary proceedings in the Bankruptcy Court or the CCAA Court, (ii) any appeals of orders of the Bankruptcy Court, and (iii) any state court or federal or state administrative proceedings or equivalent in Canada or any other applicable jurisdiction pending as of the Petition Date. The Wind Down Administrator and its professionals are not required to, but may, take such steps as are appropriate to provide notice of such substitution.

22. Effectuating Documents; Further Transactions

The Debtors (prior to the Effective Date) and the Wind Down Administrator (on or after the Effective Date) are authorized to and may issue, execute, deliver, file, or record such contracts,

securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and evidence the terms and conditions of the Plan, the Purchase Agreement, and the Dissolution Transactions, in each case, in the name of and on behalf of any Debtor or the Wind Down Estate, as applicable, without the need for any approvals, authorizations, or consents except those expressly required pursuant to the Plan.

Pursuant to section 1146(a) of the Bankruptcy Code, the following will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, real estate transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee or other similar tax or governmental assessment: (a) any transfer made by the Debtors to the Wind Down Estate; (b) any transfer made by the Debtors and, if applicable, the Wind Down Estate to the Purchaser pursuant to the Plan, the Purchase Agreement, and/or the Sale Order; (c) any sales made by the Wind Down Estate to liquidate such assets in the trust and convert such assets into Cash; (d) the making or assignment of any lease or sublease; (e) any Dissolution Transaction; and (f) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, or assignments executed in connection with any of the foregoing or pursuant to the Plan.

B. *Restructuring Support Agreement*

Upon the later of (i) the Effective Date or (ii) the consummation of the Sale Transaction, any surviving obligations under the Restructuring Support Agreement shall terminate on a final basis.

C. *Global Settlement*

1. GUC Trust

On the Effective Date, the GUC Trust will be established with the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their Allowed General Unsecured Claims.

Subject to and to the extent set forth in the Plan, the Confirmation Order, the GUC Trust Agreement, or any other order of the Bankruptcy Court entered in connection therewith, the GUC Trust shall be empowered to: (a) perform all actions and execute all agreements, instruments, and other documents necessary to implement the terms of the Plan to the extent applicable to the GUC Trust; (b) establish, maintain, and administer the GUC Trust Accounts; (c) accept, preserve, receive, collect, manage, invest, sell, liquidate, transfer, supervise, and protect, as applicable, the GUC Trust Assets (directly or through its professionals or a Disbursing Agent), in accordance with the Plan; (d) subject to the GUC Trust Agreement, the Plan, and the Confirmation Order, as applicable, review, reconcile, settle, or object to all General Unsecured Claims that are not Allowed Claims as of the Effective Date pursuant to the procedures for allowing or disputing Claims prescribed in the Plan; (e) calculate and make distributions of the proceeds of the GUC Trust Assets to Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries in accordance with the terms of the Plan and the GUC Trust Agreement and otherwise implement the terms of

the Plan to the extent applicable to the GUC Trust; (f) retain, compensate, and employ professionals to represent or advise the GUC Trust; (g) file, in accordance with the GUC Trust Agreement, appropriate tax returns on behalf of the GUC Trust and pay any and all taxes or other obligations arising in connection therewith; (h) exercise such other powers as may be vested in the GUC Trust under the GUC Trust Agreement and the Plan, or as are deemed by the GUC Trustee to be necessary and proper to implement the provisions of the Plan and the GUC Trust Agreement; and (i) terminate the GUC Trust in accordance with the terms of the GUC Trust Agreement. For the avoidance of doubt, the GUC Trust shall not be empowered with performing any actions designated to the Wind Down Estate created pursuant to Article IV.A of the Plan and shall have no authority to pursue any Claims or Causes of Action against Released Parties or Exculpated Parties.

Notwithstanding anything to the contrary in this Article IV.C, the GUC Trust shall have no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the GUC Trust's purpose as described herein and in the GUC Trust Agreement and as may be reasonably necessary to conserve and protect the GUC Trust Assets and provide for the orderly liquidation and distribution thereof. Accordingly, the GUC Trustee shall, in an orderly manner, liquidate the GUC Trust Assets and make timely distributions pursuant to the Plan and not unduly prolong the duration of the GUC Trust.

The GUC Trust Beneficiaries, who will be treated as grantors and deemed owners for federal income tax purposes, will be holders of GUC Trust Interests. The GUC Trust shall file federal income tax returns for the GUC Trust as a grantor trust pursuant to Section 671 of the Tax Code and the Treasury Regulations promulgated thereunder. The parties shall not take any position on their respective tax returns with respect to any other matter related to taxes that is inconsistent with treating the GUC Trust as a "liquidating trust" within the meaning of Treasury Regulation Section 301.7701-4(d), unless any party receives definitive guidance from the Internal Revenue Service.

The GUC Trust shall be responsible for paying any (i) U.S. Trustee fees accruing in relation to disbursements by the GUC Trust and (ii) taxes related to the GUC Trust Assets or the liquidation thereof. Any professionals hired by the GUC Trustee will be compensated for services in such capacity solely from the GUC Trust Assets or proceeds thereof.

2. Funding of and Transfer of Assets into the GUC Trust

Except as otherwise provided in the Plan or the Confirmation Order, on the next Business Day following the GUC Settlement Opt-In Election Deadline, the Wind Down Estate shall complete the GUC Trust Assets Transfer, and all such assets shall vest in the GUC Trust on such date, to be administered by the GUC Trustee in accordance with the Plan and the GUC Trust Agreement. Except as set forth in the Plan, the GUC Trust Assets shall be transferred to the GUC Trust free and clear of all Claims, Liens, and encumbrances to the fullest extent provided by section 363 or 1123 of the Bankruptcy Code. All Cash amounts funded into the GUC Trust from the Debtors shall be funded by the U.S. Debtors.

For all federal and applicable state and local income tax purposes, all Persons (including without limitation the Debtors, the GUC Trustee and the GUC Trust Beneficiaries) will treat the

transfers and assignment of the GUC Trust Assets to the GUC Trust for the benefit of the GUC Trust Beneficiaries as (a) a transfer of the GUC Trust Assets directly to the GUC Trust Beneficiaries followed by (b) the transfer of the GUC Trust Assets by the GUC Trust Beneficiaries to the GUC Trust. The GUC Trust will be treated as a grantor trust for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The GUC Trust Beneficiaries will be treated as the grantors and deemed owners of their allocable portion of the GUC Trust Assets for federal income tax purposes.

The fair market value of the portion of the GUC Trust Assets that is treated for U.S. federal income tax purposes as having been transferred to each GUC Trust Beneficiary will be determined by the GUC Trustee, and all parties (including, without limitation, the GUC Trustee and the GUC Trustee Beneficiaries) must utilize such fair market values determined by the GUC Trustee for federal and applicable state and local income tax purposes.

The GUC Trust's taxable income, gain, loss, deduction or credit will be allocated to the GUC Trust Beneficiaries in accordance with their relative beneficial interests in the GUC Trust during the applicable taxable period. Such allocation will be binding on all parties for federal and applicable state and local income tax purposes, and the parties will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

The act of transferring the GUC Trust Assets, as authorized by the Plan, shall not be construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the GUC Trust as if the asset or right was still held by the Debtors.

3. GUC Trustee

Solely with respect to the GUC Trust Assets and the administration of General Unsecured Claims, the GUC Trustee shall be the successor to and representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights, and responsibilities of the GUC Trustee shall be specified in the GUC Trust Agreement and shall include the authority and responsibility to fulfill the items identified in the Plan. Other rights and duties of the GUC Trustee and the GUC Trust Beneficiaries shall be as set forth in the GUC Trust Agreement.

The Committee shall select the GUC Trustee, subject to the consent, not to be unreasonably withheld, of the Debtors and the Prepetition Secured Parties.

4. GUC Trust Agreement

The GUC Trust Agreement will contain certain provisions to comply with Internal Revenue Service guidance for trusts treated as liquidating trusts. Among other things, the GUC Trust Agreement will require that the GUC Trust terminate no later than three years from the Effective Date; *provided, however*, that the Bankruptcy Court, upon motion by the GUC Trustee, may extend the term of the GUC Trust for a reasonable finite period if (a) such extension is necessary to the purpose of the GUC Trust, (b) the GUC Trustee receives an opinion of counsel or a ruling from the IRS stating that such an extension would not adversely affect the status of the GUC Trust as a liquidating trust for federal income tax purposes, and (c) such an extension is obtained within the six (6) month period prior to the GUC Trust's third (3rd) anniversary or the

end of the immediately preceding extension period, as applicable; *provided, however*, each finite extension may be no more than six months (and such extension shall not exceed a total of four extensions unless the GUC Trustee received a favorable ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the GUC Trust as a grantor trust for U.S. federal income tax purposes. The GUC Trust Agreement generally will also provide for, among other things: (i) the payment of reasonable and documented compensation to the GUC Trustee; (ii) the payment of other expenses of the GUC Trust; (iii) the retention of counsel, accountants, financial advisors, or other professionals and the payment of their compensation; (iv) the investment of Cash by the GUC Trustee within certain limitations; (v) the preparation and filing of appropriate tax returns and other reports on behalf of the GUC Trust and the Debtors and the payment of taxes or other obligations owed by the GUC Trust, if any; (vi) the distribution at least annually to the GUC Trust Beneficiaries the GUC Trust's net Cash income and all other Cash proceeds received by the GUC Trust in excess of an amount reasonably necessary to meet Claims and contingent liabilities and to maintain the value of the GUC Trust Assets; (vii) the orderly liquidation of the GUC Trust Assets; and (viii) any reconciliation, administration, objection, resolution, and distribution on account of General Unsecured Claims. For the avoidance of doubt, any payments to be made by the GUC Trust shall be paid solely from the GUC Trust Assets or the proceeds thereof.

Additional terms of the GUC Trust and Obligations of the GUC Trustee, if any, will be addressed in the Plan Supplement or GUC Trust Agreement, as applicable.

5. Settlement of Claims and Causes of Action

Except as otherwise provided in the Plan or the GUC Trust Agreement, on and after the Effective Date, the GUC Trustee may compromise or settle any General Unsecured Claims or any Causes of Action that are GUC Trust Assets without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and may pay the charges that it incurs on or after the Effective Date for GUC Trust Expenses, professionals' fees, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

6. Recourse Solely to GUC Trust Assets

All Claims against the Debtors are deemed satisfied, waived, and released as to the Debtors in exchange for the treatment of such Claims under the Plan, and Holders of Allowed General Unsecured Claims against any Debtor will have recourse solely to the GUC Trust Assets for the payment of their Allowed General Unsecured Claims, and only if such Holder made a GUC Settlement Opt-In Election, all in accordance with the terms of the Plan and the GUC Trust Agreement. A Holder of Allowed General Unsecured Claims that does not make a GUC Settlement Opt-In Election will receive no recovery or distribution on account of such claims, as set forth in Article III.B.4 of the Plan.

Potential Avoidance Actions against a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet will (i) be purchased by the Purchaser as part of the Sale Transaction, subject to the occurrence of the GUC Settlement Election Opt-In Deadline, (ii) be held by the Wind Down Administrator pending the occurrence of the GUC Settlement

Election Opt-In Deadline, (iii) to the extent any such Holder does not make a GUC Settlement Opt-In Election, will be conveyed to the Purchaser on the next Business Day following the GUC Settlement Opt-In Election Deadline, and (iv) will not be pursued by the Purchaser. **For the avoidance of doubt, if a Holder of General Unsecured Claims that is listed on Schedule 1 makes a GUC Settlement Opt-In Election, any potential Avoidance Actions against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets, and such potential Avoidance Actions may be pursued against such Holder.**

7. Distribution of GUC Trust Assets

The GUC Trust Assets, including any proceeds received by the GUC Trust on account of the prosecution or settlement of any commercial tort claims or Avoidance Actions that are GUC Trust Assets, net of any GUC Trust expenses (including professional fees) not covered by the GUC Trust Expense Reserve, shall be distributed at least annually as follows:

(i) Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries other than the Prepetition Secured Parties and/or DIP Secured Parties shall receive their Pro Rata share of 100% of the GUC Trust Assets up to $1,000,000; and

(ii) thereafter, all Holders of Allowed General Unsecured Claims that are GUC Trust Beneficiaries (including the Prepetition Secured Parties' Deficiency Claims) shall receive their Pro Rata share of 100% of the GUC Trust Assets.

8. MidOcean Waiver of Claims and Cash Contribution

On the Effective Date, MidOcean will (i) contribute $100,000 in Cash to the GUC Trust (the "***Sponsor Cash Contribution***") and (ii) waive any General Unsecured Claims it may have against the Debtors, including any claims under the subordinated note and services agreement (the "***Sponsor Claims Waiver***"); *provided*, *however*, that nothing in the foregoing shall result in any of the Debtors' directors that are MidOcean designees waiving or releasing any rights to assert indemnification claims against the Debtors or any of its insurance carriers or any rights as beneficiaries of any insurance policies.

MidOcean is a Released Party under the Plan and has provided valuable consideration to the Estates in the form of the Sponsor Cash Contribution and the Sponsor Claims Waiver. Accordingly, notwithstanding anything set forth in the Plan, neither the GUC Trust nor the Debtors (nor any entity on behalf of the Debtors' Estates, including the Wind Down Estate) shall bring or be entitled to bring any claims or Causes of Action against (i) the Debtors' current and former directors and officers appointed and/or designated by MidOcean or (ii) MidOcean or any of its current and former Affiliates or it or its current and former Affiliates' current and former directors, managers, officers, employees, managed accounts and funds, predecessors, successors, assigns, subsidiaries, equity holders, members, agents, attorneys, accountants, investment bankers, consultants, and other professionals, each solely in their capacity as such, and all such claims shall be deemed and hereby are waived and released, and each of the foregoing Persons shall be a "Released Party" for purposes of the Plan.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Assumption and Rejection of Executory Contracts and Unexpired Leases*

On the Effective Date, except as otherwise provided herein or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the Plan shall serve as a motion under sections 365 and 1123(b)(2) of the Bankruptcy Code to assume, assume and assign, or reject Executory Contracts and Unexpired Leases, and all Executory Contracts or Unexpired Leases shall be rejected as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court, unless such Executory Contract or Unexpired Lease: (i) is designated on a schedule of assumed contracts by the Purchaser; (ii) is designated as a Transferred Contract pursuant to the Purchase Agreement on the Schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; (iii) was previously assumed or rejected by the Debtors, pursuant to a Final Order of the Bankruptcy Court; (iv) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto; (v) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date; or (vi) is subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date.

Entry of the Confirmation Order and/or Sale Approval Order, as applicable, shall constitute the Bankruptcy Court's order approving the assumptions, assumptions and assignments, or rejections, as applicable, of Executory Contracts or Unexpired Leases as set forth in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract or Unexpired Lease comprising a Transferred Contract shall re-vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court. Notwithstanding anything to the contrary in the Plan, the Debtors reserve the right to, with the consent of the Purchaser, alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases at any time prior to the Effective Date on no less than two business days' notice to the applicable non-Debtor counterparties.

Unless otherwise indicated, assumptions, assumptions and assignments, or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Any motions to reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date.

B. *Claims Based on Rejection of Executory Contracts or Unexpired Leases*

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court in accordance with the Bar Date Order. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Wind Down Estate, the Estates, or their property (as applicable), without the need for any objection by the Wind Down Estate or Wind Down Administrator (as**

applicable), or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied and released, notwithstanding anything in the Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B of the Plan.

C. *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases*

Any monetary defaults under an Executory Contract or Unexpired Lease, as reflected on the applicable Cure Notice, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the proposed cure amount (if any) in Cash by the Debtors, the Wind Down Estate, or for the Transferred Contracts, by the Purchaser, as applicable, on the Effective Date or as soon as reasonably practicable thereafter, subject to the limitations described below or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

1. Cure of Defaults for Transferred Contracts Under the Purchase Agreement

Consistent with the Purchase Agreement and subject to the terms and conditions therein, within three business days after the Petition Date the Debtors shall deliver a Cure Notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment and proposed cure of the Transferred Contracts to the applicable counterparty (each a "***Contract Counterparty***"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Purchaser as a Transferred Contract in connection with the Sale Transactions; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "***Contract Objection***") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any. Such Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be Filed with the Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (Central Time) on the date that is 21 days after the date the Debtors delivered the Cure Notice (the "***Cure Notice Objection Deadline***"); (iv) be served, so such objection is actually received on or before the Cure Notice Objection Deadline on counsel to the Debtors, counsel to the DIP Secured Parties, counsel to the Purchaser, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Confirmation Hearing or such other date determined by the U.S. Bankruptcy Court.

2. Cure of Defaults for Other Assumed Executory Contracts and Unexpired Leases

For all other Executory Contracts or Unexpired Leases not deemed "Transferred Contracts," at least 14 days before the Confirmation Hearing, the Debtors shall distribute, or cause to be distributed, Cure Notices of proposed assumption and proposed cure amounts to the applicable third parties. Unless otherwise agreed upon in writing by the parties to the applicable Executory Contract or Unexpired Lease, any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount paid or proposed to be paid by the Debtors or the Wind Down Estate to such counterparty must be filed with the Bankruptcy Court and served on and actually received by the Debtors at least 7 days before the Confirmation Hearing. **Any counterparty that fails to timely object to the proposed assumption or proposed cure amount shall be deemed to have assented to such assumption and cure amount, and any such objection shall be Disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable against the Debtors or the Wind Down Estate, without the need for any objection by the Wind Down Estate or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court.**

Any Cure Claim shall be deemed fully satisfied, released, and discharged upon payment by the Debtors or the Wind Down Estate of the amount set forth in the applicable Cure Notice or, if the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is determined by a Final Order to be greater than the applicable amount set forth in the Cure Notice, the amount of such Allowed Cure Claim; *provided*, *however*, that following entry of a Final Order resolving any such dispute, the applicable Debtor shall, with the consent of the Purchaser, have the right to reject any Executory Contract or Unexpired Lease within thirty (30) days of such resolution; *provided further, however*, that nothing herein shall prevent the Wind Down Estate from paying any Cure Claim despite the failure of the relevant counterparty to file such request for payment of such Cure Claim. The Wind Down Estate also may settle any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

If there is any dispute regarding any Cure Claim, the ability of the Wind Down Estate or any assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of the Cure Claim shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors or the Wind Down Estate, as applicable, and the counterparty to the Executory Contract or Unexpired Lease, in each case with the consent of the Purchaser. Notwithstanding the foregoing, to the extent the dispute relates solely to any Cure Claims, the applicable Debtor may, with the consent of the Purchaser, assume the Executory Contract or Unexpired Lease prior to the resolution of any such dispute; *provided*, *however*, that the Debtor reserves Cash in an amount sufficient to pay the full amount reasonably asserted as the required Cure Claim by the contract counterparty; *provided further*, *however*, that following entry of a Final Order resolving any such dispute, the applicable Debtor shall, with the consent of the Purchaser, have the right to reject any Executory Contract or Unexpired Lease within 30 days of such resolution.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or

ownership interest composition or other bankruptcy or insolvency-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the date that the Debtors assume such Executory Contract or Unexpired Lease. Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed, including pursuant to the Confirmation Order, shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

D. *Modifications*, *Amendments*, *Supplements*, *Restatements*, *or Other Agreements*

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed or assumed and assigned shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and Executory Contracts and Unexpired Leases related thereto, if any, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

E. *Reservation of Rights*

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases, nor anything contained in the Plan or the Sale Transaction Documents, shall constitute an admission by the Debtors, the Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Debtor, Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, or, after the Effective Date, the Wind Down Estate, the Purchaser, or the Wind Down Administrator (as applicable) shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

F. *Nonoccurrence of Effective Date*

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

G. *Indemnification Obligations*

All Indemnification Obligations shall not be discharged or impaired by Confirmation of the Plan or entry of the Confirmation Order and shall be assumed by the Wind Down Estate and remain intact, irrevocable, and shall survive the entry of the Confirmation Order and Effective Date of the Plan on terms no less favorable to such current and former directors, officers, managers,

equity holders, employees, attorneys, accountants, investment bankers, and other professionals of any of the Debtors and such current and former directors', officers', and managers' respective Affiliates than the Indemnification Obligations in place prior to the Petition Date, and to the extent any such Indemnification Obligations are obligations of a non-Debtor Affiliate of any of the Debtors, such Indemnification Obligations shall be assigned on the Effective Date to the Wind Down Estate.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. *Timing and Calculation of Amounts to Be Distributed*

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim, including any portion of a Claim that is an Allowed Claim notwithstanding that other portions of such Claim are a Disputed Claim, shall receive the full amount of the distributions that the Plan provides for Allowed Claims in each applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. *Disbursing Agent.*

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Wind Down Estate or the GUC Trust (as applicable).

a. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

b. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable and documented fees and expenses incurred by the Disbursing Agent on or after the Effective Date,

and any reasonable and documented compensation and expense reimbursement claims (including reasonable and documented attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Purchaser, the Wind Down Estate, or the Wind Down Administrator (as applicable).

c. No Liability

Except on account of gross negligence, fraud, or willful misconduct, the Disbursing Agent shall have no (a) liability to any party for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or (b) obligation or liability to any party who does not hold a Claim against the Debtors as of the Distribution Record Date or any other date on which a distribution is made or who does not otherwise comply with the terms of the Plan.

C. *Delivery of Distributions and Undeliverable or Unclaimed Property*

1. Delivery of Distributions

a. Distribution Record Date

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims and Interests maintained by the Debtors, or their respective agents, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Claims and Interests. The Disbursing Agent shall have no obligation to recognize any transfer of the Claims or Interests occurring on or after the Distribution Record Date.

b. Delivery of Distributions in General

Except as otherwise provided herein, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Interests as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Debtors, the Purchaser, the Wind Down Administrator, or the GUC Trustee (as applicable).

c. Delivery of Distributions on Secured Party Claims.

The Prepetition Credit Agreement Agent shall be deemed to be the Holder of all Secured Party Claims for purposes of distributions to be made hereunder, and all distributions on account of such Allowed Claims shall be made to the Prepetition Credit Agreement Agent. As soon as practicable following compliance with the requirements set forth in Article VI of the Plan, the Prepetition Credit Agreement Agent shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of Allowed Secured Party Claims in accordance with the terms of the Prepetition Credit Agreement Documents, subject to any modifications to such distributions in accordance with the terms of the Plan.

d. Delivery of Distributions on DIP Claims

The DIP Agent shall be deemed to be the Holder of all DIP Claims for purposes of distributions to be made hereunder, and all distributions on account of such DIP Claims shall be made to the DIP Agent. As soon as practicable following compliance with the requirements set forth in Article VI of the Plan, the DIP Agent shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of DIP Claims in accordance with the terms of the DIP Facility Documents, subject to any modifications to such distributions in accordance with the terms of the Plan.

e. Minimum Distributions

No Distribution shall be made by the Disbursing Agent on account of an Allowed Claim if the amount to be distributed to the Holder of such Claim on the applicable Distribution Date has an economic value of less than $250.

2. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtors or the Wind Down Estate, as applicable, shall have determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided that* such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall be redistributed Pro Rata (it being understood that, for purposes of this Article VI.C, "Pro Rata" shall be determined as if the Claim underlying such unclaimed distribution had been Disallowed) without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

D. *Compliance with Tax Requirements*

In connection with the Plan, to the extent applicable, the Debtors, Wind Down Administrator, GUC Trustee, Disbursing Agent, and any applicable withholding agent shall comply with all applicable tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, such parties shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions until receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. For these purposes, all distributions made on behalf of the Debtors pursuant to the Plan shall if applicable be first in satisfaction of the portion of Claims that are not subject to any withholding tax obligation. All Persons holding Claims against any Debtor shall be required to provide any additional information reasonably necessary for the Debtors, Wind Down Administrator, GUC Trustee, Disbursing Agent, and any applicable withholding agent to comply with all tax

withholding and reporting requirements imposed on them by any Governmental Unit, including an IRS Form W-8 or W-9, as applicable, and any other applicable tax forms. The Debtors, Wind Down Estate, Wind Down Administrator, GUC Trustee, and Disbursing Agent (as applicable) reserve the right to allocate all distributions made under the Plan in a manner that complies with all other legal requirements, such as applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances. Any amounts withheld pursuant to the Plan shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim or Allowed Interest shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution.

E. *Foreign Currency Exchange Rate*

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Effective Date.

F. *Surrender of Cancelled Instruments or Securities*

As a condition precedent to receiving any distribution on account of its Allowed Claim, each Holder of a Claim shall be deemed to have surrendered the certificates or other documentation underlying each such Claim, and all such surrendered certificates and other documentation shall be deemed to be cancelled pursuant to Article IV of the Plan, except to the extent otherwise provided in the Plan.

G. *Allocations*

The aggregate consideration to be distributed to each Holder of an Allowed Claim will be allocated first to the principal amount of such Allowed Claim, with any excess allocated to unpaid interest that accrued on such Allowed Claims, if any.

H. *No Postpetition Interest on Claims*

Unless otherwise specifically provided for in an order of the Bankruptcy Court, the Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Interests and no Holder of a Claim or Interest shall be entitled to interest accruing on or after the Petition Date on any such Claim.

I. *Setoffs and Recoupment*

The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), may, but shall not be required to, set off against, or recoup from, any Allowed Claim (other than an Allowed General Unsecured Claim) against a Debtor of any nature whatsoever that the applicable Debtor, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable) may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim against a Debtor hereunder shall constitute a

waiver or release by the applicable Debtor, Wind Down Estate, Wind Down Administrator, GUC Trust, or GUC Trustee (as applicable) of any such Claim it may have against the Holder of such Allowed Claim.

J. *Claims Paid or Payable by Third Parties*

1. Claims Paid by Third Parties

The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), shall reduce in full an Allowed Claim (including any applicable Cure Claim of a Transferred Contract paid by the Purchaser), and such Claim shall be Disallowed without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor, Wind Down Estate, the Wind Down Administrator, GUC Trust, or the GUC Trustee (as applicable); *provided that* the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) shall provide 21 days' notice to the Holder prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Bankruptcy Court. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and thereafter receives payment from a party that is not a Debtor, Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the Petition Date. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Insurers

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim, then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without an objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court; *provided that* the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), shall provide 21 days' notice to the Holder of such Claim prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Bankruptcy Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. *Allowance of Claims*

On or after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) shall have and retain any and all rights and defenses that the Debtors had with respect to any Claim immediately prior to the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim. All settlements of Claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Rule 9019, or otherwise shall be binding on all parties.

B. *Claims and Interests Administration Responsibilities*

Except as otherwise specifically provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), by order of the Bankruptcy Court, shall together have the sole authority to: (1) File, withdraw, or litigate to judgment objections to Claims or Interests; (2) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court. In any action or proceeding to determine the existence, validity, or amount of any General Unsecured Claim, any and all claims or defenses that could have been asserted by the applicable Debtor(s) or the Entity holding such General Unsecured Claim are preserved as if the Chapter 11 Cases had not been commenced.

C. *Adjustment to Claims or Interests Without Objection*

Any duplicate Claim or Interest or any Claim or Interest that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register without the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) having to File an application, motion, complaint, objection, or any

other legal proceeding seeking to object to such Claim or Interest and without any further notice to or action, order, or approval of the Bankruptcy Court.

D. *Time to File Objections to Claims*

Any objections to Claims, which, prior to the Effective Date, may be Filed by any party, shall be Filed on or before the Claims Objection Deadline.

E. *Disallowance of Claims*

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action (other than Causes of Action that constitute a Transferred Asset under the Purchase Agreement) against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors, the Wind Down Estate or the Wind Down Administrator (as applicable).

ANY CLAIM THAT HAS BEEN LISTED IN THE SCHEDULES AS DISPUTED, CONTINGENT, OR UNLIQUIDATED, AND FOR WHICH NO PROOF OF CLAIM HAS BEEN TIMELY FILED, SHALL BE DEEMED DISALLOWED AND SHALL BE EXPUNGED WITHOUT FURTHER ACTION AND WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT.

EXCEPT AS PROVIDED HEREIN, IN AN ORDER OF THE BANKRUPTCY COURT, OR OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS AT OR PRIOR TO THE CONFIRMATION HEARING SUCH LATE CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

F. *Amendments to Claims*

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further action, order, or approval of the Bankruptcy Court.

G. *No Distributions Pending Allowance*

Notwithstanding any other provision of this Plan to the contrary, no payment or distribution of any kind or nature provided under the Plan shall be made to the extent that all or any portion of any Claim is a Disputed Claim, including if an objection to a Claim or portion thereof is Filed as

set forth in Article VII, unless and until such Disputed Claim becomes an Allowed Claim; *provided that* any portion of a Claim that is an Allowed Claim shall receive the payment or distribution provided under the Plan thereon notwithstanding that any other portion of such Claim is a Disputed Claim.

H. *Single Satisfaction of Claims*

Holders of Allowed Claims may assert such Claims against each Debtor obligated with respect to such Claim, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against each obligated Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of any Allowed Claim exceed 100% of such Allowed Claim.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. *Compromise and Settlement of Claims*, *Interests*, *and Controversies*

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions, releases, and other benefits provided pursuant to the Plan, which distributions, releases, and other benefits shall be irrevocable and not subject to challenge upon the Effective Date, the provisions of the Plan, and the distributions, releases, and other benefits provided hereunder, shall constitute a good-faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan.

The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that all such compromises and settlements are in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

In accordance with Bankruptcy Rule 9019, the Plan constitutes the good-faith compromise and settlement among the Global Settlement Parties regarding the matters set forth in the Global Settlement Term Sheet, and reflects and implements such compromise and settlement, including by the establishment and funding of the GUC Trust. Such compromise and settlement is made in exchange for consideration and is in the best interests of the Global Settlement Parties and the Holders of General Unsecured Claims, is within the reasonable range of possible litigation outcomes, is fair, equitable, and reasonable, and is an essential element of the resolution of these Chapter 11 Cases.

B. *Discharge of Claims and Termination of Interests*

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Sale Order, the Plan and/or the Plan Supplement, the distributions, rights, and treatment that are provided in the Sale Order or the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Wind Down Estate or the Wind Down Administrator, as applicable), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, regardless of whether any property, including, without limitation, the Transferred Assets, shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default or "event of default" by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately before or on account of the Filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

C. *Term of Injunctions or Stays*

Unless otherwise provided herein, the Confirmation Order, the Confirmation Recognition Order or in a Final Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 362 of the Bankruptcy Code or otherwise, or ordered by the CCAA Court in the CCAA Recognition Proceeding, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date set forth in the order providing for such injunction or stay.

D. *Release of Liens*

Except as otherwise specifically provided in the Sale Order (solely with respect to any Permitted Encumbrances and Assumed Liabilities), the Plan, and/or the Plan Supplement, on the Effective Date and concurrently with the applicable distributions or other treatment made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates, including, without limitation, the Transferred Assets, shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Wind Down Estate or the GUC Trust and its successors and assigns, in each case, without any further approval or order of the Bankruptcy Court or the CCAA Court and without any action or Filing being required to be made by the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable).

E. *Releases by the Debtors*

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is hereby released and discharged by the Debtors, their Estates, and the Wind Down Estate (as applicable) from any and all Claims, Causes of Action, Avoidance Actions, obligations, suits, judgments, damages, demands, losses, liabilities, and remedies whatsoever (including any derivative claims, asserted or assertable on behalf of the Debtors, their Estates, or the Wind Down Estate), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, accrued or unaccrued, existing or hereinafter arising, in law, equity, contract, tort, or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their Estates, the Wind Down Estate, the Debtors' in- or out-of-court restructuring efforts, the Debtors' intercompany transactions, the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, the DIP Facility Documents (and any payments or transfers in connection therewith), the Sale Transaction, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the formulation, preparation, dissemination, negotiation, or Filing of the Restructuring Support Agreement, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, or any Restructuring, contract, instrument, document, release, or other agreement or document (including any legal opinion regarding any such transaction, contract, instrument, document, release, or other agreement or the reliance by any Released Party on the Sale Order, the Plan, the Confirmation Order, or Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, the Plan, the Plan Supplement, the DIP Facility, the DIP Facility Documents, the Sale Transaction, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, the pursuit of Confirmation, the pursuit of Consummation, the solicitation of votes with respect to the Plan, the administration and implementation of the Plan and the Sales Process, including the issuance or distribution of any property pursuant to the Plan and the Sales Process, the Definitive Documentation, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth in this Article VIII.E do not release any post-Effective Date obligations of any party or Entity under the Plan, including any such obligations created in connection with the Restructuring or the assumption of the Indemnification Obligations as set forth in the Plan; (ii) nothing in this Article VIII.E shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action arising from any obligations of any party under the Purchase Agreement; (iii) nothing in this Article VIII.E shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action that are found, pursuant to a Final Order, to be the result of such Released Party's gross negligence, fraud or willful misconduct; (iv) nothing in this

Article VIII.E shall, nor shall it be deemed to, release any Causes of Action specifically enumerated in the List of Retained Causes of Action.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases by the Debtors set forth in this Article VIII.E, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtors and their Estates; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or their Estates asserting any Claim or Cause of Action released pursuant to such releases.

F. *Releases by Releasing Parties*

As of the Effective Date, each Releasing Party hereby releases and discharges each Debtor, Estate, Wind Down Estate, and Released Party from any and all Claims, Causes of Action, Avoidance Actions, obligations, suits, judgments, damages, demands, losses, liabilities, and remedies whatsoever (including any derivative claims, asserted or assertable on behalf of the Debtors, the Wind Down Estate, or their Estates), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, accrued or unaccrued, existing or hereinafter arising, in law, equity, contract, tort, or otherwise, that such Releasing Party or its estate, heirs, executors, administrators, successors, or assigns would have been legally entitled to assert in his, her, or its own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their Estates, the Wind Down Estate, the Debtors' in- or out-of-court restructuring efforts, the Debtors' intercompany transactions, the Prepetition Credit Agreement Documents, the Note Purchase Agreement Documents, the Professional Services Agreement Documents, the DIP Facility Documents (and any payments or transfers in connection therewith), the Sale Transaction, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Releasing Party, the formulation, preparation, dissemination, negotiation, or Filing of the Restructuring Support Agreement, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, or any Restructuring, contract, instrument, document, release, or other agreement or document (including any legal opinion regarding any such transaction, contract, instrument, document, release, or other agreement or the reliance by any Releasing Party on the Sale Order, the Plan, the Confirmation Order, or the Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, the Plan, the Plan Supplement, the DIP Facility, the DIP Facility Documents, the related agreements, instruments, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, the pursuit of

Confirmation, the pursuit of Consummation, the solicitation of votes with respect to the Plan, the administration and implementation of the Plan and the Sales Process, including the issuance or distribution of any property pursuant to the Plan and the Sales Process, the Definitive Documentation, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing; *provided*, *however*, that except as expressly provided under the Plan, the foregoing releases shall not release obligations of the Debtors on account of any Allowed Claims that are treated under the Plan. Notwithstanding anything to the contrary in the foregoing, (i) the releases set forth in this Article VIII.F do not release any post-Effective Date obligations of any party or Entity under the Plan, including any such obligations created in connection with the Restructuring or the Global Settlement or the assumption of the Indemnification Obligations as set forth in the Plan; (ii) nothing in this Article VIII.F shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action arising from any obligations of any party under the Purchase Agreement; (iii) nothing in this Article VIII.F shall, nor shall it be deemed to, release any Released Party from any Claims or Causes of Action that are found, pursuant to a Final Order, to be the result of such Released Party's gross negligence, fraud, or willful misconduct; and (iv) nothing herein shall, nor shall it be deemed to, release any of the non-Debtor Affiliates of the Released Parties party to the Prepetition Credit Agreement Documents from the Wind Down Claims. For the avoidance of doubt, nothing in this Article VIII.F shall, nor shall it be deemed to, release any Causes of Action specifically enumerated in the List of Retained Causes of Action.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases by Holders of Claims and Interests set forth in this Article VIII.F, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtors and their Estates; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; (6) an essential component of the Plan and the Restructuring; and (7) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to such releases.

G. *Exculpation*

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby exculpated from, any Claim, Cause of Action, obligation, suit, judgment, damage, demand, loss, or liability for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, Filing, or termination of the Restructuring Support Agreement and related prepetition transactions, the Disclosure Statement, the Plan, the Sale Process, the Sale Transaction, the related agreements, instruments, and other documents (including the Definitive Documentation), the solicitation of votes with respect to the Plan, or the Restructuring, or any related contract, instrument, release or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement

contemplated by the Plan or the reliance by any Person on the Plan or the Confirmation Order or Confirmation Recognition Order in lieu of such legal opinion) created or entered into in connection with the Debtors' in or out-of-court restructuring efforts, the Sale Process, the Disclosure Statement, the Plan, the Restructuring Support Agreement, the related agreements, instruments, and other documents (including the Definitive Documentation), the Chapter 11 Cases, the CCAA Recognition Proceedings, the filing of the Chapter 11 Cases, the filing of the CCAA Recognition Proceedings, the Sales Process, the Global Settlement, solicitation of votes with respect to the Plan, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan and the Sales Process, including the issuance of or distribution of any property pursuant to the Plan and the Sales Process, the related agreements, instruments, and other documents (including the Definitive Documentation), or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related to the foregoing, except for claims related to any act or omission that is determined in a Final Order to have constituted fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Confirmation Order shall provide that the Exculpated Parties (to the extent applicable) have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. For the avoidance of doubt, nothing in this Article VIII.G shall, nor shall it be deemed to, exculpate any Exculpated Party from any Causes of Action (i) arising from any obligations of any party under the Purchase Agreement; or (ii) specifically enumerated in the List of Retained Causes of Action.

H. *Injunction*

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, or Causes of Action that have been released pursuant to Article VIII.E or Article VIII.F, discharged pursuant to Article VIII.B, or are subject to exculpation pursuant to Article VIII.G, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Wind Down Estate, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; (c) creating, perfecting, or enforcing any Lien or encumbrance of any kind against such Entities or the property, including, without limitation, the Transferred Assets, or the estates of such Entities on account of or in connection with or with respect to any such Claims, Interests, or Causes of Action; or (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of

or in connection with or with respect to any such Claims, Interests, or Causes of Action. Notwithstanding anything to the contrary in the foregoing, this injunction does not enjoin any party under the Plan or under any document, instrument, or agreement (including the Disclosure Statement or set forth in the Plan Supplement, to the extent finalized) executed to implement the Plan from bringing an action in the Bankruptcy Court to enforce the terms of the Plan or such document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement, to the extent finalized) executed to implement the Plan. Subject in all respects to Article XI, no entity or person may commence or pursue a Claim or Cause of Action of any kind against any Released Party or Exculpated Party that arose or arises from, in whole or in part, the Chapter 11 Cases, the CCAA Recognition Proceedings, the Debtors, the Wind Down Estate, the Plan, the Plan Supplement, the Disclosure Statement, the Restructuring Support Agreement, the Sale Process, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the Disclosure Statement, the Chapter 11 Cases, the CCAA Recognition Proceedings, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim or Cause of Action of any kind, including negligence, bad faith, criminal misconduct, willful misconduct, fraud, or gross negligence against a Released Party or Exculpated Party and (ii) specifically authorizing such entity or person to bring such Claim or Cause of Action against any such Released Party or Exculpated Party. The Bankruptcy Court shall have sole and exclusive jurisdiction to determine whether a Claim or Cause of Action is colorable and, only to the extent legally permissible and as provided for in Article XI, shall have jurisdiction to adjudicate the underlying colorable Claim or Cause of Action.

I. *Protection Against Discriminatory Treatment*

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Wind Down Estate or the Wind Down Administrator (as applicable) or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Wind Down Estate or the Wind Down Administrator (as applicable), or another Entity with whom the Wind Down Estate or the Wind Down Administrator (as applicable) have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

J. *Recoupment*

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, or Cause of Action of the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable), unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on

or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

K. *Subordination Rights*

Any distributions under the Plan shall be received and retained free from any obligations to hold or transfer the same to any other Holder and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

L. *Reimbursement or Contribution*

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

M. *Document Retention.*

On and after the Effective Date, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee (as applicable) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Wind Down Estate or the Wind Down Administrator (as applicable).

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. *Conditions Precedent to Confirmation*

It shall be a condition to Confirmation of the Plan that the following conditions, as determined by the Debtors with the consent of the DIP Agent, the Prepetition Secured Parties, and the Purchaser shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Restructuring Support Agreement shall not have been breached or terminated and shall be in full force and effect;

2. the Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code;

3. a Final DIP Approval Order shall have been entered by the Bankruptcy Court and the Final DIP Recognition Order shall have been entered by the CCAA Court, and each shall not have been breached or terminated, shall be in full force and effect, and no stay thereof shall be in effect;

4. the Purchase Agreement shall have been executed by the parties thereto, shall not have been breached or terminated and shall be in full force and effect;

5. all provisions, terms, and conditions hereof shall have been approved in the Confirmation Order;

6. the Administrative Expense Claim, Priority Tax Claim, and Other Priority Claim Backstop Amount shall have been funded by cash on hand of the Debtors and the proceeds of the DIP Facility into a reserve account and shall be added to the outstanding obligations under the DIP Facility (less cash on hand);

7. the Special Committee's investigation shall have concluded; and

8. a motion (including any exhibits, schedules, amendments, modifications or supplements thereto) shall have been filed in the CCAA Recognition Proceedings seeking the issuance of the Sale Recognition Order pursuant the Purchase Agreement and consistent with the terms of the Restructuring Support Agreement and the Restructuring Support Agreement Documentation.

B. *Conditions Precedent to the Effective Date*

It shall be a condition to the occurrence of the Effective Date that the following conditions, as determined by the Debtors with the consent of the DIP Agent, the Prepetition Secured Parties, and the Purchaser shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Restructuring Support Agreement shall not have been breached or terminated and shall be in full force and effect;

2. the Confirmation Order and Confirmation Recognition Order shall have been entered and neither the Confirmation Order nor the Confirmation Recognition Order shall have been stayed, modified, or vacated on appeal;

3. the Sale Order shall have been entered (whether or not included as a part of the Confirmation Order and Confirmation Recognition Order, as applicable), and shall not have been stayed, modified, or vacated on appeal;

4. the Sale Transaction (including with respect to the sale of the Canadian Transferred Assets to Purchaser pursuant to the CCAA Recognition Proceedings) shall have been consummated in accordance with the terms of the Purchase Agreement;

5. a Final DIP Approval Order shall have been entered by the Bankruptcy Court and Final DIP Recognition Order shall have been entered by the CCAA Court, and each shall not have been breached or terminated, shall be in full force and effect, and no stay thereof shall be in effect;

6. the Professional Fee Escrow Account shall be funded using cash on hand of the Debtors, proceeds of the DIP Facility, or proceeds of the Sale Transaction, as applicable, in an amount equal to the Professional Fee Reserve Amount;

7. all required governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in the Plan shall have been obtained, shall not be subject to unfulfilled conditions, and shall be in full force and effect, and all applicable waiting periods shall have expired without any action having been taken by any competent authority that would restrain or prevent such transactions;

8. all documents and agreements necessary to implement the Plan and the Restructuring shall have been (a) tendered for delivery and (b) effected or executed by all Entities party thereto, and all conditions precedent to the effectiveness of such documents and agreements (other than any conditions related to the occurrence of the Effective Date) shall have been satisfied or waived pursuant to the terms of such documents or agreements;

9. the Bankruptcy Court shall have approved the Plan's releases and such approval shall have been recognized and given effect in Canada by the CCAA Court;

10. all Restructuring Expenses shall have been paid in Cash in full;

11. the GUC Trust shall have been created and funded in accordance with the Plan;

12. the Post-Sale Reserve shall have been funded using cash on hand of the Debtors, proceeds of the DIP Facility, or the Sale Transaction proceeds, as applicable; and

13. the Foreign Sale Reserve shall have been funded using Sale Transaction proceeds and distributed to the Netherlands Subsidiaries.

C. *Waiver of Conditions*

The conditions precedent to Confirmation of the Plan and to the Effective Date of the Plan set forth in Article IX.A and Article IX.B may be amended, modified, supplemented, or waived in writing by mutual agreement of the Debtors, the DIP Secured Parties, the Prepetition Secured Parties, and the Purchaser without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. *Modification and Amendments*

Subject to the limitations contained herein, in the Global Settlement, and in the Restructuring Support Agreement, the Debtors reserve the right to alter, amend, or modify the

Plan, subject to the consent of the Prepetition Secured Parties, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the restrictions on modifications set forth in the Plan and the Restructuring Support Agreement, the Debtors expressly reserve their rights to alter, amend, or modify the Plan, one or more times, after Confirmation, and, to the extent necessary, initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary to carry out the purposes and intent of the Plan.

B. *Effect of Confirmation on Modifications*

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and shall constitute a finding that such modifications or amendments to the Plan do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. *Revocation or Withdrawal of the Plan*

Subject to the conditions and limitations set forth in the Restructuring Support Agreement, the Debtors reserve the right to revoke or withdraw the Plan with respect to any or all Debtors prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation and Consummation do not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (3) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Debtors or any other Entity, including the Holders of Claims; (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity; or (iv) be used by the Debtors or any other Entity as evidence (or in any other way) in any litigation, including with regard to the strengths or weaknesses of any of the parties' positions, arguments, or claims; *provided that*, the foregoing reservation of rights shall not in any way amend, nullify, or void any action, act, or right ratified upon the Bankruptcy Court's entry of the Sale Approval Order.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, Secured, Unsecured, or subordinated status, or amount of any Claim or Interest, including the

resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections relating to any of the foregoing;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cures pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims or Interests are accomplished pursuant to the provisions of the Plan;

5. consider any modifications of the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code, the Confirmation Order, the Sale Approval Order or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, the Confirmation Order, or the Sale Approval Order in each case, to remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, the Sale Approval Order, or any contract, instrument, release, or other agreement or document entered into, delivered, or created in connection with the Plan, the Disclosure Statement, the Confirmation Order, or the Sale Approval Order in such manner as may be necessary or appropriate to consummate the Plan;

6. adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

7. adjudicate, decide, or resolve any and all matters related to Causes of Action by or against a Debtor, the GUC Trust, or GUC Trustee;

8. adjudicate, decide, or resolve any and all matters related to sections 1141, 1145, and 1146 of the Bankruptcy Code;

9. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan;

10. enter and enforce any order for the sale of property pursuant to sections 363 or 1123 of the Bankruptcy Code, including for the avoidance of doubt the Sale Approval Order;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. adjudicate, decide, or resolve any dispute and all matters related to the Sale Transaction and Sale Transaction Documents;

13. adjudicate, decide, or resolve any dispute and all matters arising under the GUC Trust Agreement;

14. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

15. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, discharges, releases, injunctions, exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

16. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VII of the Plan;

17. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

18. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Supplement, or the Sale Approval Order;

19. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein, including any Restructuring Transactions;

20. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine matters concerning state, local, and U.S. federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine matters concerning section 1145 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute or matter relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

24. enforce all orders previously entered by the Bankruptcy Court;

25. enter a final decree concluding or closing the Chapter 11 Cases;

26. enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan;

27. hear any other matter not inconsistent with the Bankruptcy Code; and

28. the CCAA Court shall retain jurisdiction over the CCAA Recognition Proceedings and all matters, arising out of, or related to, the CCAA Recognition Proceedings including the orders of the CCAA Court.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. *Immediate Binding Effect*

Subject to Article IX.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan, the final versions of the documents contained in the Plan Supplement, the Confirmation Order, and the Sale Approval Order shall be immediately effective and enforceable and deemed binding upon the Debtors or the Wind Down Estate, as applicable, and any and all Holders of Claims or Interests (regardless of whether the Holders of such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions provided for in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases. All Claims and debts shall be fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. *Additional Documents*

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. *Reservation of Rights*

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order shall have no force or effect unless the Effective Date occurs. Prior to the Effective Date, neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests.

D. *Successors and Assigns*

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor,

administrator, successor or assign, Affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

E. *Service of Documents*

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors, the Wind Down Estate, the Wind Down Administrator, the GUC Trust, or the GUC Trustee as applicable, shall be served on:

Debtors or the Wind Down Estate	**KidKraft Inc.** 4630 Olin Road Dallas, TX 75244 Attn: Geoffrey Walker
Attorneys to the Debtors	**Vinson & Elkins LLP** 2001 Ross Avenue, Suite 3900 Dallas, TX 75201 Attn: William L. Wallander Matthew D. Struble Kiran Vakamudi and **Vinson & Elkins LLP** 1114 Avenue of the Americas, 32nd Floor New York, NY 10036 Attn: David S. Meyer Lauren R. Kanzer
Wind Down Administrator	**SierraConstellation Partners, LLC** 3090 Olive St., 3rd Floor Dallas, TX 75219 Attn: Carl Moore
GUC Trustee	**Jiangang Ou, Esq.** 1222 Howard Lane Bellaire, Texas 77401
United States Trustee	**Office of the United States Trustee for the Northern District of Texas** Earle Cabell Federal Building 1100 Commerce Street, Room 976 Attn: Meredyth Kippes
Prepetition Credit Agreement Agent and DIP Agent	**GB Funding, LLC** 101 Huntington Avenue, Suite 1100 Boston, Massachusetts 02199

Attn: David Braun
Kyle Shonak

Counsel to the Prepetition Credit Agreement Agent and DIP Agent	**Katten Muchin Rosenman LLP** 50 Rockefeller Plaza New York, NY 10020 Attn: Cindi M. Giglio Lucy F. Kweskin
Purchaser	**Backyard Products LLC** 317 S. Main Street Ann Arbor, MI 48104 Attn: Thomas van der Meulen
Counsel to Purchaser	**King & Spalding LLP** 1185 6th Avenue New York, NY 10036 Attn: Spencer Stockdale Michael Fishel Jeff Dutson
MidOcean	**MidOcean Partners** 245 Park Avenue 38th Floor New York, NY 10167 Attn: Daniel Penn
Counsel to MidOcean	**Gibson Dunn & Crutcher LLP** 200 Park Avenue New York, NY 10166 Attn: Andrew Herman

F. *Term of Injunctions or Stays*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court or the CCAA Court, and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan, the Confirmation Order, the Confirmation Recognition Order or the Sale Order shall remain in full force and effect in accordance with their terms.

G. *Entire Agreement*

Except as otherwise indicated, and without limiting the effectiveness of the Global Settlement and the Restructuring Support Agreement and any related agreements thereto, on the Effective Date, the Plan, the Plan Supplement, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

H. *Exhibits*

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://www.stretto.com/kidkraft or the Bankruptcy Court's website at https://www.txnb.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

I. *Nonseverability of Plan Provisions*

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such terms or provision shall then be applicable as altered or interpreted, *provided that* any such alteration or interpretation shall be acceptable to the Debtors, the DIP Agent, the Prepetition Secured Parties, and the Purchaser. Notwithstanding any such alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors', the Prepetition Secured Parties', and the Purchaser's consent; and (3) nonseverable and mutually dependent.

J. *Votes Solicited in Good Faith*

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities (if any) offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals nor the Wind Down Estate or Wind Down Administrator (as applicable) will have any liability for the violation

of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities (if any) offered and sold under the Plan and any previous plan.

K. *Request for Expedited Determination of Taxes*

The Debtors, the Wind Down Estate, the Wind Down Administrator, or the GUC Trustee, as the case may be, shall have the right to request an expedited determination under section 505(b) of the Bankruptcy Code with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date through the Effective Date.

L. *Closing of Chapter 11 Cases*

The Wind Down Estate or the Wind Down Administrator (as applicable) shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to issue a final decree closing the Chapter 11 Cases and file materials with the CCAA Court to terminate the CCAA Recognition Proceedings.

M. *No Stay of Confirmation Order*

The Confirmation Order and Confirmation Recognition Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Bankruptcy Rules 3020(e) and 7062.

N. *Waiver or Estoppel*

Each Holder of a Claim or Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement or the Debtors,' Wind Down Estate's, or the Wind Down Administrator's (as applicable) right to enter into settlements was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court or the Noticing and Claims Agent prior to the Confirmation Date.

O. *Dissolution of Statutory Committees*

On the Effective Date, any statutory committee formed in connection with the Chapter 11 Cases shall dissolve automatically and all members thereof (solely in their capacities as such) shall be released and discharged from all rights, duties, and responsibilities arising from, or related to, the Chapter 11 Cases.

* * * *

Respectfully submitted, as of the date first set forth below,

Dated: June 20, 2024
Dallas, Texas

KIDKRAFT, INC.
on behalf of itself and all other Debtors

/s/ Geoffrey Walker
Geoffrey Walker
President & Chief Executive Officer

Exhibit B

Sale Approval Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 28, 29, 54, 220**

ORDER (I) AUTHORIZING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §§ 105 AND 363, (II) APPROVING THE PURCHASE AGREEMENT, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Upon the *Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as it may be amended, altered, modified, or supplemented, and including all exhibits and supplements thereto, the "***Plan***")[2] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), which contemplates entry of an order (this "***Sale Order***"): (a) authorizing and approving the applicable Debtors' proposed sale of all of their respective right, title, and interest in, to, and under the Transferred Assets to Backyard Products, LLC, a Delaware limited liability company ("***Backyard***") or, as applicable, any Designated Buyer designated in accordance with the Purchase Agreement (Backyard or such Designated Buyer, as applicable, the "***Buyer***") free and clear of all Liens, Claims, Interests (each as defined herein), and Encumbrances (as defined in the Purchase Agreement) (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), in accordance with the terms and conditions contained in that certain Asset Purchase Agreement, dated as of April 25, 2024, by and among certain of the Debtors and Backyard, substantially in the form attached hereto as **Exhibit 1** (as may be amended or otherwise modified from time to time and including all related documents, exhibits, schedules, and agreements thereto, collectively, the "***Purchase Agreement***," and the proposed sale contemplated thereunder, the "***Sale***") and the other transactions contemplated thereby; (b) approving the Purchase Agreement and the other Sale Transaction Documents; (c) authorizing the assumption and assignment to the Buyer of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date; and (d) granting related relief; and the Court having reviewed and considered the Plan and all relief related thereto and any objections thereto; and upon the full record in support of the relief requested by the Debtors in the Plan; and the Court having found that the relief requested in the Plan is in the best interests of the Debtors'

[2] Capitalized terms utilized herein but not otherwise defined shall have the meanings ascribed to them in the Plan or the Purchase Agreement (as defined herein), as the context makes applicable.

Estates, their creditors, and all other parties in interest; and the Court having heard the statements in support of the relief requested in the Plan at a hearing before this Court on June 21, 2024 (the "***Combined Hearing***"); and the Court having confirmed the Plan and entered the *Findings of Fact, and Conclusions of Law, and Order Confirming the Debtors' Joint Prepackaged Chapter 11 Plan* substantially contemporaneously herewith (the "***Confirmation Order***"); and the Court having determined that the legal and factual bases set forth in the Plan, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], and the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Transaction and (II) the Bid Protections* [Docket No. 188], and at the Combined Hearing, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:

A. General. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to rule 7052 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), made applicable to these chapter 11 cases pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The matters addressed in this Sale Order constitute a "core" proceeding pursuant to 28 U.S.C. § 157(b).

C. Bases for Relief. The statutory and other legal bases for the relief provided herein are sections 105(a), 363, 365, 503, 507, 1123, 1129, and 1146 of title 11 of the United States Code (the "***Bankruptcy Code***"), Bankruptcy Rules 3020(e) (to the extent applicable), 6004, 6006, 9007, 9008, and 9014, the Plan and the Confirmation Order. The consummation of the Sale and the other transactions contemplated by the Purchase Agreement and this Sale Order is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Local Rules***"), and the *General Order Regarding Procedures for Complex Chapter 11 Cases* (the "***Complex Case Procedures***"), and the Debtors and the Buyer have complied with all of the applicable requirements of such sections and rules in respect of such transactions.

D. Marketing and Sale Process. The sale of the Transferred Assets to the Buyer pursuant to the Purchase Agreement is duly authorized under sections 363(b)(1), 363(f), 1123 and 1129 of the Bankruptcy Code, Bankruptcy Rule 6004(f), Bankruptcy Local Rule 2002-1, and the Confirmation Order. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Combined Hearing and (ii) the representations of counsel made on the record at the Combined Hearing, the Debtors and their professionals, agents, and other representatives engaged in a robust and extensive marketing and sale process for the Transferred Assets and conducted all aspects of the sale process in good faith. The marketing process undertaken by the Debtors and their professionals, agents, and other representatives with respect to the Transferred Assets has

been adequate and appropriate and reasonably calculated to maximize value for the benefit the Debtors' Estates and all stakeholders.

E. Corporate Authority. The Debtors are the sole and lawful owners of the Transferred Assets. The Transferred Assets constitute property of the Debtors' Estates and title thereto is vested in the Debtors' Estates within the meaning of section 541 of the Bankruptcy Code. The Debtors (i) have full corporate power and authority to execute the Purchase Agreement, and the Sale of the Transferred Assets to the Buyer has been duly and validly authorized by all necessary corporate action, (ii) have all of the corporate power and authority necessary to consummate the Sale and all transactions contemplated by the Purchase Agreement and the other Sale Transaction Documents, including this Sale Order, (iii) have taken all corporate action necessary to authorize and approve the Purchase Agreement, and the consummation by the Debtors of the Sale and all other transactions contemplated by this Sale Order, the Purchase Agreement, or the other Sale Transaction Documents, and (iv) require no further consents or approvals, other than those expressly provided for in the Purchase Agreement, to consummate such transactions.

F. Highest and Best Offer; Business Judgment. The Debtors have demonstrated a sufficient basis to enter into the Purchase Agreement, sell the Transferred Assets on the terms outlined therein, and assume and assign the Transferred Contracts to the Buyer under sections 363 and 365 of the Bankruptcy Code and assign any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement. All such actions are appropriate exercises of the Debtors' business judgment and in the best interests of the Debtors, their Estate, their creditors, and other parties in interest. Approval of the Sale on the terms set forth in the Purchase Agreement at this time is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest.

G. The offer of the Buyer, on the terms and conditions set forth in the Purchase Agreement, including the total consideration to be realized by the Debtors thereunder, (i) is the highest and best offer received by the Debtors after extensive marketing, (ii) is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest, and (iii) is fair and reasonable and constitutes reasonably equivalent value, fair and adequate consideration, and fair value for the Transferred Assets under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Voidable Transactions Act, and all other applicable laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing. Taking into consideration all relevant factors and circumstances, no other Person or entity has offered to purchase the Transferred Assets for greater value to the Debtors and their Estates.

H. The Debtors and the Buyer have not entered into the Purchase Agreement, or proposed to consummate the Sale: (i) for the purposes of hindering, delaying, or defrauding the Debtors' present or future creditors, or (ii) fraudulently, for the purpose of statutory or common law fraudulent conveyance and fraudulent transfer claims, whether under the Bankruptcy Code or under the laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing.

I. Good and sufficient reasons for approval of the Purchase Agreement and the Sale have been articulated by the Debtors. The Debtors have demonstrated compelling circumstances for the Sale outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code and in accordance with the Plan, in that, among other things, the immediate consummation of the Sale of the Transferred Assets to the Buyer is necessary and appropriate to preserve and to maximize the value of the Debtors' Estates. To maximize the value to the Estates of the Sale of

the Transferred Assets, it is essential that the consummation of the Sale and the other transactions provided for under the Purchase Agreement occur promptly following confirmation of the Plan.

J. Opportunity to Object. A reasonable opportunity to object or be heard with respect to the Sale (and all transactions contemplated in connection therewith), the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer pursuant to the Purchase Agreement, the Identified Cure Amounts (defined below), the Combined Hearing, and all deadlines related thereto has been afforded to all interested persons and entities, including, without limitation: (i) the United States Trustee for the Northern District of Texas; (ii) counsel to Prepetition Secured Parties and the DIP Secured Parties; (iii) counsel to the official committee of unsecured creditors; (iv) the United States Attorney's Office for the Northern District of Texas; (v) the Internal Revenue Service; (vi) the state attorneys general for states in which the Debtors conduct business; (vii) all known holders of Liens, Claims, Interests, and Encumbrances secured by the Transferred Assets; (viii) each landlord of the Debtors' warehouses and/or other premises; (ix) each governmental agency that is an interested party with respect to the Sale and the other transactions contemplated in the Purchase Agreement; (x) all other applicable government agencies to the extent required by the Bankruptcy Rules or the Bankruptcy Local Rules, and (xi) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

K. Good Faith Buyer; Arm's Length Sales. The Purchase Agreement was negotiated, proposed, and entered into by the applicable Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transactions contemplated in the

Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

L. The Buyer is a good faith Buyer under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. In particular, (i) the Buyer recognizes that the Debtors were free to deal with any other party interested in purchasing the Transferred Assets; (ii) the Buyer did not in any way induce or cause the filing of the Chapter 11 Cases by the Debtors; (iii) the Buyer did not violate section 363(n) of the Bankruptcy Code by any action or inaction; (iv) no common identity of directors, officers, or controlling stakeholders exists between the Buyer and any of the Debtors; and (v) the Buyer did not act in a collusive manner with any person and the Purchase Price was not controlled by any undisclosed agreement among third parties.

M. Free and Clear Transfer Required by the Buyer. The Buyer would not have entered into the Purchase Agreement, and would not have consummated the Sale contemplated thereby, thus adversely affecting the Debtors, their Estates, and their creditors, if each of the Sale (and the other transactions contemplated by the Purchase Agreement) and the assumption and assignment of the Transferred Contracts to the Buyer thereof, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, were not free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) as more fully set forth in Paragraph V.7 of this Sale Order, or if the Buyer would, or in the future could, be liable for any encumbrances, obligations, or liabilities other than the Permitted Encumbrances and Assumed Liabilities. Except as otherwise expressly provided in the Plan, the Confirmation Order, or this

Sale Order, the Buyer shall not have any responsibility whatsoever with respect to the Excluded Liabilities, which shall remain the sole responsibility of the Debtors before, on, and after Closing.

N. As of the Closing, pursuant and subject to the applicable terms of the Purchase Agreement, the Sale will effect a legal, valid, enforceable, and effective transfer of the Transferred Assets under the Purchase Agreement and will vest the Buyer with all of the applicable Debtors' respective rights, title, and interests in such Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), including, without limitation, (i) liens, mortgages, deeds of trust, pledges, charges, security interests, rights of first refusal, options, hypothecations, encumbrances, easements, servitudes, leases or subleases, rights-of-way, encroachments, restrictive covenants, restrictions on transferability or other similar restrictions, rights of offset or recoupment, rights of use or possession, subleases, leases, conditional sale arrangements, or other title retention arrangements, other liens (including mechanic's, materialman's, possessory, and other consensual and non-consensual liens and statutory liens), judgments, charges of any kind or nature, if any, including any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership, or any rights that purport to give any party a right of first refusal, option, or consent with respect to the Debtors' interests in the Transferred Assets or any similar rights; (ii) all claims as defined in Bankruptcy Code section 101(5), including all rights or causes of action (whether in law or in equity), proceedings, warranties, guarantees, indemnities, rights of recovery, setoff, recoupment, indemnity or contribution, obligations, demands, restrictions, indemnification claims or liabilities relating to any act or omission of the Debtors or any other person, consent rights, options, contract rights, covenants, claims for reimbursement, exoneration, products liability, alter-ego,

environmental, or tax, decrees of any court or foreign or domestic governmental entity, indentures, loan agreements, and interests of any kind or nature whatsoever (known or unknown, matured or unmatured, accrued or contingent, and regardless of whether currently exercisable), whether arising prior to or subsequent to the commencement of these Chapter 11 Cases, and whether imposed by agreement, understanding, law, equity or otherwise; (iii) all debts, liabilities, obligations, contractual rights and claims, labor, employment, tort, products liability, and pension claims, and debts arising in any way in connection with any agreements, acts, or failures to act, in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or un-matured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these Chapter 11 Cases and whether imposed by agreement, understanding, law, equity or otherwise; (iv) any rights based on any products, successor or transferee liability, (v) any rights that purport to give any party a right or option to effect any forfeiture, modification, right of first offer or first refusal, or consents, or termination of the Debtors' or the Buyer's interest in the Transferred Assets or any similar rights; (vi) any rights under labor or employment agreements; (vii) any rights under mortgages, deeds of trust, and security interests; (viii) any rights related to intercompany loans and receivables between the Debtors that are party to the Purchase Agreement and any Debtor or non-Debtor subsidiary or affiliate; (ix) any rights under any pension, multiemployer plan (as such term is defined in Section 3(37) or Section 4001(a)(3) of the Employee Retirement Income Security Act of 1974 (as amended, "***ERISA***")), health or welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plans of the Debtors or any multiemployer plan to which the

Debtors have at any time contributed to or had any liability or potential liability; (x) any other employee claims related to worker's compensation, occupational disease or unemployment, or temporary disability, including, without limitation, claims that might otherwise arise under or pursuant to (a) ERISA, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Age Discrimination and Employment Act of 1967 and Age Discrimination in Employment Act, as amended, (g) the Americans with Disabilities Act of 1990, (h) the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including, without limitation, the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Internal Revenue Code and of any similar state law (collectively, "***COBRA***"), (i) state discrimination laws, (j) state unemployment compensation laws or any other similar state laws, (k) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors; (l) the WARN Act (29 U.S.C. §§ 2101 et seq.) (the "***WARN Act***") and any state law equivalents; (xi) any bulk sales or similar law; (xii) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and any taxes arising under or out of, in connection with, or in any way relating to the operation of the Transferred Assets prior to the Closing, including, without limitation, any ad valorem taxes assessed by any applicable taxing authority; (xiii) any unexpired lease or executory contract to which a Debtor is a party that is not a Transferred Contract that will be assumed and assigned pursuant to this Sale Order and the Purchase Agreement; and (xiv) any other Excluded Liabilities as provided in the Purchase Agreement. Notwithstanding the foregoing, the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General

Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

O. Satisfaction of Section 363(f). The Debtors may sell the Transferred Assets free and clear of any and all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever, including any rights or claims based on any putative successor or transferee liability, as set forth herein, because, in each case, one or more of the standards set forth in sections 363(f)(1)–(5) of the Bankruptcy Code has or have been satisfied. All parties in interest, including, without limitation, any holders of Liens, Claims, Interests, and Encumbrances and any contract counterparty to the Transferred Contracts who did not object or who withdrew their objection to the Sale, the assumption and assignment, or the assignment of the applicable Transferred Contract, or the associated Cure Claims, are deemed to have consented to the relief granted herein pursuant to section 363(f)(2) and 1141 of the Bankruptcy Code. Those (i) holders of Liens, Claims, Interests, or Encumbrances and (ii) non-Debtor parties to Transferred Contracts that did not object are adequately protected by having their Liens, Claims, Interests, or Encumbrances, if any, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims and defenses the Debtors or their Estates may possess with respect thereto.

P. No Successorship. Neither the Buyer nor any of its respective affiliates are successors to the Debtors or their Estates by reason of any theory of law or equity, and neither the Buyer nor any of its respective affiliates shall assume or in any way be responsible for any liability

or obligation of any of the Debtors and/or their Estates, except as otherwise expressly provided in the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order. The Buyer: (i) has not, *de facto* or otherwise, merged with or into one or more of the Debtors, (ii) is not a continuation or substantial continuation, and is not holding itself out as a mere continuation, of any of the Debtors or of their respective Estates, businesses, or operations or any enterprise of the Debtors, and (iii) does not have a common identity of incorporators, directors, or equity holders with any of the Debtors.

Q. The Transferred Contracts. The Debtors have demonstrated that (i) it is an exercise of their sound business judgment to assume and assign the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer in each case in connection with the consummation of the Sale and (ii) the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest. The Transferred Contracts being assumed and assigned or assigned to the Buyer are an integral part of the Transferred Assets being purchased by the Buyer, and, accordingly, such assumption, assignment, and cure of any defaults, as applicable, under the Transferred Contracts are reasonable and enhance the value of the Debtors' Estates. Any contract counterparty to a Transferred Contract that has not actually filed with the Court an objection to such assumption and assignment or assignment in accordance with the terms of the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* entered substantially contemporaneously herewith (the "***Bidder Protections Order***") is deemed to have consented to such assumption and assignment and the monetary amounts required

to cure any existing defaults arising under such Transferred Contracts pursuant to section 365(b)(1) of the Bankruptcy Code as identified on a Contract Notice (as defined in the Bidder Protections Order) or the Schedule of Assumed Executory Contracts and Unexpired Leases filed with the Court as part of the Plan Supplement (as defined in the Plan) (such amounts, the "***Identified Cure Amounts***").

R. Cure Claims and Adequate Assurance. The Debtors and the Buyer have, including by way of entering into the Purchase Agreement and agreeing to the provisions relating to the Transferred Contracts therein, (i) cured, or provided adequate assurance of cure, of any default existing prior to the date hereof under any of the applicable Transferred Contracts within the meaning of section 365(b)(1)(A) of the Bankruptcy Code and (ii) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Transferred Contracts within the meaning of section 365(b)(1)(B) of the Bankruptcy Code, and the Buyer has, based upon the record of these proceedings, including the evidence proffered by the Debtors at the Combined Hearing, provided adequate assurance of its future performance of and under the Transferred Contracts pursuant to sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code. The Buyer's promise under the Purchase Agreement to perform the obligations under the Transferred Contracts after the Closing shall constitute adequate assurance of future performance under the Transferred Contracts being assigned to the Buyer within the meaning of sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. The Identified Cure Amounts are hereby deemed to be the sole amounts necessary to cure any and all defaults under the applicable Transferred Contracts under section 365(b) of the Bankruptcy Code.

S. Final Order. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a).

T. Time Is of the Essence; Waiver of Stay. Time is of the essence in consummating the Sale. In order to maximize the value of the Transferred Assets, it is essential that the Sale and the assignment of the Transferred Assets occur within the time constraints set forth in the Purchase Agreement, and there is no just reason for delay in the implementation of this Sale Order. Accordingly, there is cause to waive the stays contemplated by Bankruptcy Rules 6004(h) and 6006(d) and, to the extent applicable, Bankruptcy Rule 3020(e).

U. Confirmation of the Plan. The Sale of the Transferred Assets is authorized in connection with confirmation of the Plan and is thus entitled to the full benefits and protections provided under section 1146 of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

I. The Sale is Approved.

1. The Sale of the Transferred Assets contemplated by the Purchase Agreement is hereby approved, as set forth herein.

II. Approval of the Purchase Agreement.

2. The Purchase Agreement, the Sale Transaction Documents, and all other ancillary documents and all of the terms and conditions thereof are hereby approved. Pursuant to sections 105, 363, 365, and 1123 of the Bankruptcy Code, the Debtors are authorized and directed to take any and all actions necessary to fulfill their obligations under, and comply with the terms of, the Purchase Agreement and to consummate the Sale pursuant to and in accordance with the terms and conditions of the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order without further leave of the Court.

3. The Debtors are authorized to execute and deliver, and are empowered to perform under, consummate, and implement, the Purchase Agreement, together with all additional instruments, documents, and other agreements that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably requested by the Buyer for the purpose of assigning, transferring, granting, conveying, and conferring to the Buyer or reducing to possession, the Transferred Assets, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

III. Binding Effect of Order.

4. This Sale Order, the Plan, the Confirmation Order, and the Purchase Agreement shall each be binding upon all creditors of, and equity holders in, the Debtors and any and all other parties in interest, including, without limitation, any and all holders of Liens, Claims, Interests, and Encumbrances (including holders of any rights or claims based on any putative products, successor, or transferee liability) of any kind or nature whatsoever, all contract counterparties to the Transferred Contracts, the Buyer, all successors and assigns of the Buyer, the Debtors, and their respective affiliates and subsidiaries, and any trustee or successor trustee appointed in these Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code.

IV. Amendments to the Purchase Agreement.

5. Subject to the terms and conditions of the Purchase Agreement, the Debtors and the Buyer, as the context makes applicable, may amend, modify, supplement, or waive any provision of the Purchase Agreement (an "***Amendment***") without further approval or order of the Court, so long as (a) such Amendment is not material and is undertaken in good faith by the Buyer and the Debtors; (b) the Debtors provide prior written notice of the Amendment (the "***Amendment Notice***") to the U.S. Trustee, counsel to the Prepetition Secured Parties and DIP Secured Parties, and, counsel to the official committee of unsecured creditors (collectively, the "***Notice Parties***"),

and (c) the Debtors file the Amendment Notice with the Court; *provided*, *however*, that neither consent of the Notice Parties nor approval of the Court will be necessary to effectuate any such Amendment. Any material Amendment must be approved by the Court to be effective.

6. Section 2.1(k)(i) of the Purchase Agreement is hereby amended as follows:

"(i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing that is listed on **Schedule 1** of the Global Settlement Term Sheet (as defined in the Plan) (the "***Go-Forward Vendors Schedule***"); *provided* that to the extent any vendor, supplier, customer or trade creditor not previously identified on the Sellers' bankruptcy schedules is identified after entry of the U.S. Sale Order, the Buyer shall have 30 days to add such party to the Go-Forward Vendors Schedule, and such party shall be deemed to have been a Designated Party hereunder as of the Closing."

V. Transfer of the Transferred Assets Free and Clear.

7. The Buyer shall assume and be liable for the Assumed Liabilities expressly assumed pursuant to the Purchase Agreement, this Sale Order, and the Confirmation Order, and, for the avoidance of doubt, shall not assume or be liable for any Excluded Liabilities. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Sale Order, pursuant to sections 105(a), 363(b), 363(f), 365(b), 365(f), 1123, 1141, and 1146 of the Bankruptcy Code, upon the Closing, the Transferred Assets shall be transferred to the Buyer free and clear of any and all Liens, Claims, Interests, and Encumbrances (as defined in the Purchase Agreement) of any kind or nature whatsoever with the sole exception of any Permitted Encumbrances and Assumed Liabilities. For purposes of this Sale Order, "Liens," "Claims," and "Interests," as used herein, shall have the respective meanings set forth below:

a. any and all charges, liens (statutory or otherwise), claims, mortgages, leases, subleases, hypothecations, deeds of trust, pledges, security interests, options, rights of use or possession, rights of first offer or first refusal (or any other type of preferential arrangement), options, rights of consent, rights of setoff, successor and products liability, easements, servitudes, restrictive covenants, interests or rights under any operating agreement, encroachments, encumbrances, third-party interests, or any other restrictions or limitations of any kind with respect to the Transferred Assets including all the restrictions or limitations set forth in this Paragraph 6 (collectively, "***Liens***");

b. any and all claims as defined in section 101(5) of the Bankruptcy Code and jurisprudence interpreting the Bankruptcy Code, including, without limitation, (i) any and all claims or causes of action based on or arising under any labor, employment, or pension laws, (ii) any and all claims or causes of action based upon or relating to any putative successor or transferee liability, and (iii) any and all other claims, causes of action, rights, remedies, obligations, liabilities, counterclaims, cross-claims, third party claims, demands, restrictions, responsibilities, or contribution, reimbursement, subrogation, or indemnification claims or liabilities based on or relating to any act or omission of any kind or nature whatsoever asserted against any of the Debtors or any of their respective affiliates, subsidiaries, directors, officers, agents, successors, or assigns in connection with or relating to the Debtors, their operations, their business, their liabilities, the marketing and bidding process with respect to the Transferred Assets, the Transferred Contracts, or the transactions contemplated by the Purchase Agreement, including all the claims set forth in this Paragraph 6 (collectively, "***Claims***"); and

c. any and all equity or other interests of any kind or nature whatsoever in or with respect to (i) any of the Debtors or their respective affiliates, subsidiaries, successors, or assigns, (ii) the Transferred Assets, or (iii) the Transferred Contracts, including all the interests set forth in this Paragraph 6 (collectively, "***Interests***");

in each case, whether in law or in equity, known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, direct or indirect, and whether arising by agreement, understanding, law, equity, or otherwise, and whether occurring or arising before, on, or after the Petition Date or occurring or arising prior to the Closing. Any and all such Liens, Claims, Interests, and Encumbrances shall attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of

their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. At Closing, the Buyer shall take title to and possession of the Transferred Assets subject only to any Permitted Encumbrances and Assumed Liabilities; *provided, however*, that the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

VI. Vesting of Transferred Assets in the Buyer.

8. The transfer of the Transferred Assets to the Buyer pursuant to the Purchase Agreement shall constitute a legal, valid, and effective transfer of the Transferred Assets on the Closing, and, subject to the proviso in decretal paragraph 7 above, shall vest the Buyer with all of the Debtors' rights, title, and interests in the Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities).

VII. Release of Liens.

9. The Debtors are authorized and directed to execute such documents as may be necessary to release any Liens, Claims, Interests, and Encumbrances (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) of any kind against the Transferred Assets as such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) may have been recorded or may otherwise exist. If any person or entity that

has filed financing statements, lis pendens, or other documents or agreements evidencing Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against or in the Transferred Assets shall not have delivered to the Debtors prior to the Closing Date of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) that the person or entity has with respect to the Transferred Assets, (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Transferred Assets; (b) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against the Buyer and the applicable Transferred Assets; (c) the Debtors' creditors and the holders of any Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) are authorized and directed to execute such documents and take all other actions as may be necessary to terminate, discharge, or release their Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) in the Transferred Assets; and (d) the Buyer may seek in this Court or any other court of competent jurisdiction to compel appropriate parties to execute termination statements, instruments of satisfaction, and releases of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) with respect to the Transferred Assets. This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office, and such agencies,

departments, and offices are authorized to accept this Sale Order for filing or recording. Notwithstanding the foregoing, the provisions of this Sale Order authorizing the sale and assignment of the Transferred Assets free and clear of Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) shall be self-executing, and none of the Debtors or the Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Sale Order.

VIII. Assumption and Assignment of Transferred Contracts.

10. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, and subject to and conditioned upon the Closing, the Debtors' assumption and assignment to the Buyer of the Transferred Contracts is hereby approved, and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied. Pursuant to the Purchase Agreement, the Debtors' assignment of any Transferred Contracts that were entered into after the Petition Date is hereby approved.

11. The Debtors are hereby authorized, in accordance with the Purchase Agreement, and in accordance with sections 105(a) and 365 of the Bankruptcy Code, to (i) assume and assign to the Buyer the Transferred Contracts, effective upon and subject to the occurrence of the Closing, free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), which Transferred Contracts, by operation of this Sale Order, shall be deemed assumed and assigned to the Buyer effective as of the Closing, (ii) assignment to the Buyer any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement, and (iii) execute and deliver to the Buyer such documents or other instruments as the Buyer may deem necessary to assign and transfer the Transferred Contracts to the Buyer.

12. Subject to Paragraph 12 hereof:

a. The Debtors are authorized to and may assume all of the Transferred Contracts in accordance with section 365 of the Bankruptcy Code.

b. The Debtors are authorized to and may assign each Transferred Contract to the Buyer in accordance with sections 363 and 365 of the Bankruptcy Code, and any provisions in any Transferred Contract that prohibit or condition the assignment of such Transferred Contract on the consent of the counterparty thereto or allow the non-Debtor party to such Transferred Contract to terminate, recapture, impose any fee or penalty, condition, renewal, or extension limitations, or modify any term or condition upon the assignment of such Transferred Contract shall constitute unenforceable anti-assignment provisions which are expressly preempted under section 365 of the Bankruptcy Code and void and of no force and effect.

c. All requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption and assignment of the Transferred Contracts by the Debtors to the Buyer have been satisfied.

d. Upon the Closing, the Transferred Contracts shall be transferred and assigned to, and remain in full force and effect for the benefit of, the Buyer in accordance with their respective terms, notwithstanding any provision in any such Transferred Contract (including those of the type described in sections 365(b)(2), 365(e)(1), and 365(f) of the Bankruptcy Code) that prohibits, restricts, limits, or conditions such assignment or transfer.

13. All defaults of the Debtors under the Transferred Contracts occurring or arising prior to the assignment thereof to the Buyer at Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be deemed cured or satisfied by the payment of the Identified Cure Amount, if any, to cure all monetary defaults, if any, under each Transferred Contract in the amounts set forth on the schedule of Identified Cure Amounts attached to the Schedule of Assumed Executory Contracts and Unexpired Leases or any supplement thereto (or any other cure cost reached by agreement after an objection to the proposed cure cost by a counterparty to a Transferred Contract), which was served in compliance with the Bidder Protections Order, and as set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, and which Identified Cure Amounts were satisfied, or shall be satisfied as soon as practicable, by the Buyer as provided in the Purchase

Agreement. For all Transferred Contracts set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, the Buyer is authorized and directed to pay all Identified Cure Amounts required to be paid in accordance with the Purchase Agreement upon the later of (a) the Closing, (b) for any Transferred Contracts for which an objection has been filed to the assumption and assignment of such agreement or the Identified Cure Amounts relating thereto and such objection remains pending as of the date of this Sale Order, the resolution of such objection by settlement or order of this Court, and (c) the Effective Date of the Plan for any Transferred Contract designated by the Buyer after the Closing.

14. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their Estates shall be relieved from any liability for any breach of or obligations under any Transferred Contract following the effective date of such assumption and assignment to the Buyer.

IX. Release of Liens by Creditors; Collection of Transferred Assets.

15. Except as expressly provided to the contrary in this Sale Order or the Purchase Agreement, as applicable, the holder of any valid Lien, Claim, Interest, or Encumbrance in the Transferred Assets, shall, as of the Closing, be deemed to have waived and released such Lien, Claim, Interest, or Encumbrance, without regard to whether such holder has executed or filed any applicable release, and such Lien, Claim, Interest, or Encumbrance shall automatically, and with no further action by any party, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. Notwithstanding the foregoing, any such holder of such a Lien, Claim, Interest, or Encumbrance is authorized and directed to execute and deliver any waivers, releases, or other related documentation, as reasonably requested by the Buyer or the Debtors.

16. All persons and entities that are in possession of some or all of the Transferred Assets as of the Closing are directed to surrender possession of such Transferred Assets to the Buyer in accordance with the Purchase Agreement as of the Closing or at such time thereafter as the Buyer may request. As of the Closing, the Buyer and its respective successors and assigns shall be designated and appointed as the Debtors' true and lawful attorney with full power of substitution in the Debtors' name and stead on behalf of and for the benefit of the Buyer and its respective successors and assigns, for the following sole and limited purposes: to have the power to demand and receive any and all of the Transferred Assets and to give receipts and releases for and in respect of the Transferred Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Buyer and its respective successors and assigns, as their interests may appear, proceedings at law, in equity, or otherwise, which the Buyer and its respective successors and assigns, as their interests may appear, may deem proper for the collection or reduction to possession of any of the Transferred Assets.

X. Effect of Recordation of Order.

17. The entry of this Sale Order (a) shall be effective as a conclusive determination that, upon the Closing, all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) existing as to the Transferred Assets prior to the Closing have been unconditionally released, discharged, and terminated and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all persons and entities including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, notaries, protonotaries, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to

accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to, the Transferred Assets. Each and every federal, state, local, or foreign government or governmental or regulatory authority, agency, board, bureau, commission, court, department, or other governmental entity is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement, including, without limitation, recordation of this Sale Order.

XI. Section 1146 Exemption.

18. To the fullest extent permitted by section 1146(a) of the Bankruptcy Code and applicable law, any transfers (whether from a Debtor to the Wind Down Estate or to any other Person or Entity) of property under the Plan or this Sale Order pursuant to: (1) the Sale, including the sale and transfer by the Debtors of the Transferred Assets; (2) the sale and liquidation of the Excluded Assets (as defined in the Plan); (3) the issuance, distribution, transfer, or exchange of any debt or equity Security, or other interest in the Debtors; (4) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (5) the making, assignment, or recording of any lease or sublease; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, personal property transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation

Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146 of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

XII. Prohibition of Actions Against the Buyer.

19. Except for any Permitted Encumbrances and Assumed Liabilities or as expressly permitted or otherwise specifically provided for in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, neither the Buyer, nor any of its respective affiliates shall have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Transferred Assets or otherwise, and upon Closing all entities or persons are permanently and forever prohibited, barred, estopped, and enjoined from asserting against the Buyer and its permitted successors, designees, and assigns, or property, or the Transferred Assets conveyed in accordance with the Purchase Agreement, any Lien, Claim, Interest, or Encumbrance of any kind whatsoever arising prior to Closing including, without limitation, under any theory of successor or transferee liability, *de facto* merger or continuity liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated. Without limiting the generality of the foregoing, and except as otherwise specifically provided in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, the Buyer and its respective affiliates shall not be liable for any claims against the Debtors or any of their predecessors or affiliates, and neither the Buyer nor its affiliates shall have

any successor or vicarious liabilities of any kind or character, including but not limited to any liability pertaining to any theory of antitrust, warranty, products liability, environmental, successor, or transferee liability, labor law, ERISA, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent, liquidated or unliquidated, with respect to the Debtors or any obligations of the Debtors, including, but not limited to, liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the Closing or any claims under the WARN Act or any state law equivalents, or any claims related to wages, benefits, severance, or vacation pay owed to employees or former employees of the Debtors.

20. The Buyer may elect, as of the Closing or any time thereafter, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Transferred Assets, except to the extent not permitted by applicable law.

XIII. Distribution of Proceeds.

21. All proceeds of the Sale shall be distributed in accordance with the Plan.

XIV. No Interference.

22. Following the Closing, no holder of a Lien, Claim, Interest, or Encumbrance in or against the Debtors or the Transferred Assets shall interfere with the Buyer's title to or use and enjoyment of the Transferred Assets based on or related to such Lien, Claim, Interest, or Encumbrance or any actions that the Debtors may take in these Chapter 11 Cases or any successor cases.

XV. Retention of Jurisdiction.

23. This Court retains jurisdiction to, among other things, interpret, enforce and implement the terms and provisions of this Sale Order, the Confirmation Order, the Plan, and the

Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to: (a) compel delivery of the Transferred Assets or performance of other obligations owed to the Buyer; (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Sale Order; and (e) protect the Buyer and its affiliates against (i) any Liens, Claims, Interests, and Encumbrances in or against the Debtors or the Transferred Assets of any kind or nature whatsoever and (ii) any creditors or other parties in interest regarding the turnover of the Transferred Assets that may be in their possession.

XVI. Final Order; No Stay of Order.

24. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to the extent applicable 3020(e), this Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close the Sale under the Purchase Agreement at any time pursuant to the terms thereof.

XVII. Good Faith.

25. The transactions contemplated by the Purchase Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the subject transactions shall not affect the validity of the sales to the Buyer (including the assumption and assignment or assignment by the Debtors of any of the Transferred Contracts),

unless such authorization is duly stayed pending such appeal. The Buyer is a good faith Buyer and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

XVIII. No Collusion.

26. The transactions contemplated by the Purchase Agreement were negotiated, proposed, and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transaction contemplated in the Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

XIX. Inconsistencies with Prior Orders, Pleadings or Agreements.

27. To the extent of any conflict between the Purchase Agreement, the Confirmation Order, the Plan, and this Sale Order, the terms of this Sale Order shall govern with respect to the Sale and the Purchase Agreement. To the extent this Sale Order is inconsistent or conflicts with any prior order or pleading in these Chapter 11 Cases, the terms of this Sale Order shall govern and any prior orders shall be deemed amended or otherwise modified to the extent required to permit consummation of the Sale.

XX. Failure to Specify Provisions.

28. The failure to specifically reference any particular provisions of the Purchase Agreement, the Confirmation Order, the Plan, or other related documents in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement and other related documents be authorized and approved.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit C

Proposed Notice of Effective Date

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors. [1]	§	**(Jointly Administered)**
	§	

NOTICE OF (I) ENTRY OF ORDER CONFIRMING THE DEBTORS' AMENDED JOINT CHAPTER 11 PLAN, (II) OCCURRENCE OF THE EFFECTIVE DATE, (III) OPPORTUNITY FOR HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS TO MAKE A GUC SETTLEMENT OPT-IN ELECTION, AND (IV) ADMINISTRATIVE EXPENSE CLAIMS BAR DATE

PLEASE TAKE NOTICE that on June 21, 2024, the Honorable Michelle V. Larson, United States Bankruptcy Judge for the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Court***"), entered the order [Docket No. __] (the "***Confirmation Order***") confirming the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as amended, modified, or supplemented, the "***Plan***").[2]

PLEASE TAKE FURTHER NOTICE that the Effective Date of the Plan occurred on **_____, 2024**.

PLEASE TAKE FURTHER NOTICE that copies of Confirmation Order and the Plan, as well as other documents filed in these chapter 11 cases can be found on the docket of these chapter 11 cases and can also be downloaded free of charge from the website of the Debtors' noticing and claims agent, Stretto, at https://cases.stretto.com/kidkraft.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has approved certain release, exculpation, injunction, and related provisions in Article VIII of the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan and Confirmation Order, and the provisions thereof, are binding on the Debtors, the Wind Down Estate, the GUC Trust, any Holder

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1 The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

2 Unless otherwise defined in this notice, capitalized terms used in this notice shall have the meanings ascribed to them in the Plan and the Confirmation Order.

of a Claim against or Interest in the Debtors and such Holder's respective successors, assigns, and designees, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder or entity voted to accept the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Confirmation Order, the deadline for filing requests for payment of Administrative Expense Claims shall be _____, 2024, and the deadline for filing requests for payment of Professional Fee Claims shall be _____, 2024.[3]

PLEASE TAKE FURTHER NOTICE that the Bar Date for filing claims based on the rejection of Executory Contracts or Unexpired Leases is the later of: (i) the General Bar Date or the Governmental Bar Date, as applicable, and (ii) 5:00 p.m. (Central Time) on the date that is 30 days following service of an order (including the Confirmation Order) approving the rejection of any executory contract or unexpired lease of the Debtors. To the extent any executory contract or unexpired lease is rejected pursuant to the terms of the Plan, the Rejection Damages Bar Date shall be 30 days after service of this *Notice of (I) Entry of Order Confirming the Debtors' Amended Joint Chapter 11 Plan, (II) Occurrence of the Effective Date, and (III) Administrative Expense Claims Bar Date*.

PLEASE TAKE FURTHER NOTICE that all Holders of Allowed General Unsecured Claims may elect to participate in any distributions from the GUC Trust by timely submitting a GUC Settlement Opt-In Election in accordance with the procedures set forth in the GUC Settlement Opt-In Form, which is attached as **Exhibit A** to the GUC Settlement Opt-In Notice, attached hereto as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE that from and after this date, if you wish to receive notice of filings in this case, you must request such notice with the clerk of the Bankruptcy Court and serve a copy of such request for notice on counsel to the Wind Down Estate. You must do this even if you filed such a notice prior to the Effective Date.

PLEASE TAKE FURTHER NOTICE that the Plan and the Confirmation Order contain other provisions that may affect your rights. You are encouraged to review the Plan and the Confirmation Order in their entirety.

[3] The deadline for filing requests for payment of Administrative Expense Claims shall be: (a) for Administrative Expense Claims that are not Professional Fee Claims, 30 days after the Effective Date; and (b) for Administrative Expense Claims that are Professional Fee Claims, 45 days after the Effective Date.

Dated: _____, 2024
Dallas, Texas

/s/_____

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit 1

GUC Settlement Opt-In Notice

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
VINSON & ELKINS LLP
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
kvakamudi@velaw.com
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David S. Meyer (admitted *pro hac vice*)
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VINSON & ELKINS LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. ___**

NOTICE OF (I) GLOBAL SETTLEMENT,
(II) OPTION TO OPT-IN TO PARTICIPATION
IN THE GUC TRUST, AND (III) OTHER RELEVANT INFORMATION

PLEASE TAKE NOTICE THAT on May 10, 2024 (the "***Petition Date***"), KidKraft, Inc. and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "***Debtors***") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "***Bankruptcy Court***").

PLEASE TAKE FURTHER NOTICE THAT on May 23, 2024, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "***Committee***") pursuant to section 1102 of the Bankruptcy Code. *See* Docket No. 120.

PLEASE TAKE FURTHER NOTICE THAT on June 17, 2024, the Debtors filed a *Notice of Filing Global Settlement Term Sheet* [Docket No. 195] that attaches a copy of a Global

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

Settlement Term Sheet thereto as Exhibit A (the "***Global Settlement Term Sheet***"), by and between the Debtors, the Committee, the DIP Secured Parties, the Prepetition Secured Parties, the Purchaser, and MidOcean.

PLEASE TAKE FURTHER NOTICE THAT on June 21, 2024, the Bankruptcy Court entered its *Findings of Fact, Conclusions of Law, and Order (I) Approving the Disclosure Statement; and (II) Confirming the Debtors' Amended Joint Prepackaged Chapter 11 Plan* (the "***Confirmation Order***") [Docket No. __], which, *inter alia*, confirmed the Debtors' *Amended Joint Prepackaged Chapter 11 Plan* (the "***Plan***") [Docket No. 220]. The Plan incorporates and implements the terms of the Global Settlement Term Sheet, including provisions related to the creation of a trust (the "***GUC Trust***") to be funded with certain assets (as further described in the Plan, the "***GUC Trust Assets***"), for the benefit of the Holders of Allowed General Unsecured Claims (as defined in the Plan) who elect to "opt in" to receiving their Pro Rata share of 100% of the beneficial interests in the GUC Trust by **[●], 2024** (the "***GUC Settlement Opt-In Election Deadline***," and such affirmative election, the "***GUC Settlement Opt-In Election***"), all as further set forth in Article IV.C of the Plan. Holders of Allowed General Unsecured Claims desiring to make a GUC Settlement Opt-In Election must timely complete and return the form attached hereto as **Exhibit A** (the "***GUC Settlement Opt-In Form***") pursuant to the instructions and procedures set forth therein.

IMPORTANTLY, THE PLAN PROVIDES THAT ANY CREDITOR WHO MAKES A GUC SETTLEMENT OPT-IN ELECTION AGREES THAT ANY AVOIDANCE ACTION AGAINST IT THAT WOULD HAVE OTHERWISE BEEN A TRANSFERRED ASSET PURCHASED BY THE PURCHASER WILL NOT BE INCLUDED IN THE TRANSFERRED ASSETS, AND SUCH CREDITOR MAKING THE GUC SETTLEMENT OPT-IN ELECTION IS POTENTIALLY SUBJECT TO BEING SUED FOR AN AVOIDANCE ACTION.

All Holders of Allowed General Claims are advised to review and consider the description of certain tax considerations related to the GUC Trust attached hereto as Exhibit B (the "*GUC Trust Tax Disclosures*").

Copies of the Global Settlement Term Sheet, the Plan, and the Confirmation Order may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 1100 Commerce Street, Dallas, TX 75242 where they are available for review during normal operating hours. The Global Settlement Term Sheet, the Plan, and the Confirmation Order also are available for inspection on the Bankruptcy Court's website at https://www.txnb.uscourts.gov or for review and download free of charge on the Debtors' restructuring website at https://www.cases.stretto.com/kidkraft.[2] Copies of other documents filed in these chapter 11 cases may be obtained free of charge by contacting Stretto, Inc., the Debtors' claims, noticing, and solicitation agent ("***Stretto***") via (i) telephone at (855) 469-

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan. The statements contained herein are summaries of the provisions contained in the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan, the Plan shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement or the Plan.

1713 (Toll-Free) or (714) 886-6210 (International) (ii) email at TeamKidKraft@stretto.com (with "KidKraft Opt-In" in the subject line).

ANY PERSON WHO MAKES THE GUC SETTLEMENT OPT-IN ELECTION SPECIFIED HEREIN HEREBY AGREES AND UNDERSTANDS THAT ANY AVOIDANCE ACTION AGAINST IT THAT OTHERWISE WOULD BE PURCHASED BY THE PURCHASER AND NOT PROSECUTED BY THE PURCHASER WILL BE REMOVED FROM THE LIST OF AVOIDANCE ACTIONS PURCHASED BY THE PURCHASER, AND SUCH CREDITOR MAY BE SUED FOR ANY APPLICABLE AVOIDANCE ACTIONS.

任何做出此处指定的 GUC 和解选择参与者，特此同意并理解：任何针对其而采取的个别清偿无效之诉权（否则，该诉权将由收购方购买并且不会被收购方起诉），都将从收购方购买的个别清偿无效之诉权的清单上删除，并且该债权人可能会因任何适用的个别清偿无效之诉权而被起诉。

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
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1114 Avenue of the Americas, 32nd Floor
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Tel: 212.237.0000
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dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit A

GUC Settlement Opt-In Form

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	

GUC SETTLEMENT OPT-IN FORM

By checking the box below and signing this GUC Settlement Opt-In Form,[2] the undersigned exercises its option to opt-in into participation in the GUC Trust and receiving its Pro Rata share of the GUC Trust Interests. Further, by checking the box below and signing this GUC Settlement Opt-In Form, the undersigned elects to have any Avoidance Actions that may exist against it removed from the Transferred Assets (as applicable), and agrees that the GUC Trust and GUC Trustee may pursue such Avoidance Actions against it.

☐ The undersigned hereby **OPTS-IN** to participate in the GUC Trust and to have any Avoidance Actions against it removed from the Transferred Assets sold to the Purchaser.

_____
Date

_____
Name of Holder of General Unsecured Claim (Print or Type)

_____
Signature

_____
Name and Title of Authorized Agent (Print or Type)

_____
Address

_____

[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220].

City, State, Zip

Telephone / Email Address

Completed Opt-In Forms must be actually received by the financial advisor for the Committee, Dundon Advisors, LLC, at the physical address below or via email **by 5:00 p.m. (Prevailing Central Time) on _____, 2024.** Send your completed Opt-Out Form by **ONLY ONE** of the following means of submission:

(i) if by first class mail, overnight delivery, or hand delivery, at DUNDON ADVISERS, LLC, c/o Joe Cashel, Ten Bank Street, Suite 1100, White Plains, NY 10606; or

(ii) if via email, to kidkraft@dundon.com, with a reference to "KidKraft Opt-In Election" in the subject line.

Dated: June [_], 2024
Dallas, Texas

/s/

VINSON & ELKINS LLP
William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com; mstruble@velaw.com;
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1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com; lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit B

GUC Trust Tax Disclosures

Pursuant to the Plan,[1] the GUC Trust will be organized for the primary purpose of liquidating the GUC Trust Assets and making distributions to GUC Trust Beneficiaries on account of their GUC Trust Interests. The GUC Trust is not organized with an objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose. Thus, the GUC Trust is intended to be classified for U.S. federal income tax purposes as a "liquidating trust" within the meaning of Treasury regulation section 301.7701-4(d). Under the Plan, all relevant parties are required to treat the GUC Trust as a liquidating trust, subject to definitive guidance to the contrary from the Internal Revenue Service. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to sections 671 through 679 of the Tax Code, owned by the grantors of the trust. For this purpose, the beneficiaries of a liquidating trust are treated as the grantors and owners of the trust. The GUC Trust will file annual information tax returns with the Internal Revenue Service as a grantor trust pursuant to Section 671 of the Tax Code and the applicable Treasury Regulations that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the GUC Trust Assets (e.g., income, gain, loss, deduction and credit).

Although the GUC Trust has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of a liquidating trust, it is possible that the Internal Revenue Service could require a different characterization of the GUC Trust, which could result in a different and possibly greater tax liability to the GUC Trust or the holders of the GUC Trust Interests. No request for a ruling from the Internal Revenue Service will be sought on the classification of the GUC Trust, and there can be no assurance that the Internal Revenue Service will not take a contrary position to the classification of the GUC Trust. If the Internal Revenue Service were to successfully challenge the classification of the GUC Trust as a grantor trust, the U.S. federal income tax consequences to the GUC Trust and the holders of the GUC Trust Interests could be materially different from those discussed herein. The following discussion assumes, for U.S. federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes, the treatment of the GUC Trust as a grantor trust, the GUC Trust Beneficiaries, who will be treated as grantors and deemed owners for U.S. federal and applicable state and local income tax purposes, as holders of GUC Trust Interests, and the GUC Trust Beneficiaries as the grantors and deemed owners of their allocable portion of the GUC Trust Assets.

To the extent the GUC Trust is treated as a "liquidating trust" then, upon its creation, for U.S. federal income tax purposes, each GUC Trust Beneficiary would be treated as having received and as owning an undivided interest in the GUC Trust Assets in exchange for surrendering all or a portion of such GUC Trust Beneficiary's Allowed General Unsecured Claims followed by a transfer by such GUC Trust Beneficiary of such GUC Trust Assets to the GUC Trust. Upon the transfer of the GUC Trust Assets as more fully set forth in the GUC Trust Agreement, the Debtors will have no reversionary or further interest in or with respect to the GUC Trust Assets. Under the

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the *Debtors' Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220].

Plan, all parties (including, without limitation, the Debtors, the GUC Trustee, the GUC Trust and the holders of GUC Trust Interests) are required to report consistently with the foregoing for U.S. federal and applicable state and local income tax purposes. Consistent with such treatment, the GUC Trust's taxable income, gain, loss, deduction or credit will be allocated to the GUC Trust Beneficiaries in accordance with their relative beneficial interests in the GUC Trust during the applicable taxable period, and such allocation will be binding on all parties for U.S. federal and applicable state and local income tax purposes. The GUC Trust Beneficiaries have an obligation to report its share of the GUC Trust's tax items (including gain on the sale or other disposition of a GUC Trust Asset). Accordingly, the GUC Trust Beneficiaries may incur a tax liability as a result of owning a beneficial interest in the GUC Trust, regardless of whether the GUC Trust distributes cash or other GUC Trust Assets, and the GUC Trust Beneficiaries will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

The basis of such GUC Trust Interest in the GUC Trust Assets received will be equal to the fair market value of the GUC Trust Assets as of the Effective Date. The fair market values of the GUC Trust Assets will be determined by the GUC Trustee as the trustee of the GUC Trust, and all parties must utilize and report consistently with such fair market values for U.S. federal and applicable state and local income tax purposes. The determination of the fair market values of the GUC Trust Assets is factual in nature and the IRS may challenge any such determination.

Holders of Allowed General Unsecured Claims should not construe the contents of this GUC Trust Tax Disclosures as providing any legal, business, financial, securities, or tax advice, and should consult with their own advisors before making the GUC Settlement Opt-In Election.

SCHEDULE “F”

Sale Order

The following constitutes the ruling of the court and has the force and effect therein described.

Michelle V. Larson

Signed June 25, 2024

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Case No. 24-80045-mvl11**
	§	
KIDKRAFT, INC., *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Jointly Administered)**
	§	
	§	**Re: Docket No. 28, 29, 54, 220**

AMENDED[2] ORDER (I) AUTHORIZING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §§ 105 AND 363, (II) APPROVING THE PURCHASE AGREEMENT, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

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[1] The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers or Canadian business numbers, as applicable, are: KidKraft, Inc. (3303), KidKraft Europe, LLC (3174), KidKraft Intermediate Holdings, LLC (8800), KidKraft International Holdings, Inc. (2933), KidKraft Partners, LLC (3268), KidKraft International IP Holdings, LLC (1841), Solowave Design Corp. (9294), Solowave Design Holdings Limited (0206), Solowave Design Inc. (3073), Solowave Design LP (7201), and Solowave International Inc. (4302). The location of the Debtors' U.S. corporate headquarters and the Debtors' service address is: 4630 Olin Road, Dallas, TX 75244.

[2] The order previously entered at Docket No. 242 is hereby amended solely to include the Purchase Agreement as **Exhibit 1** hereto.

Upon the *Amended Joint Prepackaged Chapter 11 Plan* [Docket No. 220] (as it may be amended, altered, modified, or supplemented, and including all exhibits and supplements thereto, the "***Plan***")[3] filed by the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), which contemplates entry of an order (this "***Sale Order***"): (a) authorizing and approving the applicable Debtors' proposed sale of all of their respective right, title, and interest in, to, and under the Transferred Assets to Backyard Products, LLC, a Delaware limited liability company ("***Backyard***") or, as applicable, any Designated Buyer designated in accordance with the Purchase Agreement (Backyard or such Designated Buyer, as applicable, the "***Buyer***") free and clear of all Liens, Claims, Interests (each as defined herein), and Encumbrances (as defined in the Purchase Agreement) (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), in accordance with the terms and conditions contained in that certain Asset Purchase Agreement, dated as of April 25, 2024, by and among certain of the Debtors and Backyard, substantially in the form attached hereto as **Exhibit 1** (as may be amended or otherwise modified from time to time and including all related documents, exhibits, schedules, and agreements thereto, collectively, the "***Purchase Agreement***," and the proposed sale contemplated thereunder, the "***Sale***") and the other transactions contemplated thereby; (b) approving the Purchase Agreement and the other Sale Transaction Documents; (c) authorizing the assumption and assignment to the Buyer of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date; and (d) granting related relief; and the Court having reviewed and considered the Plan and all relief related thereto and any objections thereto; and upon the full record in support of the relief requested by the Debtors in the Plan; and the Court having found that the relief requested in the Plan is in the best interests of the Debtors'

[3] Capitalized terms utilized herein but not otherwise defined shall have the meanings ascribed to them in the Plan or the Purchase Agreement (as defined herein), as the context makes applicable.

Estates, their creditors, and all other parties in interest; and the Court having heard the statements in support of the relief requested in the Plan at a hearing before this Court on June 21, 2024 (the "***Combined Hearing***"); and the Court having confirmed the Plan and entered the *Findings of Fact, and Conclusions of Law, and Order Confirming the Debtors' Joint Prepackaged Chapter 11 Plan* substantially contemporaneously herewith (the "***Confirmation Order***"); and the Court having determined that the legal and factual bases set forth in the Plan, the *Declaration of Geoffrey Walker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 31], the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Debtors' Motion to Obtain Postpetition Debtor in Possession Financing and (II) the Sale Process* [Docket No. 32], and the *Declaration of Ajay Bijoor, Managing Director of Robert W. Baird & Co. Incorporated, in Support of (I) the Sale Transaction and (II) the Bid Protections* [Docket No. 188], and at the Combined Hearing, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:

A. General. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to rule 7052 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***"), made applicable to these chapter 11 cases pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The matters addressed in this Sale Order constitute a "core" proceeding pursuant to 28 U.S.C. § 157(b).

C. Bases for Relief. The statutory and other legal bases for the relief provided herein are sections 105(a), 363, 365, 503, 507, 1123, 1129, and 1146 of title 11 of the United States Code (the "***Bankruptcy Code***"), Bankruptcy Rules 3020(e) (to the extent applicable), 6004, 6006, 9007, 9008, and 9014, the Plan and the Confirmation Order. The consummation of the Sale and the other transactions contemplated by the Purchase Agreement and this Sale Order is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the "***Bankruptcy Local Rules***"), and the *General Order Regarding Procedures for Complex Chapter 11 Cases* (the "***Complex Case Procedures***"), and the Debtors and the Buyer have complied with all of the applicable requirements of such sections and rules in respect of such transactions.

D. Marketing and Sale Process. The sale of the Transferred Assets to the Buyer pursuant to the Purchase Agreement is duly authorized under sections 363(b)(1), 363(f), 1123 and 1129 of the Bankruptcy Code, Bankruptcy Rule 6004(f), Bankruptcy Local Rule 2002-1, and the Confirmation Order. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Combined Hearing and (ii) the representations of counsel made on the record at the Combined Hearing, the Debtors and their professionals, agents, and other representatives engaged in a robust and extensive marketing and sale process for the Transferred Assets and conducted all aspects of the sale process in good faith. The marketing process undertaken by the Debtors and their professionals, agents, and other representatives with respect to the Transferred Assets has

been adequate and appropriate and reasonably calculated to maximize value for the benefit the Debtors' Estates and all stakeholders.

E. Corporate Authority. The Debtors are the sole and lawful owners of the Transferred Assets. The Transferred Assets constitute property of the Debtors' Estates and title thereto is vested in the Debtors' Estates within the meaning of section 541 of the Bankruptcy Code. The Debtors (i) have full corporate power and authority to execute the Purchase Agreement, and the Sale of the Transferred Assets to the Buyer has been duly and validly authorized by all necessary corporate action, (ii) have all of the corporate power and authority necessary to consummate the Sale and all transactions contemplated by the Purchase Agreement and the other Sale Transaction Documents, including this Sale Order, (iii) have taken all corporate action necessary to authorize and approve the Purchase Agreement, and the consummation by the Debtors of the Sale and all other transactions contemplated by this Sale Order, the Purchase Agreement, or the other Sale Transaction Documents, and (iv) require no further consents or approvals, other than those expressly provided for in the Purchase Agreement, to consummate such transactions.

F. Highest and Best Offer; Business Judgment. The Debtors have demonstrated a sufficient basis to enter into the Purchase Agreement, sell the Transferred Assets on the terms outlined therein, and assume and assign the Transferred Contracts to the Buyer under sections 363 and 365 of the Bankruptcy Code and assign any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement. All such actions are appropriate exercises of the Debtors' business judgment and in the best interests of the Debtors, their Estate, their creditors, and other parties in interest. Approval of the Sale on the terms set forth in the Purchase Agreement at this time is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest.

G. The offer of the Buyer, on the terms and conditions set forth in the Purchase Agreement, including the total consideration to be realized by the Debtors thereunder, (i) is the highest and best offer received by the Debtors after extensive marketing, (ii) is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest, and (iii) is fair and reasonable and constitutes reasonably equivalent value, fair and adequate consideration, and fair value for the Transferred Assets under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Voidable Transactions Act, and all other applicable laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing. Taking into consideration all relevant factors and circumstances, no other Person or entity has offered to purchase the Transferred Assets for greater value to the Debtors and their Estates.

H. The Debtors and the Buyer have not entered into the Purchase Agreement, or proposed to consummate the Sale: (i) for the purposes of hindering, delaying, or defrauding the Debtors' present or future creditors, or (ii) fraudulently, for the purpose of statutory or common law fraudulent conveyance and fraudulent transfer claims, whether under the Bankruptcy Code or under the laws of the United States, any state, territory, possession, the District of Columbia, or any other applicable jurisdiction with laws substantially similar to the foregoing.

I. Good and sufficient reasons for approval of the Purchase Agreement and the Sale have been articulated by the Debtors. The Debtors have demonstrated compelling circumstances for the Sale outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code and in accordance with the Plan, in that, among other things, the immediate consummation of the Sale of the Transferred Assets to the Buyer is necessary and appropriate to preserve and to maximize the value of the Debtors' Estates. To maximize the value to the Estates of the Sale of

the Transferred Assets, it is essential that the consummation of the Sale and the other transactions provided for under the Purchase Agreement occur promptly following confirmation of the Plan.

J. Opportunity to Object. A reasonable opportunity to object or be heard with respect to the Sale (and all transactions contemplated in connection therewith), the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer pursuant to the Purchase Agreement, the Identified Cure Amounts (defined below), the Combined Hearing, and all deadlines related thereto has been afforded to all interested persons and entities, including, without limitation: (i) the United States Trustee for the Northern District of Texas; (ii) counsel to Prepetition Secured Parties and the DIP Secured Parties; (iii) counsel to the official committee of unsecured creditors; (iv) the United States Attorney's Office for the Northern District of Texas; (v) the Internal Revenue Service; (vi) the state attorneys general for states in which the Debtors conduct business; (vii) all known holders of Liens, Claims, Interests, and Encumbrances secured by the Transferred Assets; (viii) each landlord of the Debtors' warehouses and/or other premises; (ix) each governmental agency that is an interested party with respect to the Sale and the other transactions contemplated in the Purchase Agreement; (x) all other applicable government agencies to the extent required by the Bankruptcy Rules or the Bankruptcy Local Rules, and (xi) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

K. Good Faith Buyer; Arm's Length Sales. The Purchase Agreement was negotiated, proposed, and entered into by the applicable Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transactions contemplated in the

Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

L. The Buyer is a good faith Buyer under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. In particular, (i) the Buyer recognizes that the Debtors were free to deal with any other party interested in purchasing the Transferred Assets; (ii) the Buyer did not in any way induce or cause the filing of the Chapter 11 Cases by the Debtors; (iii) the Buyer did not violate section 363(n) of the Bankruptcy Code by any action or inaction; (iv) no common identity of directors, officers, or controlling stakeholders exists between the Buyer and any of the Debtors; and (v) the Buyer did not act in a collusive manner with any person and the Purchase Price was not controlled by any undisclosed agreement among third parties.

M. Free and Clear Transfer Required by the Buyer. The Buyer would not have entered into the Purchase Agreement, and would not have consummated the Sale contemplated thereby, thus adversely affecting the Debtors, their Estates, and their creditors, if each of the Sale (and the other transactions contemplated by the Purchase Agreement) and the assumption and assignment of the Transferred Contracts to the Buyer thereof, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, were not free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) as more fully set forth in Paragraph V.7 of this Sale Order, or if the Buyer would, or in the future could, be liable for any encumbrances, obligations, or liabilities other than the Permitted Encumbrances and Assumed Liabilities. Except as otherwise expressly provided in the Plan, the Confirmation Order, or this

Sale Order, the Buyer shall not have any responsibility whatsoever with respect to the Excluded Liabilities, which shall remain the sole responsibility of the Debtors before, on, and after Closing.

N. As of the Closing, pursuant and subject to the applicable terms of the Purchase Agreement, the Sale will effect a legal, valid, enforceable, and effective transfer of the Transferred Assets under the Purchase Agreement and will vest the Buyer with all of the applicable Debtors' respective rights, title, and interests in such Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), including, without limitation, (i) liens, mortgages, deeds of trust, pledges, charges, security interests, rights of first refusal, options, hypothecations, encumbrances, easements, servitudes, leases or subleases, rights-of-way, encroachments, restrictive covenants, restrictions on transferability or other similar restrictions, rights of offset or recoupment, rights of use or possession, subleases, leases, conditional sale arrangements, or other title retention arrangements, other liens (including mechanic's, materialman's, possessory, and other consensual and non-consensual liens and statutory liens), judgments, charges of any kind or nature, if any, including any restriction on the use, voting, transfer, receipt of income, or other exercise of any attributes of ownership, or any rights that purport to give any party a right of first refusal, option, or consent with respect to the Debtors' interests in the Transferred Assets or any similar rights; (ii) all claims as defined in Bankruptcy Code section 101(5), including all rights or causes of action (whether in law or in equity), proceedings, warranties, guarantees, indemnities, rights of recovery, setoff, recoupment, indemnity or contribution, obligations, demands, restrictions, indemnification claims or liabilities relating to any act or omission of the Debtors or any other person, consent rights, options, contract rights, covenants, claims for reimbursement, exoneration, products liability, alter-ego,

environmental, or tax, decrees of any court or foreign or domestic governmental entity, indentures, loan agreements, and interests of any kind or nature whatsoever (known or unknown, matured or unmatured, accrued or contingent, and regardless of whether currently exercisable), whether arising prior to or subsequent to the commencement of these Chapter 11 Cases, and whether imposed by agreement, understanding, law, equity or otherwise; (iii) all debts, liabilities, obligations, contractual rights and claims, labor, employment, tort, products liability, and pension claims, and debts arising in any way in connection with any agreements, acts, or failures to act, in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or un-matured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these Chapter 11 Cases and whether imposed by agreement, understanding, law, equity or otherwise; (iv) any rights based on any products, successor or transferee liability, (v) any rights that purport to give any party a right or option to effect any forfeiture, modification, right of first offer or first refusal, or consents, or termination of the Debtors' or the Buyer's interest in the Transferred Assets or any similar rights; (vi) any rights under labor or employment agreements; (vii) any rights under mortgages, deeds of trust, and security interests; (viii) any rights related to intercompany loans and receivables between the Debtors that are party to the Purchase Agreement and any Debtor or non-Debtor subsidiary or affiliate; (ix) any rights under any pension, multiemployer plan (as such term is defined in Section 3(37) or Section 4001(a)(3) of the Employee Retirement Income Security Act of 1974 (as amended, "***ERISA***")), health or welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plans of the Debtors or any multiemployer plan to which the

Debtors have at any time contributed to or had any liability or potential liability; (x) any other employee claims related to worker's compensation, occupational disease or unemployment, or temporary disability, including, without limitation, claims that might otherwise arise under or pursuant to (a) ERISA, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Age Discrimination and Employment Act of 1967 and Age Discrimination in Employment Act, as amended, (g) the Americans with Disabilities Act of 1990, (h) the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including, without limitation, the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Internal Revenue Code and of any similar state law (collectively, "***COBRA***"), (i) state discrimination laws, (j) state unemployment compensation laws or any other similar state laws, (k) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors; (l) the WARN Act (29 U.S.C. §§ 2101 et seq.) (the "***WARN Act***") and any state law equivalents; (xi) any bulk sales or similar law; (xii) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and any taxes arising under or out of, in connection with, or in any way relating to the operation of the Transferred Assets prior to the Closing, including, without limitation, any ad valorem taxes assessed by any applicable taxing authority; (xiii) any unexpired lease or executory contract to which a Debtor is a party that is not a Transferred Contract that will be assumed and assigned pursuant to this Sale Order and the Purchase Agreement; and (xiv) any other Excluded Liabilities as provided in the Purchase Agreement. Notwithstanding the foregoing, the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General

Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

O. Satisfaction of Section 363(f). The Debtors may sell the Transferred Assets free and clear of any and all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever, including any rights or claims based on any putative successor or transferee liability, as set forth herein, because, in each case, one or more of the standards set forth in sections 363(f)(1)–(5) of the Bankruptcy Code has or have been satisfied. All parties in interest, including, without limitation, any holders of Liens, Claims, Interests, and Encumbrances and any contract counterparty to the Transferred Contracts who did not object or who withdrew their objection to the Sale, the assumption and assignment, or the assignment of the applicable Transferred Contract, or the associated Cure Claims, are deemed to have consented to the relief granted herein pursuant to section 363(f)(2) and 1141 of the Bankruptcy Code. Those (i) holders of Liens, Claims, Interests, or Encumbrances and (ii) non-Debtor parties to Transferred Contracts that did not object are adequately protected by having their Liens, Claims, Interests, or Encumbrances, if any, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims and defenses the Debtors or their Estates may possess with respect thereto.

P. No Successorship. Neither the Buyer nor any of its respective affiliates are successors to the Debtors or their Estates by reason of any theory of law or equity, and neither the Buyer nor any of its respective affiliates shall assume or in any way be responsible for any liability

or obligation of any of the Debtors and/or their Estates, except as otherwise expressly provided in the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order. The Buyer: (i) has not, *de facto* or otherwise, merged with or into one or more of the Debtors, (ii) is not a continuation or substantial continuation, and is not holding itself out as a mere continuation, of any of the Debtors or of their respective Estates, businesses, or operations or any enterprise of the Debtors, and (iii) does not have a common identity of incorporators, directors, or equity holders with any of the Debtors.

Q. The Transferred Contracts. The Debtors have demonstrated that (i) it is an exercise of their sound business judgment to assume and assign the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer in each case in connection with the consummation of the Sale and (ii) the assumption and assignment of the Transferred Contracts, including the assignment of any applicable Transferred Contracts that were entered into after the Petition Date, to the Buyer is in the best interests of the Debtors, their Estates, their creditors, and all other parties in interest. The Transferred Contracts being assumed and assigned or assigned to the Buyer are an integral part of the Transferred Assets being purchased by the Buyer, and, accordingly, such assumption, assignment, and cure of any defaults, as applicable, under the Transferred Contracts are reasonable and enhance the value of the Debtors' Estates. Any contract counterparty to a Transferred Contract that has not actually filed with the Court an objection to such assumption and assignment or assignment in accordance with the terms of the *Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief* entered substantially contemporaneously herewith (the "***Bidder Protections Order***") is deemed to have consented to such assumption and assignment and the monetary amounts required

to cure any existing defaults arising under such Transferred Contracts pursuant to section 365(b)(1) of the Bankruptcy Code as identified on a Contract Notice (as defined in the Bidder Protections Order) or the Schedule of Assumed Executory Contracts and Unexpired Leases filed with the Court as part of the Plan Supplement (as defined in the Plan) (such amounts, the "***Identified Cure Amounts***").

R. Cure Claims and Adequate Assurance. The Debtors and the Buyer have, including by way of entering into the Purchase Agreement and agreeing to the provisions relating to the Transferred Contracts therein, (i) cured, or provided adequate assurance of cure, of any default existing prior to the date hereof under any of the applicable Transferred Contracts within the meaning of section 365(b)(1)(A) of the Bankruptcy Code and (ii) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Transferred Contracts within the meaning of section 365(b)(1)(B) of the Bankruptcy Code, and the Buyer has, based upon the record of these proceedings, including the evidence proffered by the Debtors at the Combined Hearing, provided adequate assurance of its future performance of and under the Transferred Contracts pursuant to sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code. The Buyer's promise under the Purchase Agreement to perform the obligations under the Transferred Contracts after the Closing shall constitute adequate assurance of future performance under the Transferred Contracts being assigned to the Buyer within the meaning of sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. The Identified Cure Amounts are hereby deemed to be the sole amounts necessary to cure any and all defaults under the applicable Transferred Contracts under section 365(b) of the Bankruptcy Code.

S. Final Order. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a).

T. Time Is of the Essence; Waiver of Stay. Time is of the essence in consummating the Sale. In order to maximize the value of the Transferred Assets, it is essential that the Sale and the assignment of the Transferred Assets occur within the time constraints set forth in the Purchase Agreement, and there is no just reason for delay in the implementation of this Sale Order. Accordingly, there is cause to waive the stays contemplated by Bankruptcy Rules 6004(h) and 6006(d) and, to the extent applicable, Bankruptcy Rule 3020(e).

U. Confirmation of the Plan. The Sale of the Transferred Assets is authorized in connection with confirmation of the Plan and is thus entitled to the full benefits and protections provided under section 1146 of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

I. The Sale is Approved.

1. The Sale of the Transferred Assets contemplated by the Purchase Agreement is hereby approved, as set forth herein.

II. Approval of the Purchase Agreement.

2. The Purchase Agreement, the Sale Transaction Documents, and all other ancillary documents and all of the terms and conditions thereof are hereby approved. Pursuant to sections 105, 363, 365, and 1123 of the Bankruptcy Code, the Debtors are authorized and directed to take any and all actions necessary to fulfill their obligations under, and comply with the terms of, the Purchase Agreement and to consummate the Sale pursuant to and in accordance with the terms and conditions of the Purchase Agreement, the Plan, the Confirmation Order, and this Sale Order without further leave of the Court.

3. The Debtors are authorized to execute and deliver, and are empowered to perform under, consummate, and implement, the Purchase Agreement, together with all additional instruments, documents, and other agreements that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably requested by the Buyer for the purpose of assigning, transferring, granting, conveying, and conferring to the Buyer or reducing to possession, the Transferred Assets, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

III. Binding Effect of Order.

4. This Sale Order, the Plan, the Confirmation Order, and the Purchase Agreement shall each be binding upon all creditors of, and equity holders in, the Debtors and any and all other parties in interest, including, without limitation, any and all holders of Liens, Claims, Interests, and Encumbrances (including holders of any rights or claims based on any putative products, successor, or transferee liability) of any kind or nature whatsoever, all contract counterparties to the Transferred Contracts, the Buyer, all successors and assigns of the Buyer, the Debtors, and their respective affiliates and subsidiaries, and any trustee or successor trustee appointed in these Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code.

IV. Amendments to the Purchase Agreement.

5. Subject to the terms and conditions of the Purchase Agreement, the Debtors and the Buyer, as the context makes applicable, may amend, modify, supplement, or waive any provision of the Purchase Agreement (an "***Amendment***") without further approval or order of the Court, so long as (a) such Amendment is not material and is undertaken in good faith by the Buyer and the Debtors; (b) the Debtors provide prior written notice of the Amendment (the "***Amendment Notice***") to the U.S. Trustee, counsel to the Prepetition Secured Parties and DIP Secured Parties, and, counsel to the official committee of unsecured creditors (collectively, the "***Notice Parties***"),

and (c) the Debtors file the Amendment Notice with the Court; *provided*, *however*, that neither consent of the Notice Parties nor approval of the Court will be necessary to effectuate any such Amendment. Any material Amendment must be approved by the Court to be effective.

6. Section 2.1(k)(i) of the Purchase Agreement is hereby amended as follows:

"(i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing that is listed on **Schedule 1** of the Global Settlement Term Sheet (as defined in the Plan) (the "***Go-Forward Vendors Schedule***"); *provided* that to the extent any vendor, supplier, customer or trade creditor not previously identified on the Sellers' bankruptcy schedules is identified after entry of the U.S. Sale Order, the Buyer shall have 30 days to add such party to the Go-Forward Vendors Schedule, and such party shall be deemed to have been a Designated Party hereunder as of the Closing."

V. Transfer of the Transferred Assets Free and Clear.

7. The Buyer shall assume and be liable for the Assumed Liabilities expressly assumed pursuant to the Purchase Agreement, this Sale Order, and the Confirmation Order, and, for the avoidance of doubt, shall not assume or be liable for any Excluded Liabilities. Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement or this Sale Order, pursuant to sections 105(a), 363(b), 363(f), 365(b), 365(f), 1123, 1141, and 1146 of the Bankruptcy Code, upon the Closing, the Transferred Assets shall be transferred to the Buyer free and clear of any and all Liens, Claims, Interests, and Encumbrances (as defined in the Purchase Agreement) of any kind or nature whatsoever with the sole exception of any Permitted Encumbrances and Assumed Liabilities. For purposes of this Sale Order, "Liens," "Claims," and "Interests," as used herein, shall have the respective meanings set forth below:

a. any and all charges, liens (statutory or otherwise), claims, mortgages, leases, subleases, hypothecations, deeds of trust, pledges, security interests, options, rights of use or possession, rights of first offer or first refusal (or any other type of preferential arrangement), options, rights of consent, rights of setoff, successor and products liability, easements, servitudes, restrictive covenants, interests or rights under any operating agreement, encroachments, encumbrances, third-party interests, or any other restrictions or limitations of any kind with respect to the Transferred Assets including all the restrictions or limitations set forth in this Paragraph 6 (collectively, "***Liens***");

b. any and all claims as defined in section 101(5) of the Bankruptcy Code and jurisprudence interpreting the Bankruptcy Code, including, without limitation, (i) any and all claims or causes of action based on or arising under any labor, employment, or pension laws, (ii) any and all claims or causes of action based upon or relating to any putative successor or transferee liability, and (iii) any and all other claims, causes of action, rights, remedies, obligations, liabilities, counterclaims, cross-claims, third party claims, demands, restrictions, responsibilities, or contribution, reimbursement, subrogation, or indemnification claims or liabilities based on or relating to any act or omission of any kind or nature whatsoever asserted against any of the Debtors or any of their respective affiliates, subsidiaries, directors, officers, agents, successors, or assigns in connection with or relating to the Debtors, their operations, their business, their liabilities, the marketing and bidding process with respect to the Transferred Assets, the Transferred Contracts, or the transactions contemplated by the Purchase Agreement, including all the claims set forth in this Paragraph 6 (collectively, "***Claims***"); and

c. any and all equity or other interests of any kind or nature whatsoever in or with respect to (i) any of the Debtors or their respective affiliates, subsidiaries, successors, or assigns, (ii) the Transferred Assets, or (iii) the Transferred Contracts, including all the interests set forth in this Paragraph 6 (collectively, "***Interests***");

in each case, whether in law or in equity, known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, direct or indirect, and whether arising by agreement, understanding, law, equity, or otherwise, and whether occurring or arising before, on, or after the Petition Date or occurring or arising prior to the Closing. Any and all such Liens, Claims, Interests, and Encumbrances shall attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of

their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. At Closing, the Buyer shall take title to and possession of the Transferred Assets subject only to any Permitted Encumbrances and Assumed Liabilities; *provided, however*, that the Transferred Assets shall not include the Avoidance Actions against any parties identified on Schedule 1 to the Global Settlement Term Sheet until the passage of one Business Day after the expiration of the GUC Settlement Opt-In Election Deadline. In the event that a Holder of General Unsecured Claims that is listed on Schedule 1 to the Global Settlement Term Sheet makes a GUC Settlement Opt-In Election prior to the expiration of the GUC Settlement Opt-In Election Deadline, any potential Avoidance Action against such Holder will not be conveyed to the Purchaser and instead will become GUC Trust Assets.

VI. Vesting of Transferred Assets in the Buyer.

8. The transfer of the Transferred Assets to the Buyer pursuant to the Purchase Agreement shall constitute a legal, valid, and effective transfer of the Transferred Assets on the Closing, and, subject to the proviso in decretal paragraph 7 above, shall vest the Buyer with all of the Debtors' rights, title, and interests in the Transferred Assets free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities).

VII. Release of Liens.

9. The Debtors are authorized and directed to execute such documents as may be necessary to release any Liens, Claims, Interests, and Encumbrances (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) of any kind against the Transferred Assets as such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) may have been recorded or may otherwise exist. If any person or entity that

has filed financing statements, lis pendens, or other documents or agreements evidencing Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against or in the Transferred Assets shall not have delivered to the Debtors prior to the Closing Date of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) that the person or entity has with respect to the Transferred Assets, (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Transferred Assets; (b) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) against the Buyer and the applicable Transferred Assets; (c) the Debtors' creditors and the holders of any Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) are authorized and directed to execute such documents and take all other actions as may be necessary to terminate, discharge, or release their Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) in the Transferred Assets; and (d) the Buyer may seek in this Court or any other court of competent jurisdiction to compel appropriate parties to execute termination statements, instruments of satisfaction, and releases of all such Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) with respect to the Transferred Assets. This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office, and such agencies,

departments, and offices are authorized to accept this Sale Order for filing or recording. Notwithstanding the foregoing, the provisions of this Sale Order authorizing the sale and assignment of the Transferred Assets free and clear of Liens, Claims, Interests, and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) shall be self-executing, and none of the Debtors or the Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Sale Order.

VIII. Assumption and Assignment of Transferred Contracts.

10. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, and subject to and conditioned upon the Closing, the Debtors' assumption and assignment to the Buyer of the Transferred Contracts is hereby approved, and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied. Pursuant to the Purchase Agreement, the Debtors' assignment of any Transferred Contracts that were entered into after the Petition Date is hereby approved.

11. The Debtors are hereby authorized, in accordance with the Purchase Agreement, and in accordance with sections 105(a) and 365 of the Bankruptcy Code, to (i) assume and assign to the Buyer the Transferred Contracts, effective upon and subject to the occurrence of the Closing, free and clear of all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities), which Transferred Contracts, by operation of this Sale Order, shall be deemed assumed and assigned to the Buyer effective as of the Closing, (ii) assignment to the Buyer any applicable Transferred Contracts that were entered into after the Petition Date pursuant to the Purchase Agreement, and (iii) execute and deliver to the Buyer such documents or other instruments as the Buyer may deem necessary to assign and transfer the Transferred Contracts to the Buyer.

12. Subject to Paragraph 12 hereof:

a. The Debtors are authorized to and may assume all of the Transferred Contracts in accordance with section 365 of the Bankruptcy Code.

b. The Debtors are authorized to and may assign each Transferred Contract to the Buyer in accordance with sections 363 and 365 of the Bankruptcy Code, and any provisions in any Transferred Contract that prohibit or condition the assignment of such Transferred Contract on the consent of the counterparty thereto or allow the non-Debtor party to such Transferred Contract to terminate, recapture, impose any fee or penalty, condition, renewal, or extension limitations, or modify any term or condition upon the assignment of such Transferred Contract shall constitute unenforceable anti-assignment provisions which are expressly preempted under section 365 of the Bankruptcy Code and void and of no force and effect.

c. All requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption and assignment of the Transferred Contracts by the Debtors to the Buyer have been satisfied.

d. Upon the Closing, the Transferred Contracts shall be transferred and assigned to, and remain in full force and effect for the benefit of, the Buyer in accordance with their respective terms, notwithstanding any provision in any such Transferred Contract (including those of the type described in sections 365(b)(2), 365(e)(1), and 365(f) of the Bankruptcy Code) that prohibits, restricts, limits, or conditions such assignment or transfer.

13. All defaults of the Debtors under the Transferred Contracts occurring or arising prior to the assignment thereof to the Buyer at Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be deemed cured or satisfied by the payment of the Identified Cure Amount, if any, to cure all monetary defaults, if any, under each Transferred Contract in the amounts set forth on the schedule of Identified Cure Amounts attached to the Schedule of Assumed Executory Contracts and Unexpired Leases or any supplement thereto (or any other cure cost reached by agreement after an objection to the proposed cure cost by a counterparty to a Transferred Contract), which was served in compliance with the Bidder Protections Order, and as set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, and which Identified Cure Amounts were satisfied, or shall be satisfied as soon as practicable, by the Buyer as provided in the Purchase

Agreement. For all Transferred Contracts set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases, the Buyer is authorized and directed to pay all Identified Cure Amounts required to be paid in accordance with the Purchase Agreement upon the later of (a) the Closing, (b) for any Transferred Contracts for which an objection has been filed to the assumption and assignment of such agreement or the Identified Cure Amounts relating thereto and such objection remains pending as of the date of this Sale Order, the resolution of such objection by settlement or order of this Court, and (c) the Effective Date of the Plan for any Transferred Contract designated by the Buyer after the Closing.

14. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their Estates shall be relieved from any liability for any breach of or obligations under any Transferred Contract following the effective date of such assumption and assignment to the Buyer.

IX. Release of Liens by Creditors; Collection of Transferred Assets.

15. Except as expressly provided to the contrary in this Sale Order or the Purchase Agreement, as applicable, the holder of any valid Lien, Claim, Interest, or Encumbrance in the Transferred Assets, shall, as of the Closing, be deemed to have waived and released such Lien, Claim, Interest, or Encumbrance, without regard to whether such holder has executed or filed any applicable release, and such Lien, Claim, Interest, or Encumbrance shall automatically, and with no further action by any party, attach to the portion of the purchase price ultimately attributable to the Transferred Assets against or in which they claim an interest, in the order of their priority, with the same validity, force, and effect, if any, which they now have against such Transferred Assets, subject to any claims, defenses, and objections, if any, that the Debtors or their Estates may possess with respect thereto. Notwithstanding the foregoing, any such holder of such a Lien, Claim, Interest, or Encumbrance is authorized and directed to execute and deliver any waivers, releases, or other related documentation, as reasonably requested by the Buyer or the Debtors.

16. All persons and entities that are in possession of some or all of the Transferred Assets as of the Closing are directed to surrender possession of such Transferred Assets to the Buyer in accordance with the Purchase Agreement as of the Closing or at such time thereafter as the Buyer may request. As of the Closing, the Buyer and its respective successors and assigns shall be designated and appointed as the Debtors' true and lawful attorney with full power of substitution in the Debtors' name and stead on behalf of and for the benefit of the Buyer and its respective successors and assigns, for the following sole and limited purposes: to have the power to demand and receive any and all of the Transferred Assets and to give receipts and releases for and in respect of the Transferred Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Buyer and its respective successors and assigns, as their interests may appear, proceedings at law, in equity, or otherwise, which the Buyer and its respective successors and assigns, as their interests may appear, may deem proper for the collection or reduction to possession of any of the Transferred Assets.

X. Effect of Recordation of Order.

17. The entry of this Sale Order (a) shall be effective as a conclusive determination that, upon the Closing, all Liens, Claims, Interests, and Encumbrances of any kind or nature whatsoever (with the sole exception of any Permitted Encumbrances and Assumed Liabilities) existing as to the Transferred Assets prior to the Closing have been unconditionally released, discharged, and terminated and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all persons and entities including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, notaries, protonotaries, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to

accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to, the Transferred Assets. Each and every federal, state, local, or foreign government or governmental or regulatory authority, agency, board, bureau, commission, court, department, or other governmental entity is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement, including, without limitation, recordation of this Sale Order.

XI. Section 1146 Exemption.

18. To the fullest extent permitted by section 1146(a) of the Bankruptcy Code and applicable law, any transfers (whether from a Debtor to the Wind Down Estate or to any other Person or Entity) of property under the Plan or this Sale Order pursuant to: (1) the Sale, including the sale and transfer by the Debtors of the Transferred Assets; (2) the sale and liquidation of the Excluded Assets (as defined in the Plan); (3) the issuance, distribution, transfer, or exchange of any debt or equity Security, or other interest in the Debtors; (4) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (5) the making, assignment, or recording of any lease or sublease; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, personal property transfer tax, sales or use tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation

Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146 of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

XII. Prohibition of Actions Against the Buyer.

19. Except for any Permitted Encumbrances and Assumed Liabilities or as expressly permitted or otherwise specifically provided for in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, neither the Buyer, nor any of its respective affiliates shall have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Transferred Assets or otherwise, and upon Closing all entities or persons are permanently and forever prohibited, barred, estopped, and enjoined from asserting against the Buyer and its permitted successors, designees, and assigns, or property, or the Transferred Assets conveyed in accordance with the Purchase Agreement, any Lien, Claim, Interest, or Encumbrance of any kind whatsoever arising prior to Closing including, without limitation, under any theory of successor or transferee liability, *de facto* merger or continuity liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated. Without limiting the generality of the foregoing, and except as otherwise specifically provided in the Purchase Agreement, the Plan, the Confirmation Order, or this Sale Order, the Buyer and its respective affiliates shall not be liable for any claims against the Debtors or any of their predecessors or affiliates, and neither the Buyer nor its affiliates shall have

any successor or vicarious liabilities of any kind or character, including but not limited to any liability pertaining to any theory of antitrust, warranty, products liability, environmental, successor, or transferee liability, labor law, ERISA, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent, liquidated or unliquidated, with respect to the Debtors or any obligations of the Debtors, including, but not limited to, liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the Closing or any claims under the WARN Act or any state law equivalents, or any claims related to wages, benefits, severance, or vacation pay owed to employees or former employees of the Debtors.

20. The Buyer may elect, as of the Closing or any time thereafter, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Transferred Assets, except to the extent not permitted by applicable law.

XIII. Distribution of Proceeds.

21. All proceeds of the Sale shall be distributed in accordance with the Plan.

XIV. No Interference.

22. Following the Closing, no holder of a Lien, Claim, Interest, or Encumbrance in or against the Debtors or the Transferred Assets shall interfere with the Buyer's title to or use and enjoyment of the Transferred Assets based on or related to such Lien, Claim, Interest, or Encumbrance or any actions that the Debtors may take in these Chapter 11 Cases or any successor cases.

XV. Retention of Jurisdiction.

23. This Court retains jurisdiction to, among other things, interpret, enforce and implement the terms and provisions of this Sale Order, the Confirmation Order, the Plan, and the

Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to: (a) compel delivery of the Transferred Assets or performance of other obligations owed to the Buyer; (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Sale Order; and (e) protect the Buyer and its affiliates against (i) any Liens, Claims, Interests, and Encumbrances in or against the Debtors or the Transferred Assets of any kind or nature whatsoever and (ii) any creditors or other parties in interest regarding the turnover of the Transferred Assets that may be in their possession.

XVI. Final Order; No Stay of Order.

24. This Sale Order constitutes a "final" order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to the extent applicable 3020(e), this Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close the Sale under the Purchase Agreement at any time pursuant to the terms thereof.

XVII. Good Faith.

25. The transactions contemplated by the Purchase Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the subject transactions shall not affect the validity of the sales to the Buyer (including the assumption and assignment or assignment by the Debtors of any of the Transferred Contracts),

unless such authorization is duly stayed pending such appeal. The Buyer is a good faith Buyer and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

XVIII. No Collusion.

26. The transactions contemplated by the Purchase Agreement were negotiated, proposed, and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm's length bargaining positions. Neither the Debtors, the Buyer, nor any of their respective affiliates have engaged in any conduct that would cause or permit the Purchase Agreement or the Sale of the Transferred Assets (or the other transaction contemplated in the Purchase Agreement) to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code or other applicable law.

XIX. Inconsistencies with Prior Orders, Pleadings or Agreements.

27. To the extent of any conflict between the Purchase Agreement, the Confirmation Order, the Plan, and this Sale Order, the terms of this Sale Order shall govern with respect to the Sale and the Purchase Agreement. To the extent this Sale Order is inconsistent or conflicts with any prior order or pleading in these Chapter 11 Cases, the terms of this Sale Order shall govern and any prior orders shall be deemed amended or otherwise modified to the extent required to permit consummation of the Sale.

XX. Failure to Specify Provisions.

28. The failure to specifically reference any particular provisions of the Purchase Agreement, the Confirmation Order, the Plan, or other related documents in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement and other related documents be authorized and approved.

 # # # End of Order # # #

Order submitted by:

VINSON & ELKINS LLP

William L. Wallander (Texas Bar No. 20780750)
Matthew D. Struble (Texas Bar No. 24102544)
Kiran Vakamudi (Texas Bar No. 24106540)
2001 Ross Avenue, Suite 3900
Dallas, TX 75201
Tel: 214.220.7700
Fax: 214.999.7787
bwallander@velaw.com
mstruble@velaw.com
kvakamudi@velaw.com

- and -

David S. Meyer (admitted *pro hac vice*)
Lauren R. Kanzer (admitted *pro hac vice*)
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Tel: 212.237.0000
Fax: 212.237.0100
dmeyer@velaw.com;
lkanzer@velaw.com

PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

Exhibit 1

Asset Purchase Agreement

Execution Version

ASSET PURCHASE AGREEMENT

by and among

KIDKRAFT, INC.,

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

SOLOWAVE DESIGN CORP.,

SOLOWAVE DESIGN INC.,

SOLOWAVE DESIGN LP,

as Sellers,

AND

BACKYARD PRODUCTS, LLC

as Buyer,

Dated as of April 25, 2024

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 25, 2024 (the "Execution Date"), by and among (i) KidKraft, Inc., a Delaware corporation ("KK OpCo"), KidKraft International IP Holdings, LLC, a Delaware limited liability company ("KK Holdings"), Solowave Design Corp. d/b/a/ PlayDirect, a Delaware corporation ("Solowave U.S." and, together with KK OpCo and KK Holdings, each a "U.S. Seller" and collectively, "U.S. Sellers"), Solowave Design LP, an Alberta limited partnership ("KK Canada LP"), and Solowave Design Inc., an Ontario corporation ("KK Canada GP" and, together with KK Canada LP, each a "Canadian Seller" and collectively, "Canadian Sellers" and, together with the U.S. Sellers, each a "Seller" and collectively, "Sellers"), and (ii) Backyard Products, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms have the definitions set forth in Article I below.

RECITALS

A. Sellers are engaged in the Business;

B. Sellers, Buyer, GB Funding LLC, 1903 Partners, LLC, MidOcean Partners IV, L.P. and MidOcean US Advisor, L.P. have entered into that certain Restructuring Support Agreement, dated as of the date hereof (the "RSA"), pursuant to which the Restructuring Transactions (as defined in the RSA) will be effectuated;

C. In accordance with the RSA, (i) each Seller and certain of their affiliates (collectively, the "Debtors") intend to file voluntary petitions on or about May 6, 2024 (collectively, the "Chapter 11 Case") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "U.S. Bankruptcy Court") and (ii) upon its appointment as "foreign representative" in the Chapter 11 Cases, KK OpCo, on behalf of the Debtors, intends to file proceedings (such recognition proceedings, the "CCAA Recognition Proceedings" and, together with the Chapter 11 Case, the "Bankruptcy Cases") pursuant to Part IV of the Companies' Creditors Arrangement Act (Canada) (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court", and, together with the U.S. Bankruptcy Court, the "Bankruptcy Courts");

D. Subject to the terms and conditions set forth in this Agreement and the entry and terms of the U.S. Sale Order (which may be included as part of the Confirmation Order, as defined herein) and Canadian Sale Order (collectively, the "Sale Orders"), Sellers desire to sell to Buyer all of the Transferred Assets and to assign to Buyer all of the Assumed Liabilities, Buyer desires to purchase from Sellers all of the Transferred Assets and assume all of the Assumed Liabilities, and the Parties intend to effectuate the transactions contemplated by this Agreement, upon the terms and conditions hereinafter set forth;

E. The Transferred Assets and Assumed Liabilities shall be purchased and assumed by Buyer (or Designated Buyer) pursuant to the Sale Orders, free and clear of all Encumbrances (other than Permitted Encumbrances), pursuant to, inter alia, Sections 105, 363, 365 and 1123 of the Bankruptcy Code, Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, the CCAA, and the local rules for the Bankruptcy Courts, all on the terms and subject to the conditions set forth in this Agreement and subject to entry of the Sale Orders; and

F. The execution and delivery of this Agreement and Sellers' ability to consummate the transactions set forth in this Agreement are subject to, among other things, the entry of the Sale Orders, as further set forth herein. The Parties desire to consummate the proposed transaction as promptly as practicable after the Bankruptcy Courts enter the Sale Orders.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement:

"A/R Dilution" means any reduction in the gross amount of accounts receivable of any Seller as a result of customer returns, allowances, discounts, disputes, chargebacks, credits, financing or factoring that result in a Seller collecting less than the full invoiced amount of such accounts receivable.

"A/R Dilution Amount" means the A/R Dilution applicable to the Transferred A/R (excluding (i) any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing and (ii) any A/R Dilution occurring following the delivery of the A/R Dilution Closing Statement).

"A/R Dilution Escrow Amount" means the "Dilution Reserves" line item listed on the Estimated Closing Statement *multiplied* by 15%, together with any interest earned thereon.

"A/R Dilution Closing Statement" has the meaning set forth in Section 2.8(h).

"A/R Dilution Consideration Adjustment" has the meaning set forth in Section 2.8(k).

"Accounting Firm" has the meaning set forth in Section 2.8(e)(i).

"Action" means any action, complaint, claim, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, or appellate proceeding), hearing, inquiry, investigation or audit commenced, brought, conducted or heard by or before any Governmental Authority, other than an Avoidance Action.

"Adjustment Amount" means an amount (which can be positive or negative) equal to the sum of:

(a) (i) the Final Purchased Inventory Payment Amount *minus* (ii) the Estimated Purchased Inventory Payment Amount; *plus*

(b) (i) the Final Reimbursement Amount *minus* (ii) the Estimated Reimbursement Amount; *plus*

(c) the Final Net A/R Payment Amount *minus* (ii) the Estimated Net A/R Payment Amount.

"Adjustment Closing Statement" has the meaning set forth in Section 2.8(c).

"Adjustment Escrow Amount" means $2,000,000, together with any interest earned thereon.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other Representatives of such Person.

"Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, where "control," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Ainsley RTV Inventory" means the Inventory located at Sellers' Arlington Warehouse and designated as "Ainsley RTV" in the KK Inventory File.

"Allocation" has the meaning set forth in Section 2.11.

"Alternative Transaction" means (a) the sale, transfer or other disposition, directly or indirectly, including through an asset sale, share sale, merger, amalgamation, or other similar transaction, including a plan of reorganization approved by the U.S. Bankruptcy Court, of a material portion of the Transferred Assets, in a transaction or series of transactions with one or more Persons other than Buyer, or (b) any other transaction that would interfere with, materially delay or prevent the transactions contemplated hereby.

"Ancillary Agreements" means, collectively, the agreements to be executed in connection with the transactions contemplated by this Agreement, including the Assignment and Assumption Agreement, the IP Assignment Agreement, and the Escrow Agreement.

"Anti-Corruption Laws" has the meaning set forth in Section 3.6(d).

"Arlington Warehouse" means the warehouse at 3221 East Arkansas Lane, Arlington, Texas 76010 that is leased to a Seller.

"Assignment and Assumption Agreement" has the meaning set forth in Section 2.10(b)(i).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Audited Financial Statements" has the meaning set forth in Section 3.14(a).

"Avoidance Actions" has the meaning set forth in Section 2.1(k).

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Courts" has the meaning set forth in the Recitals.

"Bidder Protections" has the meaning set forth in Section 9.3(a).

"Break-up Fee" has the meaning set forth in Section 9.3(a).

"Business" means the design, development, creation, making, and sale of toys and other children's play products, including, without limitation, playground, play center, and play-house products, and related products and service as conducted by Sellers on the date hereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the State of Delaware, the State of Michigan, or the State of New York.

"Buyer" has the meaning set forth in the Preamble (and additionally includes reference to the Designated Buyer as the context requires).

"Buyer Breach Fee" has the meaning set forth in Section 2.9(c).

"Buyer Breach Termination" has the meaning set forth in Section 2.9(b)(ii).

"Buyer Non-Recourse Person" has the meaning set forth in Section 10.22(a).

"Canadian Sale Order" means an Order of the CCAA Court in the CCAA Recognition Proceedings, among other things, (a) recognizing and giving full force and effect to the U.S. Sale Order in Canada, and (b) vesting the Canadian Transferred Assets in and to Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances, and subject to the rights of the applicable parties under Section 2 of the RSA.

"Canadian Seller" has the meaning set forth in the Preamble.

"Canadian Transferred Assets" means (a) the Transferred Assets of the Canadian Sellers, and (b) the Transferred Assets of the Sellers other than the Canadian Sellers that are located in Canada.

"Cash and Cash Equivalents" means all of any Seller's cash (including petty cash and checks received on the Closing Date), checking account balances, marketable securities, certificates of deposits, time deposits, bankers' acceptances, commercial paper, security entitlements, securities accounts, commodity Contracts, commodity accounts, government securities and any other cash equivalents, whether on hand, in transit, in banks or other financial institutions, or otherwise held (including held as a deposit), including any cash collateral supporting or otherwise relating to any letter of credit or similar instrument relating to the Business.

"Cash Breach Fee Component" has the meaning set forth in Section 2.9(c).

"CCAA" has the meaning set forth in the Recitals.

"CCAA Court" has the meaning set forth in the Recitals.

"CCAA Recognition Proceedings" has the meaning set forth in the Recitals.

"Chapter 11" means chapter 11 of the Bankruptcy Code.

"Chapter 11 Case" has the meaning set forth in the Recitals.

"Closing" has the meaning set forth in Section 2.10(a).

"Closing Date" has the meaning set forth in Section 2.10(a).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Compliance Date" means April 1, 2022.

"Conditions Certificates" means (a) a certificate signed by a duly authorized officer of Buyer and addressed to Sellers and the Information Officer (in form and substance satisfactory to Sellers and the Information Officer, acting reasonably) certifying that the closing conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived, and (b) a certificate signed by a duly authorized officer of KK OpCo and addressed to Buyer and the Information Officer (in form and substance satisfactory to Buyer and the Information Officer, acting reasonably) certifying that the Purchase Price payable upon Closing has been paid in full in accordance with this Agreement and the closing conditions set forth in Section 8.1 and Section 8.3 have been satisfied or waived.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of November 8, 2023, entered into between KidKraft Group Holdings, LLC and Source Capital, LLC with respect to the transactions contemplated hereby.

"Confirmation Order" means an order of the U.S. Bankruptcy Court confirming the Plan, which order may include the U.S. Sale Order and shall be subject to the rights of the parties under Section 2 of the RSA.

"Contract" means any contract, agreement, insurance policy, lease, license, sublicense, sales order, purchase order, instrument, or other commitment, that is binding on any Person or any part of its assets or properties under applicable Law.

"Controlled Group Liability" means any and all Liabilities of Sellers and their ERISA Affiliates (a) under Title IV of ERISA, (b) under Section 302 of ERISA, (c) under Sections 412 or 4971 of the Code and (d) under corresponding or similar provisions of foreign Laws.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof.

"Cure Claims" means amounts that must be paid and obligations that otherwise must be satisfied, pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code or the CCAA, in

connection with the assumption and assignment of the Transferred Contracts to be assumed and assigned to Buyer.

"Customs and International Trade Laws" means any domestic Law, license, directive, award or other decision or requirement, including any amendments, having the force or effect of Law, of any Governmental Authority, concerning the transfer, importation, exportation, reexportation or deemed exportation of products, technical data, technology and/or services.

"Debtors" has the meaning set forth in the Recitals.

"Deposit Amount" has the meaning set forth in Section 2.9(a).

"Designated A/R Account" has the meaning set forth in Section 6.7(c).

"Designated Buyer" has the meaning set forth in Section 2.12(a).

"Designated Parties" has the meaning set forth in Section 2.1(k).

"Designation Deadline" has the meaning set forth in Section 2.5(f).

"DIP Agent" means GB Funding, LLC.

"DIP Budget" means the budget provided for under the DIP Order, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"DIP Facility" means the senior secured superpriority debtor-in-possession term loan facility provided to the Debtors by 1903 Partners, LLC.

"DIP Order" means the interim or final (whichever is then in effect) Order entered by the U.S. Bankruptcy Court approving or authorizing the Debtors' entry into and performance under the DIP Term Sheet.

"DIP Term Sheet" means that certain priming super priority debtor-in-possession financing term sheet dated as of the date hereof pursuant to which 1903 Partners, LLC made the DIP Facility available to the Debtors, subject to entry of the DIP Order.

"Disclosed Personal Information" means Personal Data governed by applicable Canadian federal or provincial Privacy Laws that Buyer receives from Seller in connection with this Agreement.

"Disclosure Letter" means the disclosure letter being delivered to Buyer contemporaneously with the execution of this Agreement. Notwithstanding anything to the contrary contained in the Disclosure Letter or in this Agreement, (a) the information and disclosures contained in any section of the Disclosure Letter shall be deemed to be disclosed and incorporated by reference in any other section of the Disclosure Letter as though fully set forth in such other section for which the applicability of such information and disclosure is reasonably apparent on the face of such information or disclosure, (b) the disclosure of any matter in the

Disclosure Letter shall not be construed as indicating that such matter is necessarily required to be disclosed in order for any representation or warranty to be true and correct, (c) the Disclosure Letter is qualified in its entirety by reference to this Agreement and is not intended to constitute, and shall not be construed as constituting, representations and warranties by any Party except to the extent expressly set forth herein, (d) the inclusion of any item in the Disclosure Letter shall be deemed neither an admission that such item is material to the business, financial condition or results of operations of any Seller or the Business, nor an admission of any liability to any third party, (e) matters reflected in the Disclosure Letter are not necessarily limited to matters required by this Agreement to be reflected therein and any additional matters are set forth therein for informational purposes and (f) headings are inserted in the Disclosure Letter for convenience of reference only and shall not have the effect of amending or changing the express description of the sections as set forth in this Agreement.

"Disclosure Limitations" has the meaning set forth in Section 6.2(a).

"Disputed Amounts" has the meaning set forth in Section 2.8(e).

"Employee Benefit Plans" means each (i) "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (ii) other benefit and compensation plan, contract, policy, program, practice, arrangement or agreement, including pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which any Seller is an owner, a beneficiary or both), employee loan, educational assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, equity or equity-based compensation, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement and (iii) other employment, consulting or other individual agreement or arrangement, in each case, (a) that is sponsored or maintained or contributed, or required to be contributed, to by any Seller or any of its ERISA Affiliates in respect of any current or former employees, directors, independent contractors, consultants or leased employees of any Seller, including any dependents or beneficiaries thereof or (b) with respect to which any Seller or any of its ERISA Affiliates has any actual or contingent Liability.

"Employees" means all of the employees of Sellers on the Execution Date, as well as any additional persons who become employees of Sellers during the period from the Execution Date through the Closing.

"Encumbrance" means any charge, claim (including any "claim" as defined in the Bankruptcy Code), lease, sublease, mortgage, deed of trust, lien (including any "lien" as defined in the Bankruptcy Code), license, encumbrance, option, pledge, hypothecation, security interest or similar interest, preemptive right, right of first refusal, right of first offer, right of use or possession, restriction, easement, servitude, restrictive covenant, encroachment, conditional sale or title retention agreements or other similar restriction or encumbrance, whether imposed by Law, Contract, equity or otherwise.

"Enforceability Exceptions" has the meaning set forth in Section 3.2.

"Environmental Claim" means any Action, cause of action, claim, suit, proceeding, investigation, Order, demand or notice by any Person alleging Liability (including Liability for investigatory costs, governmental response costs, remediation or clean-up costs, natural resources damages, property damages, personal injuries, attorneys' fees, fines or penalties) arising out of, based on, resulting from or relating to (a) the presence, Release or threatened Release of, or exposure to any Hazardous Materials; (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law; or (c) any other matters for which Liability is imposed under Environmental Laws, including common law.

"Environmental Law" means any Law relating to pollution, the protection of, restoration or remediation of the environment or natural resources, or the protection of human health and safety (regarding exposure to Hazardous Materials), including, Laws relating to: (a) the exposure to, or Releases or threatened Releases of, Hazardous Materials; (b) the generation, manufacture, processing, distribution, use, transport, treatment, containment, storage, disposal, or handling of Hazardous Materials; or (c) recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"Environmental Permit" means any Permit required under or issued pursuant to any Environmental Law for the Sellers' operations as currently conducted.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and regulations promulgated thereunder.

"ERISA Affiliate" means any entity which is a member of (a) a controlled group of corporations (as defined in Section 414(b) of the Code), (b) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), (c) an affiliated service group (as defined under Section 414(m) of the Code) or (d) any group specified in Treasury Regulations promulgated under Section 414(o) of the Code, any of which includes or included (as of the relevant time) any Seller.

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means the Contract by and among Buyer, KK OpCo and Escrow Agent attached hereto as Exhibit A.

"Estimated A/R Dilution Amount" has the meaning set forth in Section 2.8(a).

"Estimated Closing Statement" has the meaning set forth in Section 2.8(a).

"Estimated Net A/R Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(a).

"Estimated Reimbursement Amount" has the meaning set forth in Section 2.8(a).

"ETA" means the *Excise Tax Act* (Canada) and the regulations thereunder.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" has the meaning set forth in Section 2.2(i).

"Excluded In-Transit Inventory" has the meaning set forth in Section 6.9.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Specified Inventory" has the meaning set forth in Section 2.2(g).

"Excluded Taxes" means any Liabilities (i) for Taxes of the Sellers with respect to any taxable period, (ii) for Taxes relating to the operation of the Business or ownership of the Transferred Assets prior to (but not after) the Closing and (iii) for Taxes for which the Sellers are responsible pursuant to Section 7.3.

"Execution Date" has the meaning set forth in the Preamble.

"Expense Reimbursement" has the meaning set forth in Section 9.3(a).

"FCPA" has the meaning set forth in Section 3.6(d).

"Final A/R Dilution Amount" has the meaning set forth in Section 2.8(j).

"Final Net A/R Payment Amount" has the meaning set forth in Section 2.8(j).

"Final Purchased Inventory Payment Amount" has the meaning set forth in Section 2.8(f).

"Final Reimbursement Amount" has the meaning set forth in Section 2.8(f).

"Financial Statements" has the meaning set forth in Section 3.14(a).

"Foreign Inventory" has the meaning set forth in Section 6.9.

"Fraud" means intentional and knowing common law fraud under the laws of the State of Delaware with respect to each of the Parties' respective representations and warranties expressly set forth in Article III or Article IV this Agreement. For the avoidance of doubt, "Fraud" does not include any claim for constructive or equitable fraud or any fraud based on negligence or recklessness.

"Fundamental Representations" means the representations and warranties set forth in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.4(a) and (b) (Title to Transferred Assets) and Section 3.19 (Financial Advisors).

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Gordon Brothers" means GB Funding, LLC, 1903 Partners, LLC, or any of their Affiliates.

"Governmental Authority" means any United States or non-United States national, federal, state or local governmental, regulatory or administrative authority, agency, court, tribunal or commission or any other judicial or arbitral body, including the Bankruptcy Courts.

"Hazardous Materials" means any material, substance, chemical, or waste (or combination thereof) that (a) is listed, defined, designated, regulated or classified as hazardous, toxic, radioactive, dangerous, a pollutant, a contaminant, petroleum, oil, or words of similar meaning or effect under any Environmental Law; or (b) forms the basis of any Liability under any Environmental Law.

"In-Transit Inventory" has the meaning set forth in Section 6.9.

"In-Transit Inventory Consideration" has the meaning set forth in Section 6.9.

"In-Transit Inventory Escrow Amount" has the meaning set forth in Section 6.9.

"Income Taxes" means (a) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains and alternative minimum Taxes, but excluding property, sales, real or personal property transfer or other similar Taxes), (b) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to is included in clause (a) above, or (c) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (a) or (b) above.

"Indoor Vendor Payments" has the meaning set forth in Section 2.7(b).

"Information Officer" means the information officer appointed by the CCAA Court in the CCAA Recognition Proceedings.

"Information Officer's Certificate" means the certificate issued by the Information Officer, substantially in the form attached to the Canadian Sale Order, certifying that the Information Officer has received the Conditions Certificates.

"Initial Cash Consideration" has the meaning set forth in Section 2.6(a).

"Intellectual Property" means all intellectual property rights throughout the world, including all U.S. and foreign rights in (a) trade names, trademarks and service marks, business names, corporate names, domain names, trade dress, logos, slogans, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing ("Trademarks"); (b) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof ("Patents"); (c) copyrights and copyrightable subject matter (whether registered or unregistered), works of authorship ("Copyrights"); (d) computer programs (whether in source code, object code, or other form), firmware, software, models, algorithms, methodologies, databases, compilations, data, all technology supporting the foregoing, and all documentation, including user manuals and training materials, programmers' annotations, notes, and other work product used to design, plan, organize, maintain, support or develop, or related to any of the

foregoing; (e) confidential or proprietary information, trade secrets and know-how, and all other inventions, proprietary processes, formulae, models, and methodologies; (f) all applications and registrations for any of the foregoing; and (g) all rights and remedies (including the right to sue for and recover damages) against past, present, and future infringement, misappropriation, or other violation relating to any of the foregoing.

"Interim Financial Statements" has the meaning set forth in Section 3.14(a).

"Inventory" means all raw materials, works-in-progress, finished goods, supplies, packaging materials and other inventories owned by Sellers.

"Inventory Count" means the physical count and inspection of the Purchased Inventory by the Sellers or their Representatives completed prior to Closing. The Inventory Count will be conducted by Sellers no more than two (2) Business Days prior to the Closing Date. The Inventory Count will be taken in accordance with the historical past practice of the Business, to the extent consistent with GAAP, and otherwise in accordance with GAAP, to verify the Purchased Inventory accurately reflects the KK Inventory File. Buyer and Gordon Brothers will each have the right to have a Representative observe and participate in the verification of the Inventory Count. The results of the Inventory Count will be used to determine the amount of Purchased Inventory and the calculation of the Purchased Inventory Payment Amount.

"IP Assignment Agreement" means the Intellectual Property rights assignment agreement, in form and substance reasonably satisfactory to the Parties.

"IRS" means the Internal Revenue Service of the United States.

"KK Canada GP" has the meaning set forth in the Preamble.

"KK Canada LP" has the meaning set forth in the Preamble.

"KK Holdings" has the meaning set forth in the Preamble.

"KK Inventory File" means the excel file labeled "Inventory Detail 03.21.2024.xlsx" and made available in the Project Liftoff data room, as the volume of the inventory reflected therein is updated pursuant to the Inventory Count, or as otherwise determined by mutual agreement of Buyer and Sellers (acting reasonably) prior to Closing, to reflect actual inventory as of the Closing (for the avoidance of doubt, no such update to the KK Inventory File will amend or otherwise modify any of the grades of any of the inventory reflected therein).

"KK OpCo" has the meaning set forth in the Preamble.

"Knowledge" with respect to Sellers means the actual (but not constructive or imputed) knowledge of Geoff Walker, Johnnie Goodner and David Barr after reasonable inquiry.

"Law" means any and all federal, state, provincial, local and foreign laws, statutes, ordinances, rules, regulations, policies, orders, judgments and decrees, in each case, enacted, adopted or promulgated by a Governmental Authority.

"Leased Real Property" has the meaning set forth in Section 3.9.

"Legal Restraint" has the meaning set forth in Section 8.1(a).

"Liability" means any debt, loss, claim, damage, demand, fine, judgment, penalty, liability (including any liability that results from, arises out of, or relates to any tort or product liability claim), commitment, undertaking, expense, cost, royalty, deficiency, fee, charge or obligation (in each case, of any nature, whether known or unknown, disclosed or undisclosed, express or implied, primary or secondary, mature or unmatured, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort or otherwise, and without regard to when sustained, incurred or asserted or when the relevant events occurred or circumstances existed).

"Listed Person" has the meaning set forth in Section 3.6(g).

"Material Adverse Effect" means any event, change, condition, occurrence or effect that individually or in the aggregate (a) has had, or would reasonably be expected to have, a material adverse effect on the Business or the Transferred Assets or the condition (financial or otherwise), assets, Liabilities, or operations of the Business or the Transferred Assets, taken as a whole, or (b) prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the performance by Sellers of their obligations under this Agreement, other than, in each case of the preceding clause (a), any event, change, condition, occurrence or effect to the extent arising out of, attributable to or resulting from, alone or in combination, (i) general changes or developments in the industry or geographical areas in which the Business operates, (ii) with respect to the Business or the Transferred Assets, changes in general domestic or foreign economic, social, political, financial market or geopolitical conditions (including the existence, occurrence, escalation or outbreak or worsening of any hostilities, war, police action, acts of terrorism or military conflicts, whether or not pursuant to the declaration of an emergency or war), (iii) the occurrence of any act of God or other calamity or force majeure event (whether or not declared as such), including any civil disturbance, embargo, natural disaster, earthquake, fire, flood, hurricane, tornado or other weather event, or the onset or continuation of any global or national health concern, epidemic, pandemic (whether or not declared as such by any Governmental Authority), viral outbreak (including "Coronavirus" or "COVID-19" or any variant thereof) or any quarantine, lockdown, travel restriction, business restriction or trade restriction related thereto, (iv) changes in any applicable Laws or GAAP or interpretations thereof, (v) the execution, existence, performance, announcement, pendency or consummation of this Agreement or the transactions contemplated hereby, (vi) the announcement or pendency of the Bankruptcy Cases (and any limitations therein pursuant to the Bankruptcy Code, the CCAA, any Order of the Bankruptcy Courts, or the DIP Facility (or limitations of funding thereunder)) or any objections in the Bankruptcy Courts to (1) this Agreement or any of the transactions contemplated hereby, (2) the reorganization or liquidation of Sellers and any related plan of reorganization or disclosure statement, (3) the Plan, (4) the assumption of any Transferred Contract or (5) any action approved by the Bankruptcy Courts, (vii) any action taken by any Seller at the written request of Buyer or that is required by this Agreement, (viii) the identity of Buyer or any of its Affiliates, (ix) any failure to achieve and comply with any budgets (including, without limitation, the DIP Budget), projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics (but, for the avoidance or doubt, not the underlying causes of any such failure to the extent such

underlying cause is not otherwise excluded from the definition of Material Adverse Effect); (x) the effect of any action taken by Buyer or its Affiliates with respect to the transactions contemplated by this Agreement, (xi) any breach by Buyer of its obligations under this Agreement or (xii) any change in the cost or availability or other terms of any financing; provided, however, that changes or developments set forth in clauses (i), (ii), (iii) or (iv) may be taken into account in determining whether there has been or is a Material Adverse Effect if such changes or developments have a disproportionate impact on the Business, taken as a whole, relative to the other participants in the industries and markets in which the Business operates.

"Net A/R" means aggregate book balance of the Transferred A/R, as updated in the Estimated Closing Statement to reflect Transferred A/R accounts receivable as of the Closing, net of (i) any A/R Dilution (excluding any A/R Dilution offered by Buyer (or a Designated Buyer or their respective Affiliates) following the Closing), (ii) any accounts receivable aged in excess of ninety (90) days past due as of the Closing and (iii) unapplied cash in respect of the Transferred A/R.

"Net A/R Payment Amount" means Net A/R *multiplied* by 90%.

"Non-Income Taxes" means any Taxes other than Income Taxes, including ad valorem, property, excise, sales, use or other similar Taxes relating to the Transferred Assets or the Business, but excluding, for the avoidance of doubt, Transfer Taxes.

"Objection Notice" has the meaning set forth in Section 2.8(d).

"Order" means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

"Ordinary Course of Business" means the operation of the Business in the ordinary and usual course consistent with past practice and custom of Sellers, as such practice and custom is, or may have been, modified as a result of the Bankruptcy Cases, in each case subject to (a) the filing of the Bankruptcy Cases and (b) any Orders of the Bankruptcy Courts or the Bankruptcy Code or the CCAA.

"Organizational Documents" means (i) with respect to any corporation, its certificate or articles of incorporation, its bylaws, and any shareholder or stockholder agreement, (ii) with respect to any limited partnership, its certificate of limited partnership and its partnership agreement, (iii) with respect to any general partnership, any statement of partnership and its partnership agreement, (iv) with respect to any limited liability company, its certificate of formation or articles of organization and its operating agreement, (v) with respect to any other form of entity, any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and any agreement amongst its members, (vi) any documents equivalent to any of the foregoing applicable to non-U.S. jurisdictions, and (vii) any amendments, side letters, modifications, or other arrangements with respect to any of the foregoing.

"Outdoor Vendor Payments" has the meaning set forth in Section 2.7(a).

"Outside Date" has the meaning set forth in Section 9.1(b)(ii).

"Party" or "Parties" means, individually or collectively, Buyer and Sellers.

"Permits" has the meaning set forth in Section 3.6(b).

"Permitted Encumbrance" means (a) Encumbrances for Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings, (b) mechanics', carriers', workers', repairers', suppliers', vendors' and other similar common law or statutory Encumbrances arising or incurred in the Ordinary Course of Business under applicable Law, (c) with respect to any Leased Real Property, any Encumbrance primarily affecting the interest of the landlord, sublandlord or licensor of such real property, (d) any non-exclusive licenses to Intellectual Property granted to customers of the Business in the Ordinary Course of Business, (e) public roads, highways, zoning codes, building codes, entitlements, conservation restrictions or other land use or environmental Laws regulating the use or occupancy of the Real Property or the activities conducted thereon which are imposed by any governmental authority having jurisdiction over the Real Property, (f) any Encumbrances that will be removed or released by operation of the Sale Orders and (g) any other Encumbrance permitted in writing by Buyer.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Personal Data" means any information (a) that could be used to identify, contact, or locate a natural Person, including name, contact information, financial account number, an identification number, location data, IP address, online activity or usage data, an online identifier, or one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural Person, or (b) that is considered "personally identifiable information," "personal information," or "personal data" by one or more applicable Privacy Laws.

"Petition Date" means the date of filing of the Chapter 11 Case.

"Plan" The Chapter 11 plan of Debtors (as defined in the RSA) filed in accordance with the RSA.

"Prepetition Budget" means the budget regarding applicable Vendor Payments from the effective date of the RSA through the Petition Date, which budget is attached to the RSA (as updated from time to time in accordance with the terms thereof with approval of Buyer).

"Prepetition Credit Agreement" means that certain Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KK OpCo and KidKraft Netherlands B.V. a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, as borrowers, the guarantors party thereto, GB Funding, LLC as administrative agent and collateral agent and the lenders from time to time party thereto, as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof.

"Privacy and Information Security Requirements" means (a) all applicable Laws regulating the Processing of Personal Data, data breach notification, privacy policies and practices,

processing and security of payment card information, including, to the extent applicable, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018 ("CCPA"), the Payment Card Industry Data Security Standards, the European General Data Protection Regulation (the "GDPR"), any applicable national laws which implement the GDPR, the UK Data Protection Act 2018 (the "UK DPA"), the Personal Information Protection Law ("PIPL") of China, state data security laws and state data breach notification law, in each case as amended, consolidated re-enacted or replaced from time to time ("Privacy Laws"), (b) obligations under all Transferred Contracts that relate to Personal Data and (c) all of the Sellers' and their Subsidiaries' written internal and publicly posted policies and representations regarding the Processing of Personal Data in the conduct of the Business.

"Process" or "Processing" with regard to Personal Data means the collection, use, storage, maintenance, retention, transmission, access, processing, recording, distribution, transfer, import, export, protection (including security measures), deletion, disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

"Purchase Price" has the meaning set forth in Section 2.6.

"Purchased Inventory" has the meaning set forth in Section 2.1(d).

"Purchased Inventory Payment Amount" means an amount calculated as follows: (a) 75% of the book value of Purchased Inventory graded A, A+, B, C, Comp, I, New, New_FY24 or blank in the KK Inventory File; *plus* (b) 60% of the book value of Purchased Inventory graded D in the KK Inventory File; provided, in each case, the amount of Purchased Inventory shall be adjusted based on the Inventory Count and will only include Inventory located in the United States that has cleared customs, Australia (to the extent that title of such Australian inventory is transferred to a Seller prior to Closing) or Canada, or that becomes Purchased Inventory in accordance with Section 6.9, *plus* (c) the lesser of (i) 100% of the book value of the Purchased Inventory on the KK Inventory File designated as "European Inventory", and (ii) the documented landed duty paid price of such inventory styles if the Buyer had purchased such Purchased Inventory directly from vendors in China; provided, that, Buyer shall reimburse Sellers the costs of importing any Foreign Inventory into the United States in accordance with Section 2.7(f).

"Qualifying Alternative Transaction" means an Alternative Transaction that will result in Sellers receiving aggregate cash consideration which is greater than the aggregate sum of the following amounts: the implied cash portion of the Purchase Price (determined based on the KK Inventory File) *plus* the Break-up Fee *plus* the Expense Reimbursement *plus* $4,000,000 and that provides for assumption of liabilities in excess of the Assumed Liabilities.

"Registered IP" has the meaning set forth in Section 3.10(a).

"Reimbursement Amount" has the meaning set forth in Section 2.7.

"Release" means any release, spill, emission, discharge, leaking, pouring, dumping or emptying, pumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including soil, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the migration of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Representatives" means, with respect to any Person, the officers, managers, directors, principals, employees, agents, auditors, Advisors, and other representatives of such Person.

"RSA" has the meaning set forth in the Recitals.

"Sale Hearing" means the hearing conducted by the U.S. Bankruptcy Court to approve the transactions contemplated by this Agreement.

"Sale Orders" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller Non-Recourse Person" has the meaning set forth in Section 10.22(b).

"Solowave U.S." has the meaning set forth in the Preamble.

"Specified Indoor Inventory" has the meaning set forth in Section 2.7(b).

"Specified Outdoor Inventory" has the meaning set forth in Section 2.7(a).

"Straddle Period" means any taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" of any Person means any entity (a) of which 50% or more of the outstanding share capital, voting securities or other voting equity interests are owned, directly or indirectly, by such Person, (b) of which such Person is entitled to elect, directly or indirectly, at least 50% of the board of directors or similar governing body of such entity or (c) if such entity is a limited partnership or limited liability company, of which such Person or one of its Subsidiaries is a general partner or managing member or has the power to direct the policies, management or affairs.

"Successor" has the meaning set forth in Section 9.3(b).

"Tax Law" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority relating to Taxes.

"Tax Return" means any return, document, declaration, report, claim for refund, statement, information statement or other information or filing relating to Taxes, including any schedule or attachment thereto or amendment thereof, that is filed with or supplied to, or required to be filed with or supplied to, any Governmental Authority.

"Taxes" means any and all U.S. federal, state, and local, Canadian federal, provincial, territorial and local, non-U.S./non-Canadian and other taxes, charges, fees, duties, levies, tariffs, imposts, tolls, customs or other assessments in the nature of a tax imposed by any Governmental Authority, including net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, branch profits, profit share, license, lease, service, service use, value added, goods and services, harmonized sales, provincial sales, retail sales, withholding, payroll, employment, fringe benefits, excise, estimated, severance, stamp, occupation, premium, property,

escheat or unclaimed property, windfall profits or other taxes, together with any interest, penalties, or additions to tax imposed by a Governmental Authority with respect thereto.

"Transfer Taxes" has the meaning set forth in Section 7.1.

"Transferred A/R" has the meaning set forth in Section 2.1(c).

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transferred Contracts" has the meaning set forth in Section 2.1(e).

"Transferred Employee Records" means records of Sellers that relate to the Transferred Employees, but only to the extent that such records pertain to (a) skill and development training, (b) seniority histories, (c) salary information and (d) Occupational, Safety and Health Administration reports and records (or similar reports and records under Canadian law) that Buyer or its Affiliates are obligated to maintain as a successor employer.

"Transferred Employee" has the meaning set forth in Section 6.3(a).

"Transferred IP" has the meaning set forth in Section 2.1(f).

"Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury (whether in final, proposed or temporary form), as the same may be amended from time to time.

"U.S. Bankruptcy Court" has the meaning set forth in the Recitals.

"U.S. Sale Order" means an Order of the U.S. Bankruptcy Court approving this Agreement and the transactions contemplated by this Agreement, and subject to the rights of the parties under Section 2 of the RSA (for the avoidance of doubt, in form and substance acceptable to Buyer), provided that such U.S. Sale Order may be included as part of the Confirmation Order.

"U.S. Seller" has the meaning set forth in the Preamble.

"Vendor Payments" has the meaning set forth in Section 2.7(c).

"Vendor Start Up Cost Payments" has the meaning set forth in Section 2.7(c).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 and any similar applicable local or state Laws.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Transferred Assets. Upon the terms and subject to the conditions of this Agreement and the Sale Orders, at the Closing, Sellers shall sell, assign, transfer, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer (or, as applicable, one or more Designated Buyers), and Buyer (or, as applicable, one or more

Designated Buyers) shall purchase, all right, title and interest of Sellers, in, to or under the Transferred Assets free and clear of any and all Encumbrances (other than Permitted Encumbrances). "Transferred Assets" shall mean all right, title and interest of Sellers to or under the following properties and assets of Sellers of every kind and description, whether real, personal, mixed, intangible (but excluding in each case any Excluded Assets):

(a) all rights, claims or causes of action of Sellers against any party arising out of events occurring prior to the Closing related to other categories of Transferred Assets, including, for the avoidance of doubt, arising out of events occurring prior to the commencement of the Chapter 11 Case, and including any rights under or pursuant to any and all warranties, licenses, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Sellers, in each case, relating to other categories of Transferred Assets, but excluding any rights, claims or causes of action of Sellers released pursuant to the Plan;

(b) other than Inventory, all fixed assets, equipment, machinery, furnishings, computer hardware, electronic devices, vehicles, tools, office supplies, fixtures and other tangible personal property primarily used in or necessary for the operation of the Business that is owned by a Seller organized under laws of the United States or Canada;

(c) (i) all accounts receivable of Sellers located in the United States and Canada, including all such accounts receivable set forth on Section 2.1(c) of the Disclosure Letter, as updated in the Estimated Closing Statement and the A/R Dilution Closing Statement to reflect accounts receivable as of the Closing, regardless of aged status (the "Transferred A/R") and (ii) all cash receipts received after the Closing on account of any Transferred A/R;

(d) the Inventory described in Section 2.1(d) of the Disclosure Letter, as updated prior to Closing based on the Inventory Count, to the extent such Inventory either (i) at Closing, is located in the United States, Canada or Australia (with title held by a Seller as of Closing), or (ii) constitutes In-Transit Inventory that has been delivered to the United States and cleared through customs within 120 days following Closing in accordance with Section 6.9 (the "Purchased Inventory");

(e) each of the Contracts set forth on Section 2.1(e) of the Disclosure Letter, as may be amended from time to time pursuant to Section 2.5(b) and Section 2.5(f) (the "Transferred Contracts");

(f) all Intellectual Property owned by any Seller and relating primarily to the Business, including but not limited to the Registered IP listed on Section 3.10(a) of the Disclosure Letter, and, to the extent transferable and subject to Section 10.24, (i) all of Sellers' rights in and to Personal Data used in the Business and (ii) Intellectual Property that is governed by any Transferred Contract (the "Transferred IP");

(g) all production molds and other tangible assets necessary to continue to produce inventory in accordance with Company's current practices;

(h) all goodwill associated with the Transferred Assets;

(i) to the extent not prohibited by Law and not subject to attorney-client privilege, solicitor-client privilege or other work product privilege, all documents and other books and records, correspondence (including electronic mail communications), the Transferred Employee Records, all vendor files, information and data, and all customer sales, marketing, advertising, packaging and promotional materials, files, data, software (whether written, recorded or stored on disk, film, tape or other media, and including all computerized data), drawings, engineering and manufacturing data and other technical information and data, and all other business and other records, in each case, that are related primarily to the Business or any Transferred Asset, in each case, except as set forth in Section 2.2(b) and Section 2.2(j); provided, however, that Sellers have the right to retain copies at Sellers' expense;

(j) all telephone and facsimile numbers of the Business and all records of email addresses of customers and suppliers of the Business;

(k) all avoidance claims or causes of action available to Sellers under Chapter 5 of the Bankruptcy Code (including Sections 544, 545, 547, 548, 549, 550 and 553) or any similar actions under any other applicable Law (collectively, "Avoidance Actions") against the following (collectively, the "Designated Parties"): (i) any of Seller's vendors, suppliers, customers or trade creditors with whom Buyer continues to conduct business in regard to the Transferred Assets after the Closing, (ii) any of Sellers' counterparties under any licenses of Intellectual Property that are Transferred Contracts or counterparties under any other Transferred Contracts, (iii) any officer, manager or employee of Sellers that is a Transferred Employee and (iv) any Affiliates of any of the Persons listed in clauses (i) through (iii); provided, however, that it is understood and agreed by the parties that Buyer will not pursue or cause to be pursued any Avoidance Actions against any of the Designated Parties other than as a defense (to the extent permitted under applicable Law) against any claim or cause of action raised by such Designated Party; and

(l) all bank and lockbox accounts associated with the collection of proceeds from the Business or the Sellers' business, including, without limitation, all bank accounts that receive checks, ACH payments, and electronic payments related to the Transferred A/R.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, Sellers are not selling, and Buyer is not purchasing, any right, title or interest in, to or under any assets of the Sellers other than the Transferred Assets. The following assets and any asset other than the Transferred Assets shall be retained by Sellers (collectively, the "Excluded Assets"):

(a) all assets expressly excluded or excepted from the definition of Transferred Assets;

(b) Sellers' documents, written files, papers, books, reports and records prepared or received by any Seller or any of its Affiliates or Representatives: (i) in connection with any sale, potential sale or other strategic transaction involving KK OpCo and its Affiliates, the Business, or any portion thereof including any of the Transferred Assets (including, but not limited to, this Agreement and the transactions contemplated hereby), (ii) that are subject to any privilege in favor of Seller or any of its Affiliates, or (iii) that any Seller is required by Law or other requirement to retain;

(c) all rights, claims and causes of action to the extent relating to any Excluded Asset (and not relating to any Transferred Asset);

(d) all Intellectual Property owned by Sellers or any Subsidiary of any Seller that is not Transferred IP;

(e) shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller or securities convertible into or exchangeable or exercisable for shares of capital stock or other equity interests of any Seller or any Subsidiary of any Seller;

(f) all retainers or similar prepaid amounts paid to the Advisors of Sellers;

(g) the Inventory listed in Section 2.2(g) of the Disclosure Letter and any other Inventory that is not Purchased Inventory (the "Excluded Specified Inventory");

(h) all insurance policies, and all rights and benefits of any nature of Sellers with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, in each case, solely to the extent payable to or on behalf of, or in respect of amounts payable by any Seller or any Subsidiary of any Seller to, any individuals covered by such policies;

(i) each Contract of any Seller that is not a Transferred Contract (the "Excluded Contracts");

(j) (i) all books and records to the extent related to any of the Excluded Assets or Liabilities of Sellers other than Assumed Liabilities; (ii) all minute books, Organizational Documents, stock registers and such other books and records of any Seller or any Subsidiary of any Seller, as pertaining to ownership, organization, qualification to do business, capitalization, or existence of such Seller or Subsidiary of any Seller, Tax Returns (and any related work papers) and any other Tax records of any Seller or any Subsidiary of any Seller (but only to the extent such Tax Returns and records relate to Income Taxes or do not primarily relate to the Transferred Assets or the Business), and corporate seal of any Seller or any Subsidiary of any Seller; (iii) all employment-related records other than the Transferred Employee Records; and (iv) all books and records that any Seller is required by Law to retain, or prohibited by Law from disclosing, or are subject to attorney-client privilege or other work product privilege;

(k) any and all claims of the Sellers for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Non-Income Taxes for which Sellers are responsible pursuant to Section 7.3, (ii) Income Taxes, (iii) Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Transferred Assets that are attributable to any Tax period (or portion thereof) ending on or prior to the Closing Date;

(l) all Cash and Cash Equivalents;

(m) all Excluded In-Transit Inventory;

(n) all rights and claims of any Seller to any deposit of any kind (including any utilities deposits and deposits made in connection with the Bankruptcy Cases);

(o) all rights, claims and causes of action of any Person that is not a Seller (even if such Person is an Affiliate thereof or operates a business similar or identical to the Business); and

(p) all rights, claims or causes of action of Sellers under this Agreement and the Ancillary Agreements and under any Contracts that are not Transferred Contracts.

Section 2.3 Assumed Liabilities. In connection with the purchase and sale of the Transferred Assets pursuant to this Agreement, at and after the Closing, Buyer shall assume and pay, discharge, perform or otherwise satisfy only the following Liabilities (the "Assumed Liabilities"):

(a) Liabilities of Sellers arising under the Transferred Contracts, but only to the extent that the Liabilities thereunder arise after the Closing Date and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers on or prior to the Closing;

(b) All Cure Claims associated with Transferred Contracts in amounts not to exceed the Cure Claim amounts for any such Transferred Contracts as set forth on Section 2.1(e) of the Disclosure Letter, as may be amended in accordance with Section 2.5(f);

(c) All Liabilities for (i) Transfer Taxes for which Buyer is responsible pursuant to Section 7.1 and (ii) for Non-Income Taxes for which the Buyer is responsible pursuant to Section 7.3; and

(d) all other Liabilities arising out of the operation of the Transferred Assets following the Closing Date or arising out of an event that occurs after the Closing Date.

Section 2.4 Excluded Liabilities. Buyer shall not assume, be obligated to pay, perform, or otherwise discharge, or in any other manner be liable or responsible for any Liabilities of, or Action against, Sellers or relating to the Transferred Assets or the Business, of any kind or nature whatsoever, whether absolute, accrued, contingent or otherwise, liquidated or unliquidated, due or to become due, known or unknown, currently existing or hereafter arising, matured or unmatured, direct or indirect, and however arising, whether existing on the Closing Date or arising thereafter as a result of any act, omission, or circumstances taking place prior to the Closing, except for the Assumed Liabilities (all Liabilities not assumed by a Buyer pursuant to Section 2.3, "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include each of the following Liabilities of the Sellers:

(a) any Controlled Group Liability;

(b) any Liabilities arising under or relating to any Employee Benefit Plan, including any severance or retention obligations for any Seller employee;

(c) any Liabilities associated with any matter set forth on Section 3.7 of the Disclosure Letter;

(d) any Excluded Taxes; and

(e) any liabilities of the Sellers under the DIP Facility or any other indebtedness of Sellers.

Section 2.5 Assignment of Transferred Contracts.

(a) Prior to the Sale Hearing, Sellers shall take all reasonably necessary actions in order to determine the Cure Claim with respect to any Transferred Contract entered into prior to the Petition Date, including the right to negotiate in good faith and litigate, if necessary, with any Contract counterparty the Cure Claims needed to cure all monetary defaults under such Transferred Contract. Notwithstanding the foregoing, prior to the Designation Deadline, Buyer may designate or remove the designation of any Contract as a Transferred Contract in accordance with Section 2.5(f).

(b) Within three (3) Business Days after the Petition Date (or with respect to any Contract that becomes a Transferred Contract on any date following the Petition Date, within three (3) Business Days after the Buyer's designation of such later date), the Sellers shall deliver a notice, in form and substance reasonably acceptable to Buyer, of potential assumption and assignment of the Transferred Contract (a "Contract Notice") to the applicable non-Seller counterparty thereto (each a "Contract Counterparty"), which shall specify: (a) that such contract is contemplated to be assumed and assigned to Buyer as a Transferred Contract in connection with the transactions contemplated hereunder,; (b) the proposed Cure Claim with respect to each Transferred Contract; (c) that each respective Contract Counterparty may file an objection (a "Contract Objection") to the proposed assumption and assignment of the applicable Transferred Contract or the proposed Cure Claim, if any, related thereto, which Contract Objection must (i) be in writing; (ii) comply with the Federal Rules of Bankruptcy Procedure and any applicable local rules of the U.S. Bankruptcy Court; (iii) be filed with the Clerk of the U.S. Bankruptcy Court, together with proof of service, on or before 5:00 p.m. (prevailing Central Time) on the date that is twenty-one (21) days after the date the Sellers delivered the Contract Notice (the "Contract Objection Deadline"); (iv) be served, so as to actually be received on or before the Contract Objection Deadline on counsel to the Sellers, counsel to Gordon Brothers, counsel to the Buyer, and the Office of the U.S. Trustee for the Northern District of Texas; and (v) state with specificity the grounds for such objection, including, without limitation, the asserted amount of the fully liquidated Cure Claim and the legal and factual bases for any unliquidated portion of the Cure Claim that the Contract Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the applicable Transferred Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise to any such defaults. If a Contract Counterparty files a Contract Objection in a manner that is consistent with the requirements set forth above and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such Contract Objection will be determined at the Sale Hearing or such other date determined by the U.S. Bankruptcy Court.

(c) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, on the Closing Date, Sellers shall assign the Transferred Contracts to Buyer pursuant to Section 365 of the Bankruptcy Code and the Sale Orders, subject to the provision of adequate assurance by Buyer as may be required under Section 365 of the Bankruptcy Code and payment by Buyer of the Cure Claims to the Contract Counterparty in respect of the Transferred Contracts, and Buyer shall assume such Transferred Contracts pursuant to the Assignment and Assumption Agreement. All Cure Claims in respect of all Transferred Contracts shall be paid by Buyer.

(d) To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 2.5, Sellers shall transfer and assign all of the Transferred Assets to Buyer, and Buyer shall accept all of the Transferred Assets from Sellers, as of the Closing, pursuant to Sections 363 and 365 of the Bankruptcy Code, the Sale Orders and the Assignment and Assumption Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, transfer, assignment, conveyance or delivery or attempted sale, transfer, assignment, conveyance or delivery to Buyer of any asset that would be a Transferred Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any consent from any Governmental Authority or any other third party and such consents shall not have been obtained prior to the Closing (after giving effect to the Sale Orders), the Closing shall proceed without any reduction in Purchase Price without the sale, transfer, assignment, conveyance or delivery of such asset. In the event that the Closing proceeds without the transfer or assignment of any such asset, then following the Closing, Sellers shall use their commercially reasonable efforts at Buyer's sole expense and subject to any approval of the Bankruptcy Courts that may be required, and Buyer shall cooperate with Sellers, to obtain such consent as promptly as practicable following the Closing. Pending the receipt of such consent, the parties shall, at the Buyer's sole expense, reasonably cooperate with each other to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset. Once consent for the sale, transfer, assignment, conveyance or delivery of any such asset not sold, transferred, assigned, conveyed or delivered at the Closing is obtained, Sellers shall promptly transfer, assign, convey and deliver such asset to Buyer at Buyer's sole expense. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to Buyer, then as promptly as practicable following the Closing, Buyer and Sellers shall use commercially reasonable efforts to enter into such arrangements (including subleasing, sublicensing or subcontracting), and shall, at Buyer's sole expense, reasonably cooperate with each other, to provide Buyer with all of the benefits of use of such asset, subject to all obligations and Liabilities related to such asset, for a period of six (6) months following the Closing (or the closing of the Chapter 11 Case, if shorter). Sellers shall hold in trust for, and pay to Buyer, promptly upon receipt thereof, all income, proceeds and other monies received by Sellers derived from their use of any asset that would be a Transferred Asset in connection with the arrangements under this Section 2.5(e). The Parties agree to treat any asset the benefits of which are transferred pursuant to this Section 2.5(e) as having been sold to Buyer for Tax purposes to the extent permitted by Law. Each of Sellers and Buyer agrees to notify the other parties promptly in writing if it determines that such treatment (to the extent consistent with the relevant arrangement agreed to by such Seller and Buyer pursuant to this Section 2.5(e)) is not permitted for Tax purposes under applicable Law.

(f) Notwithstanding anything in this Agreement to the contrary, by written notice to the Sellers, Buyer may amend or revise Section 2.1(e) of the Disclosure Letter setting forth the Transferred Contracts in order to add any Contract of any Seller to, or eliminate any Contract of any Seller from, such section at any time during the period commencing from the date hereof and ending on the date that is the earlier of (x) two (2) Business Days prior to the Closing Date and (y) two (2) Business Days prior to the date that the Bankruptcy Code or Bankruptcy Court otherwise would require a determination to assume or reject such contract (the "Designation Deadline"); provided, however, in the event a timely objection to a Cure Claim for any Transferred Contract is still pending at the time of Closing, Buyer shall have the option to remove such Transferred Contract from Section 2.1(e) of the Disclosure Letter until the earlier of (A) thirty (30) days following the date on which the Cure Claim has been determined by the Bankruptcy Court and (B) the date the Contract Counterparty for such Transferred Contract and the Buyer have agreed on the Cure Claim for such Transferred Contract, and in the case of (A) or (B), the Cure Claim for such Transferred Contract shall be updated on Section 2.1(e) of the Disclosure Letter accordingly; provided, further that the Sellers may accordingly amend or revise any section of the Disclosure Letter as they deem necessary to account for such addition or removal prior to the Closing. Sellers may amend or revise Section 2.1(e) of the Disclosure Letter at any time prior to Closing to update the Cure Claim for each Transferred Contract in accordance with Section 2.5(b); provided that any such amendment or revision following the Designation Deadline shall require the consent of Buyer. Automatically upon the addition of any Contract by Buyer to Section 2.1(e) of the Disclosure Letter, such Contract shall be a Transferred Contract for all purposes of this Agreement and Buyer shall assume the Liabilities thereunder in accordance with the Bankruptcy Code. Automatically upon the removal of any Contract from Section 2.1(e) (i) of the Disclosure Letter such Contract shall be an Excluded Asset for all purposes of this Agreement, and no liabilities arising thereunder shall be assumed or borne by Buyer unless such liability is otherwise specifically assumed pursuant to Section 2.5.

Section 2.6 Consideration. The aggregate consideration for the purchase, sale, assignment and conveyance of the Transferred Assets from Sellers to Buyer (the "Purchase Price") shall consist of:

(a) the payment by Buyer and/or one or more Designated Buyer, by wire transfer of immediately available funds to one or more accounts (each of which must be subject to deposit account control agreement with Gordon Brothers (or an Affiliate thereof)) designated in writing by KK OpCo in accordance with Section 2.10(c)(iii) (the "Initial Cash Consideration") in an aggregate amount equal to the sum of:

(i) $4,350,000; *plus*

(ii) the Estimated Net A/R Payment Amount; *plus*

(iii) the Estimated Purchased Inventory Payment Amount (less the In-Transit Inventory Escrow Amount); *plus*

(iv) the Reimbursement Amount; *minus*

(v) the Adjustment Escrow Amount; *minus*

(vi) the A/R Dilution Escrow Amount;

(b) the assumption by the applicable Buyer, or a Designated Buyer, as applicable, of the Assumed Liabilities from Sellers; and

(c) the In-Transit Inventory Consideration, when and if payable pursuant to Section 6.9.

Section 2.7 Reimbursement Amounts. At Closing, Buyer shall reimburse Sellers, in cash, for the following payments on behalf of the Business (the "Reimbursement Amount"):

(a) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to outdoor inventory as set forth on Section 2.7(a) of the Disclosure Letter (the "Specified Outdoor Inventory"), in an amount not to exceed the amount set forth in the "Factory Payments-Outdoor Domestic" line of the DIP Budget or Prepetition Budget, as applicable (the "Outdoor Vendor Payments");

(b) 100% of the amount paid to the Sellers' vendors following the date hereof with respect to indoor inventory as set forth on Section 2.7(b) of the Disclosure Letter (the "Specified Indoor Inventory") in an amount not to exceed the amount set forth in the "Factory Payments-Indoor Domestic" line of DIP Budget or Prepetition Budget, as applicable (the "Indoor Vendor Payments");

(c) 50% of the amount paid to Sellers' vendors following the date hereof with respect to indoor inventory start up-costs, in an amount not to exceed 50% of the amount set forth in the "Factory Payments-Start Up Costs" line of DIP Budget or Prepetition Budget, as applicable (the "Vendor Start Up Cost Payments" and together with the Outdoor Vendor Payments and Indoor Vendor Payments, the "Vendor Payments");

(d) 50% of the amount paid to Sellers' vendors in the Chapter 11 Cases pursuant to the shipper's, warehouseman's, and lienholders' order, in an amount not to exceed 50% of the amount set forth in the "Shippers Motion" line of the DIP Budget;

(e) 75% of the book value of the Ainsley RTV Inventory; and

(f) 100% of the out-of-pocket and documented costs of Sellers for any applicable customs, duties/tariffs and transportation costs incurred following the Execution Date associated with importing any Foreign Inventory (other than In-Transit Inventory) into the United States, in an amount not to exceed the amount set forth in the "Cost of Sales (Shipping, Testing, etc.) – Purchaser Reimbursement" line of the DIP Budget or Prepetition Budget, as applicable, as allowed in the DIP Budget or the Prepetition Budget (including any permitted variance).

Set forth on Exhibit B hereto, solely for illustrative purposes, is an example calculation of the Estimated Net A/R Payment Amount and Estimated Purchased Inventory Payment Amount, plus $4,350,000 of cash consideration.

Section 2.8 Adjustment to Initial Cash Consideration.

(a) At least three (3) Business Days prior to the Closing, Sellers shall prepare and deliver to Buyer a written statement (the "Estimated Closing Statement") setting forth Sellers' good faith estimates as of Closing of (i) the Transferred A/R, (ii) the A/R Dilution Amount (the "Estimated A/R Dilution Amount") (including the Dilution Reserves with respect thereto), and the resulting Net A/R Payment Amount (the "Estimated Net A/R Payment Amount"), (iii) the Purchased Inventory Payment Amount (the "Estimated Purchased Inventory Payment Amount") and (iv) the Reimbursement Amount (the "Estimated Reimbursement Amount"), which statement shall quantify in reasonable detail such estimate, calculated in accordance with the terms of this Agreement. Sellers shall update the Estimated Closing Statement at least one (1) Business Day prior to the Closing to reflect the most current estimates of the Estimated Net A/R Payment Amount, Estimated Purchased Inventory Payment Amount, Estimated Reimbursement Amount, and Estimated A/R Dilution Amount. During the period after the delivery of the Estimated Closing Statement and prior to the Closing, the Parties shall reasonably cooperate in connection with Buyer's review of the Estimated Closing Statement, including by (i) providing Buyer and its accountants with reasonable access to the appropriate employees of Sellers who are knowledgeable about the information contained in, or preparation of, the Estimated Closing Statement and (ii) providing all books, records and other information reasonably requested by Buyer in connection with the foregoing. The Parties shall cooperate in good faith to mutually agree upon the Estimated Closing Statement in the event Buyer notifies Sellers of its dispute of any item proposed to be set forth on such schedule, provided, that, if Sellers and Buyer are not able to reach a mutual agreement (acting reasonably and in good faith) prior to the Closing Date, the Estimated Closing Statement provided by Sellers to Buyer shall be binding for purposes of Closing.

(b) The Parties agree that for purposes of preparing the Estimated Closing Statement, the Adjustment Closing Statement and the A/R Dilution Closing Statement, each of the Estimated Net A/R Payment Amount, the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated A/R Dilution Amount (and the underlying calculations supporting such amounts) shall be calculated on a basis consistent with the Sellers' historical accounting methodologies, policies, practices, estimation techniques, assumptions and principles used in the preparation of its Audited Financial Statements and the KK Inventory File; provided, that the amount of Purchased Inventory included in the Estimated Purchased Inventory Payment Amount will be calculated using the actual reports from the Inventory Count (updated to reflect projected changes through the Closing Date but calculated consistent with the KK Inventory File book values). For the avoidance of doubt, (i) the calculation of the Purchase Price will be construed to avoid the double counting of any Vendor Payments by Buyer in accordance with Section 2.7 (i.e. Buyer will not be required to pay for Purchased Inventory or accounts receivable generated from any post-petition trade payable or critical vendor payment for which it is obligated to make, or has made, any reimbursement payment) or any other amounts payable by Buyer hereunder, and (ii) Purchased Inventory Payment Amount shall specifically exclude the value of Specified Outdoor Inventory or the Specified Indoor Inventory.

(c) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "Adjustment Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculations of (i) the Purchased Inventory Payment Amount, (ii)

the Reimbursement Amount and (iii) the Net A/R Payment Amount (provided that the Estimated A/R Dilution Amount shall be used to calculate the Net A/R Payment Amount for purposes of the Adjustment Closing Statement) and resulting Adjustment Amount. The Adjustment Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the Adjustment Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the Adjustment Closing Statement. If Buyer does not prepare and deliver the Adjustment Closing Statement within ninety (90) days after the Closing Date, the calculations of the Estimated Purchased Inventory Payment Amount, the Estimated Reimbursement Amount and the Estimated Net A/R Payment Amount shall be deemed final and binding.

(d) If KK OpCo does not object to the Adjustment Closing Statement by a written notice of objection (the "Objection Notice") delivered to Buyer within thirty (30) days after KK OpCo's receipt of the Adjustment Closing Statement, the calculation of the Purchased Inventory Payment Amount, the Reimbursement Amount and the Net A/R Payment Amount set forth in the Adjustment Closing Statement shall be deemed final and binding. An Objection Notice shall set forth in reasonable detail KK OpCo's alternative calculations of the Purchased Inventory Payment Amount, Reimbursement Amount and Net A/R Payment Amount and the resulting Adjustment Amount and the basis therefor.

(e) If KK OpCo delivers an Objection Notice to Buyer within the thirty (30) day period referred to in Section 2.8(d), then each element of the Adjustment Closing Statement that is not disputed in such Objection Notice shall be final and binding and any dispute reflected in the Objection Notice (all such amounts, the "Disputed Amounts") shall be resolved in accordance with this Section 2.8(e).

(i) KK OpCo and Buyer shall promptly endeavor in good faith to resolve the Disputed Amounts listed in the Objection Notice. If a written agreement determining the Disputed Amounts has not been reached within ten (10) Business Days (or such longer period as may be agreed by KK OpCo and Buyer) after the date Buyer receives the Objection Notice from KK OpCo (all discussions and statements made by the Parties and their Representatives in attempting to resolve the disagreement during such period shall be subject to Rule 408 of the Federal Rules of Evidence), KK OpCo or Buyer may elect to submit the resolution of such Disputed Amounts to BDO USA, LLP or if BDO USA, LLP is not available to act as the Accounting Firm, to another independent regional accounting firm mutually selected by Buyer and KK OpCo (BDO USA, LLP or such other mutually selected accounting firm, the "Accounting Firm").

(ii) KK OpCo and Buyer shall use their commercially reasonable efforts to cause the Accounting Firm to render a decision in accordance with this Section 2.8(e) along with a statement of the reasons therefor within thirty (30) days of the submission of the Disputed Amounts to the Accounting Firm.

(iii) If KK OpCo or Buyer submit any Disputed Amounts to the Accounting Firm for resolution, KK OpCo (on behalf of Sellers), on the one hand, and

Buyer, on the other hand, shall each pay their own costs and expenses incurred under this Section 2.8(e) and shall each fund one half of any retainer required by the Accounting Firm and shall execute and deliver any customary engagement letter required by the Accounting Firm. The fees and expenses of the Accounting Firm pursuant to this Section 2.8(e) shall be borne by Buyer, on the one hand, and KK OpCo (for and on behalf of Sellers), on the other hand, based upon the percentage that the aggregate portion of the contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party.

(iv) The Accounting Firm shall act as an expert and not an arbitrator. If the Accounting Firm is retained, then KK OpCo and Buyer shall each submit to the Accounting Firm in writing, not later than five (5) Business Days after the Accounting Firm is retained, their respective positions with respect to the Disputed Amounts, together with such supporting documentation as they deem necessary or as the Accounting Firm may request and no discovery will be permitted and no arbitration hearing among the parties will be held; provided that the Accounting Firm may request additional information and/or a meeting among the Parties in connection with the Accounting Firm's determination hereunder and the Parties will use commercially reasonable efforts to provide such additional information and attend any such meeting. The Accounting Firm shall act to determine, based upon the provisions of this Section 2.8(e), only the Disputed Amounts, which determination shall be made in accordance with the procedures set forth in Section 2.8(b) and this Section 2.8(e), and, in any event, shall not be less than the lesser of the amounts claimed by Buyer or KK OpCo, and shall not be greater than the greater of the amounts claimed by Buyer or KK OpCo. For clarity, the Accounting Firm shall not make a determination as to any amounts or items included in the A/R Dilution Closing Statement, other than the Disputed Amounts. KK OpCo and Buyer shall instruct the Accounting Firm to deliver a written determination (such determination to include a worksheet setting forth all material calculations used in arriving at such determination) of all Disputed Amounts and the resulting Adjustment Amount determined based on such determination, and such determination will be final, binding and conclusive on the Parties.

(f) Upon the determination, in accordance with Section 2.8(c), Section 2.8(d) or Section 2.8(e), of the final Purchased Inventory Payment Amount (the "Final Purchased Inventory Payment Amount"), the final Reimbursement Amount (the "Final Reimbursement Amount") and the final Net A/R Payment Amount (the "Final Net A/R Payment Amount"), the final Adjustment Amount shall be calculated based on the Final Purchased Inventory Payment Amount, Final Reimbursement Amount and Final Net A/R Payment Amount.

(g) The Adjustment Amount shall be paid as set forth below and, except for any imputed interest determined for federal income tax purposes, shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

(i) If the Adjustment Amount is positive, then (x) Buyer shall within ten (10) Business Days after the determination of such Adjustment Amount pay to Sellers the *lesser* of (A) the Adjustment Amount and (B) the Adjustment Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent

instructing it to release an amount equal to Adjustment Escrow Amount to the account specified by KK OpCo.

(ii) If the Adjustment Amount is negative, within five (5) Business Days after the determination of such Adjustment Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) an amount equal to the absolute value of the Adjustment Amount to Buyer and (B) if any amount remains of the Adjustment Escrow Amount after giving effect to the foregoing clause, the remaining amount of the Adjustment Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(g)(ii) to an amount in excess of the Adjustment Escrow Amount and in the event that the absolute value of the Adjustment Amount is in excess of the Adjustment Escrow Amount, Buyer shall solely be entitled to the Adjustment Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(g)(ii).

(h) Within one hundred twenty (120) days after the Closing Date, Buyer shall prepare and deliver to KK OpCo, with a copy to Gordon Brothers, a statement (the "A/R Dilution Closing Statement") setting forth Buyer's good faith calculation as of the Closing in reasonable detail as of the Closing Date of the actual calculation of the A/R Dilution Amount. The A/R Dilution Closing Statement shall be prepared in accordance with Section 2.8(b). Upon delivery by Buyer of the A/R Dilution Closing Statement, Buyer shall provide KK OpCo with reasonable access, during normal business hours, to Buyer's accounting and other personnel and to the books and records of Buyer and any other document or information reasonably requested by KK OpCo in connection with KK OpCo's review of the A/R Dilution Closing Statement. If Buyer does not prepare and deliver the A/R Dilution Closing Statement to KK OpCo within one hundred and twenty (120) days after the Closing Date, the calculations of the Estimated A/R Dilution Amount shall be deemed final and binding.

(i) Section 2.8(d) and Section 2.8(e) shall be applied *mutatis mutandis* with respect to the determination of all amounts set forth in the A/R Dilution Closing Statement with all references to the Adjustment Closing Statement (and amounts set forth therein) deemed to mean the A/R Dilution Closing Statement (and amounts set forth therein).

(j) Upon the determination, in accordance with Section 2.8(h) or Section 2.8(i), of the final A/R Dilution Amount (the "Final A/R Dilution Amount"), Sellers or Buyer, as the case may be, shall make the payment required by this Section 2.8(j) as follows:

(i) If the Final A/R Dilution Amount is less than the Estimated A/R Dilution Amount, then (x) Buyer shall within ten (10) Business Days after the determination of such Final A/R Dilution Amount pay to Sellers the *lesser* of (A) the difference between the Estimated A/R Dilution Amount and the Final A/R Dilution Amount and (B) the A/R Dilution Escrow Amount and (y) Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release an amount equal to the A/R Dilution Escrow Amount to the account specified by KK OpCo.

(ii) If the Final A/R Dilution Amount is greater than the Estimated A/R Dilution Amount, then a portion of the A/R Dilution Escrow Amount equal to the

difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount will be released to Buyer and within five (5) Business Days after the determination of such A/R Dilution Amount, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing it to release (A) such amount to Buyer and (B) if any amount remains of the A/R Dilution Escrow Amount after giving effect to the foregoing clause, the remaining amount of the A/R Dilution Escrow Amount to KK OpCo (for the benefit of the Sellers). Buyer shall in no event be entitled under this Section 2.8(j)(ii) to an amount in excess of the A/R Dilution Escrow Amount and in the event that the difference between the Final A/R Dilution Amount and the Estimated A/R Dilution Amount is in excess of the A/R Dilution Escrow Amount, Buyer shall solely be entitled to the A/R Dilution Escrow Amount and Sellers shall not have any obligation to pay any amounts under this Section 2.8(j)(ii).

(k) Except for any imputed interest determined for federal income tax purposes, any amounts paid pursuant to Section 2.8(j) shall be treated as an adjustment to the purchase price for federal, state, provincial, territorial, local and foreign income Tax purposes unless otherwise required by applicable Law.

Section 2.9 Deposit Amount; Buyer Breach Fee.

(a) On the date hereof, unless already deposited, Buyer shall deposit into escrow with Escrow Agent an amount equal to Three Million Dollars ($3,000,0000) (such amount, together with all interest and other earnings accrued thereon, the "Deposit Amount"), by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement duly executed by KK OpCo, Buyer and the Escrow Agent.

(b) The Parties shall instruct the Escrow Agent to release and deliver the Deposit Amount to either (x) Buyer or (y) KK OpCo on behalf of Sellers, as follows:

(i) if the Closing shall occur, the Deposit Amount shall be delivered to Sellers on Closing and applied towards the Purchase Price payable by Buyer pursuant to Section 2.6(a);

(ii) if this Agreement is terminated by KK OpCo pursuant to Section 9.1(d)(i) (a "Buyer Breach Termination"), the Deposit Amount shall be delivered to KK OpCo; or

(iii) if this Agreement is terminated other than in a manner provided by Section 9.1(d)(i), the Deposit Amount shall be delivered to Buyer.

(c) In the event of a Buyer Breach Termination, in consideration for Sellers and Gordon Brothers having expended considerable expense following the Execution Date, and without the requirement of any notice or demand from Sellers or any other application to or order of the Bankruptcy Courts, in addition to the receipt of the Deposit Amount in accordance with Section 2.9(b)(ii), Buyer shall pay to KK OpCo an amount equal to $4,500,000 (the "Cash Breach Fee Component" and, collectively with the Deposit Amount, the "Buyer Breach Fee"). In the event Buyer becomes obligated under this Agreement to pay the Buyer Breach Fee, Buyer shall pay the

Cash Breach Fee Component in immediately available funds to such account or accounts as may be specified in written notice by KK OpCo.

(d) The obligation to pay the Buyer Breach Fee in accordance with the provisions of this Agreement will (i) be binding upon and enforceable against Buyer immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable Law. The obligation to pay the Buyer Breach Fee as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of Buyer and (B) any trustee, examiner or other representative of Buyer's estate as if such Person were the Buyer hereunder. For the avoidance of doubt, nothing in this Section 2.9 shall affect any Party's rights or obligations under Section 10.15.

(e) Subject to Section 9.2(b) and Section 10.15, the Parties acknowledge that the agreements contained in this Section 2.9 are an integral part of the transactions contemplated in this Agreement, that the damages resulting from termination of this Agreement under circumstances where KK OpCo terminates this Agreement pursuant to a Buyer Breach Termination are uncertain and incapable of accurate calculation and that the payment of the Buyer Breach Fee is not a penalty but rather shall constitute liquidated damages in a reasonable amount that will compensate Sellers in the circumstances where KK OpCo is entitled to the Buyer Breach Fee because of a Buyer Breach Termination for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and that, without these agreements, Sellers and Buyer would not enter into this Agreement. If any Party fails to take any action necessary to cause the payment of the Deposit Amount (or the Buyer Breach Fee, as applicable) to any other Party(ies) if and when the same is due, and, in order to obtain such Deposit Amount (or the Buyer Breach Fee, as applicable), such other Party(ies) commence a suit which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including reasonable attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 2.10 Closing.

(a) Subject to the Sale Orders, the purchase, sale, assignment and conveyance of the Transferred Assets contemplated by this Agreement shall take place at a closing (the "Closing") to be held by telephone conference and electronic exchange of documents (or, if the Parties agree to hold a physical closing, at the offices of King & Spalding LLP, located at 1180 Peachtree Street NE, Atlanta, Georgia 30309 at 10:00 a.m. Eastern Time on the second (2^{nd}) Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the Parties set forth in Article VIII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction or waiver of such conditions), or at such other place or at such other time or on such other date as Sellers and Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) At or prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer:

(i) a bill of sale, assignment and assumption agreement, in form and substance reasonably satisfactory to the Parties (the "Assignment and Assumption Agreement"), duly executed by the applicable Sellers;

(ii) an IP Assignment Agreement, duly executed by the applicable Sellers;

(iii) a copy of the Sale Orders;

(iv) for each Seller (or, if a Seller is a disregarded entity for U.S. federal income tax purposes, such Seller's regarded owner for U.S. federal income tax purposes) other than Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an IRS Form W-9, and for Sellers who are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code), an applicable IRS Form W-8;

(v) a duly executed certificate of a duly authorized officer of KK OpCo certifying the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b);

(vi) Provincial sales tax clearance certificate(s) issued by the relevant Governmental Authority stating that the Sellers have paid and remitted all outstanding provincial sales Tax and any related penalties and interest under the relevant taxing legislation, if required under Section 6 of the Retail Sales Tax (Ontario) or by a corresponding provision of applicable Law in another province, if and as applicable;

(vii) a Conditions Certificate, duly executed by KK OpCo; and

(viii) such other documents as any Buyer may reasonably request that are not inconsistent with the terms of this Agreement and reasonably necessary to effectuate or consummate the transactions contemplated by this Agreement (without expanding or supplementing any of the representations and warranties hereunder or Buyer's remedies with respect thereto).

(c) At or prior to the Closing, Buyer shall deliver or cause to be delivered to Sellers:

(i) the Assignment and Assumption Agreement, duly executed by Buyer;

(ii) the IP Assignment Agreement, duly executed by Buyer;

(iii) the Initial Cash Consideration in cash by wire transfer of immediately available funds to an account or accounts designated by Sellers;

(iv) a duly executed certificate of an executive officer of Buyer certifying the satisfaction of the conditions set forth in Section 8.2(a) and Section 8.2(b); and

(v) a Conditions Certificate, duly executed by Buyer.

(d) At or prior to the Closing, Buyer shall deposit into escrow with Escrow Agent an amount equal to (i) the Adjustment Escrow Amount, (ii) the Net A/R Adjustment Amount and (iii) the In-Transit Inventory Escrow Amount, by wire transfer of immediately available funds pursuant to the terms of the Escrow Agreement.

Section 2.11 Purchase Price Allocation. For U.S. federal and applicable state, local and foreign Tax purposes, Buyer, Sellers, and their respective Affiliates shall use commercially reasonable efforts to agree to an allocation of the Purchase Price for applicable Tax purposes) among the Transferred Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (or any similar principles applicable for the purposes of the Income Tax Act (Canada) as soon as reasonably practicable after the date on which both the Adjustment Closing Statement and the A/R Dilution Closing Statement are finalized (such allocation, the "Allocation"); provided that for purposes of the Allocation the Parties agree to allocate the portion of the Purchase Price attributable to the Canadian Transferred Assets by asset class and by province in which the particular assets are located. If the Parties reach an agreement with respect to the Allocation, Buyer, Sellers and their Affiliates shall (a) file all applicable Tax Returns in accordance with the Allocation, as finally determined hereunder, and (b) not take any Tax-related action in connection with any Tax audit or proceeding that is inconsistent with the Allocation, except, in each case, to the extent otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code or any similar provision of state, local or foreign Tax Law; provided, however, that (A) if Buyer and Seller cannot mutually agree on the Allocation, each Party shall be entitled to determine its own allocation and file its IRS Form 8594 consistent therewith and (B) neither Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation.

Section 2.12 Designated Buyer(s).

(a) In connection with the Closing, without limitation by the terms of Section 10.14, Buyer shall be entitled to designate, in accordance with the terms and subject to the limitations set forth in this Section 2.12, one (1) or more Affiliates to purchase specified Transferred Assets, assume specified Assumed Liabilities, employ specified Transferred Employees and assume the rights and obligations under this Agreement of the Buyer, in whole or in part, on and after the Closing Date (any such Person shall be properly designated by a Buyer in accordance with this Section 2.12, a "Designated Buyer"); provided that no such designation would impede or materially delay the Closing or affect the timely receipt of any regulatory approval; provided, further, that no such designation shall be permitted if any Taxes required to be withheld under applicable Law from any amounts otherwise payable hereunder would be higher than the amount of Taxes that would be required to be withheld absent such designation and the Buyer or the Designated Buyer does not agree to gross up the amount paid to the applicable Seller so that the applicable Seller is in the same economic position it would have been in if such designation had not occurred (taking into account all Taxes payable by such Seller as a result of

such gross up). At and after the Closing, Buyer shall, or shall cause its Designated Buyer(s) to, honor Buyer's obligations at the Closing. After the Closing, any reference to any Buyer made in this Agreement in respect of any purchase, assumption, or employment referred to in this Agreement shall include reference to the appropriate Designated Buyer(s), if any. Buyer shall be liable for all obligations of any Designated Buyer(s) under this Agreement as to any particular Assumed Liability that any Designated Buyer is assuming at the Closing.

(b) Without limitation of Section 6.4, the designation of a Designated Buyer in accordance with Section 2.12(a) shall be made by a Buyer by way of a written notice to be delivered to Sellers as soon as reasonably practicable following the date of this Agreement but in no event later than two (2) Business Days prior to Closing, which written notice shall (i) contain appropriate information about the Designated Buyer(s), (ii) indicate which Transferred Assets, Assumed Liabilities and Transferred Employees Buyer intends such Designated Buyer(s) to purchase, assume and/or employ, as applicable, hereunder and (iii) include a signed counterpart to this Agreement pursuant to which the Designated Buyer(s) agree to be bound by the terms of this Agreement as it relates to such Designated Buyer(s) and which authorizes Buyer to act as such Designated Buyer(s)' agent for all purposes hereunder. Notwithstanding the foregoing, and for the avoidance of doubt, any designation pursuant to Section 2.12(a) shall not relieve Buyer of any of its obligations under this Agreement (or otherwise) and Buyer shall remain primarily liable therefor.

Section 2.13 Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer shall be entitled to deduct and withhold from any amount (or portion thereof) payable under this Agreement such Taxes as are required to be deducted and withheld from such amount under the Code or any other applicable provision of U.S., Canadian or foreign Tax Law. To the extent that Buyer intends to withhold any such amounts from the Purchase Price, it shall notify the applicable Seller of such intention and shall provide such Seller with an opportunity to provide forms or evidence that would establish an exemption from, or reduction in the amount of, withholding tax and shall otherwise cooperate in good faith with Sellers and use commercially reasonable efforts to minimize or eliminate any such deductions or withholdings. To the extent that any amounts are so deducted and withheld and paid to the applicable Governmental Authority, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Disclosure Letter attached hereto, each Seller jointly and severally represents and warrants to Buyer as follows:

Section 3.1 Organization. Each Seller (a) is an entity duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as applicable, (b) has all requisite power and authority to own and operate its properties and to carry on its businesses as now conducted, subject to the provisions of the Bankruptcy Code and the CCAA, and (c) is qualified to do business and is in good standing (or its

equivalent) in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except where the failure to be so qualified is not and would not reasonably be expected to be material to the Business.

Section 3.2 Authority. Subject to approval of the Bankruptcy Courts and entry of the Sale Orders, as applicable (a) each Seller has the corporate (or equivalent) power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, (b) the execution, delivery and performance by such Seller of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by such Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate (or equivalent) action and (c) this Agreement has been, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will have been, duly executed and delivered by such Seller and, assuming due execution and delivery by each of the other parties thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which such Seller will be a party will constitute, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions").

Section 3.3 No Conflict; Required Filings and Consents.

(a) Except as set forth on Section 3.3(a) of the Disclosure Letter and assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders and (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable), after giving effect to the application of the Bankruptcy Code, including Section 365 thereof, on certain legal and contractual provisions applicable to the Transferred Contracts and other Transferred Assets, the execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby, do not and will not, with or without notice, lapse or time or both: (i) violate the Organizational Documents of Sellers; (ii) conflict with or violate any Law applicable to Sellers or by which any Transferred Asset is bound; (iii) result in any material breach of, constitute a material default (or an event that, with notice or lapse of time or both, would become a material default) under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance (other than a Permitted Encumbrance) on any Transferred Asset; or (iv) result in any material breach of, constitute a material default under, create in any party thereto the right to terminate or cancel, or require any consent under, or result in the creation or imposition of any material Encumbrance on any Transferred Contract; except, in the case of clause (ii) and (iv), for any such violations, breaches, defaults or other occurrences that are not material to the Business taken as a whole.

(b) Except as set forth on Section 3.3(b) of the Disclosure Letter, no Seller is required to file, seek or obtain any notice, authorization, approval, Order, permit, or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Sellers of this Agreement or the consummation by Sellers of the transactions contemplated hereby,

except (i) requisite approvals from the Bankruptcy Courts or (ii) as may be necessary as a result of any facts or circumstances relating to any Buyer or any of its Affiliates.

Section 3.4 Transferred Assets. Subject to entry of the Sale Orders by the Bankruptcy Courts:

(a) Each Seller, as applicable, has good, valid and marketable title to, and owns and possesses all rights and interests in, including the right to use, each of the Transferred Assets, or with respect to leased Transferred Assets, valid leasehold interests in, or with respect to licensed Transferred Assets, valid licenses to use, in each case, in all material respects.

(b) Assuming that the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.4(b) of the Disclosure Letter and the Sales Orders are made, given or obtained (as applicable), this Agreement and the instruments and documents to be delivered by Sellers to Buyer at the Closing shall be adequate and sufficient to transfer (i) Sellers' entire right, title and interest in and to the Transferred Assets and (ii) to Buyer, good, valid and marketable title to, and interest in the applicable Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), claims and interests, other than Assumed Liabilities, in each case, in all material respects.

(c) The Transferred Assets are adequate for the purposes for which such assets are currently used or are held for use, conform in all material respects to all Laws applicable thereto, are in good repair and operating condition (subject to normal wear and tear), and there are no facts or conditions affecting the Transferred Assets which would, individually or in the aggregate, reasonably be expected to interfere with the use or operation thereof as currently used or operated, or their adequacy for such use, in any material respect.

Section 3.5 Absence of Certain Changes or Events. Since February 29, 2024, through the date of this Agreement, there has not been any event, change, condition, occurrence or effect that, individually or in the aggregate, has had, or would be reasonably expected to have, a Material Adverse Effect. Except (i) discussions, negotiations and activities related to this Agreement and the RSA or other potential strategic transactions, including preparation for the Bankruptcy Cases, (ii) for the solicitation of, discussions and negotiations with, presentations and provision of other diligence to and similar engagement with other potential bidders for the Transferred Assets, the negotiation and execution of this Agreement, (iii) for the preparation and commencement of the Bankruptcy Cases and Sellers' debtor in possession financing in the Bankruptcy Cases or (iv) as expressly contemplated by this Agreement, from February 29, 2024, until the date hereof, Sellers have operated only in the Ordinary Course of Business and no Seller has taken any action or failed to take any action, as applicable, that would be prohibited by Section 6.1(b), if taken, failed to be taken or proposed to be taken, except for the execution and delivery of this Agreement.

Section 3.6 Compliance with Law; Permits.

(a) As of the date hereof, (i) the Business is being conducted in compliance with, and Sellers are in compliance with, all applicable Laws relating to the operation of the Business and the Transferred Assets and (ii) there are no pending or, to the Knowledge of Sellers, threatened, claims from any Governmental Authority relating to any non-compliance of the

Business or the Transferred Assets, except, in each case of (i) and (ii), as has not been, and would not be reasonably expected to be material to the Business, taken as a whole.

(b) Sellers are in possession of all material permits (including work permits and visas), licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority (the "Permits") necessary for them to own, lease and operate their assets and properties, to employ or engage officers, workers and employees who are not citizens of the country where they are carrying out their duties or performing their services and to carry on the Business as currently conducted. All material Permits held by Sellers: (i) are valid and in full force and effect and no Seller is in default under, or in violation of, any such Permit, except for such defaults or violations which would not reasonably be expected, individually or in the aggregate, to materially restrict or interfere with Buyer's ability to operate the Business as currently operated and no suspension or cancellation of any such Permit is pending (other than pursuant to its terms) or, to Sellers' Knowledge, threatened and (ii) subject to entry of the Sale Orders each such Permit may be transferred or reissued to Buyer in accordance with this Agreement and without the approval of any Person (other than the Bankruptcy Courts).

(c) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws except as has not been, and would not be reasonably expected to be material, to the Business, taken as a whole. Except as set out in Section 3.6(c) of the Disclosure Letter, during the past three (3) years Sellers have not been charged with, nor received any notice that it is under investigation with respect to, and, to the Knowledge of Sellers, no Seller is otherwise now under investigation with respect to, any violation of any applicable Law or other requirement of a Governmental Authority. No Seller sells, or has ever sold, in relation to the Transferred Assets, any product or provided any services to any Governmental Authority. In respect to the Transferred Assets, no Seller is currently a party to or subject to any Contract with any Governmental Authority. Sellers are not debarred or suspended from doing business with any Governmental Authority.

(d) Each Seller, and any such officer and director and, to the Knowledge of the Sellers, any agent acting on behalf of such Seller, in relation to the Transferred Assets, is in compliance and has since the Compliance Date complied with applicable anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), all national and international laws enacted to implement the Organization for Economic Co-operation and Development Convention on Combatting Bribery of Foreign Officials in International Business Transactions, and other similar Laws of those countries in which any Seller conducts business (collectively, "Anti-Corruption Laws"), and to Knowledge of the Sellers there are no unresolved investigations or claims concerning any Liability of Sellers with respect to such Laws. Each Seller has policies and procedures in place that are reasonably designed to (i) prevent, detect, and deter bribery and corruption in the conduct of the Business, and (ii) achieve compliance by the Business with all applicable anti-corruption Laws.

(e) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Customs and International Trade Laws, and at no time has any Seller or, to Seller's Knowledge, any Person acting on behalf of the Business committed any violation of the Customs and International Trade Laws of those

countries in which Sellers are engaged in the Business. Except as set forth on Section 3.6(e) of the Disclosure Letter, the conduct of the Business and Sellers is, and during the past three (3) years has been, in all material respects, in compliance with all Laws governing or concerning the payment of all customs duties, countervailing duties, fees and charges applicable to and due with respect to all import transactions, including any countervailing or antidumping duties. No products, goods, parts, or accessories imported in the course of engaging in the Business are or have been subject to any countervailing or antidumping duty investigation, order, notice or other proceeding by any Governmental Authority. There are no material unresolved questions or claims concerning any Liability of any conduct in furtherance of the Business with respect to Customs and International Trade Laws applicable to the import or export of goods. Without limiting the foregoing, neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any notice that it is subject to any civil or criminal investigation, audit or any other inquiry involving or otherwise relating to any alleged or actual violation of the Customs and International Trade Laws.

(f) Each Seller, in relation to the Transferred Assets, is (and has been at all times during the past three (3) years) in compliance with all applicable Laws relating to the importation of materials into the countries in which the Sellers conduct the Business. The origin declarations made in furtherance of the Business are and, during the past three (3) years have been, accurate and based on the exercise of reasonable care. Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business has received any written, or to the Knowledge of Sellers, oral, communication with respect to the conduct of the Business during the past three (3) years from any Governmental Authority that (i) excludes products or materials or (ii) asserts that any Seller owes additional duties, liquidated damages, penalties or fees.

(g) Neither Sellers nor, to Seller's Knowledge, any Person acting on behalf of the Business (i) has been or is designated on any list maintained by any U.S. governmental entity responsible for the implementation or enforcement of Customs and International Trade Laws (each such person a "Listed Person"), or (ii) is directly or indirectly 50 percent or more owned by, or otherwise controlled by or acting for (A) any Listed Person or (B) any Governmental Authority or Person that is the subject or target of a comprehensive embargo under Law, or (iii) is located, organized or resident in any country or territory that is the subject or target of a comprehensive embargo under Law (currently, Cuba, Iran, North Korea, Syria, and certain regions of Ukraine).

Section 3.7 Litigation. Except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that questions or challenges (i) the validity of this Agreement or the Ancillary Agreements,(ii) any action taken or proposed to be taken by the Sellers pursuant to this Agreement or Ancillary Agreements or in connection with the transactions contemplated by this Agreement, or (iii) the Intellectual Property rights owned by the Sellers or their Subsidiaries (excluding any objections, rejections, oppositions, or other such proceedings at the United States Patent and Trademark Office, the U.S. Copyright Office, or such other filing offices, domestic or foreign, challenging the registrability of such Intellectual Property). Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no Actions pending or, to the Knowledge of the Sellers, threatened in writing against the Sellers that involves or affects the Transferred Assets or the Business. Except as set forth on Section 3.7 of the Disclosure Letter and except for Actions filed in the Bankruptcy Courts, there are no material Actions pending or, to the

Knowledge of the Sellers, threatened in writing against the Sellers based on, arising out of, in connection with or otherwise relating to (i) the non-payment of wages or other compensation to employees or (ii) violation of Law with respect to the employment or termination of employment of or failure to employ any individual.

Section 3.8 Labor and Employment Matters.

(a) No Seller is a party to or bound by a collective bargaining agreement.

(b) Solely with respect to the Business, (i) there is no unfair labor practice charge or complaint pending or, to Sellers' Knowledge, threatened against Sellers before the National Labor Relations Board or any similar Governmental Authority, (ii) no labor union, labor organization, works council or group of Employees has made a pending demand in writing for recognition or certification as the bargaining agent of the Employees, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of Sellers, threatened to be brought or filed with the National Labor Relations Board or any similar Governmental Authority, (iii) to the Knowledge of Sellers, there are no pending or threatened union organizing or decertification activities and (iv) there are no pending or, to Sellers' Knowledge, threatened strikes, work stoppages, lockouts, slowdowns or other material labor disputes, that, in each case of (i) through (iv), would reasonably be expected to be material to the Business, taken as a whole.

(c) Solely with respect to the Business, each Seller is and for the past three (3) years has been in compliance with all applicable Laws respecting labor, labor relations, employment and employment practices, including but not limited to all Laws respecting collective bargaining, the terms and conditions of employment, wages, hours, equal employment opportunity, employment discrimination, worker classification (including the proper classification of workers as independent contractors and consultants, and employees as exempt or non-exempt for overtime pay), immigration, work authorization, occupational health and safety, workers' compensation, vacation pay, the payment of social security and other employment Taxes, disability rights or benefits, plant closures and layoffs, affirmative action, labor relations, employee leave issues and unemployment insurance, in each case, except as would not reasonably be expected to be material to the Business, taken as a whole.

Section 3.9 Real Property. Section 3.9 of the Disclosure Letter sets forth a correct and complete legal description of each parcel of real property leased or sub-leased by any Seller (the "Leased Real Property"). The Leased Real Property constitutes all of the real property owned, leased, occupied or otherwise used in connection with the Business.

Section 3.10 Intellectual Property.

(a) A true, correct and complete list (in all material respects) of all (i) issued Patents and pending Patent applications, (ii) registered Trademarks and applications to register any Trademarks, (iii) registered Copyrights and applications for registration of Copyrights, and (iv) domain name registrations, in each case which is owned by any Seller and relates to the Business (the "Registered IP") is set forth on Section 3.10(a) of the Disclosure Letter. Sellers are the sole and exclusive owners of all material Intellectual Property included in the Transferred IP that is

owned or purportedly to be owned by such Seller or such Subsidiary, including all Registered IP, and all items of such Registered IP are subsisting, and, to the Knowledge of Sellers, valid and enforceable. No claim has been made or, to the Knowledge of Sellers, threatened alleging that any such Registered IP is invalid or unenforceable in whole or in part or challenging the use or of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers. Except as disclosed on Section 3.10(a) of the Disclosure Letter, none of the Intellectual Property owned by a Seller or any Subsidiaries of the Sellers is subject to any outstanding order, judgment, or stipulation restricting the use thereof by any of the Sellers or any Subsidiary of any Seller.

(b) The conduct of the Business (including the products and services sold or performed by the Sellers and their respective Subsidiaries in the conduct of the Business) and the use, practice or exploitation of the Transferred IP and other Intellectual Property as currently used, practiced or exploited by Sellers and any Subsidiaries of the Sellers in the conduct of the Business do not, to the Knowledge of the Sellers, infringe, misappropriate or otherwise violate (and, since January 1, 2021 have not infringed, misappropriated or otherwise violated) any Person's Intellectual Property rights, and since January 1, 2021 there has been no such Action asserted or, to the Knowledge of Sellers, threatened against any Seller or any Subsidiary of such Seller.

(c) Other than third-party commercial "off-the-shelf" software licensed by the Sellers or their Subsidiaries on standard terms and conditions and Intellectual Property that is governed by any Excluded Contract, the Transferred IP constitutes all material Intellectual Property used in, held for use or necessary for the conduct of the Business as currently conducted.

(d) To the Knowledge of Sellers, no Person is infringing, misappropriating or otherwise violating in any material respect any Intellectual Property owned by or exclusively licensed to Sellers or any Subsidiary of any Seller that is a Transferred Asset or is used in or relates to the Business or the products and services of the Business, and since January 1, 2021, no such Actions have been asserted or threatened against any Person by any Seller or any Subsidiary of such Seller.

(e) Sellers have taken commercially reasonable steps to safeguard and maintain the Transferred IP, including maintaining the confidentiality of all trade secrets and other material confidential or proprietary information related primarily to the Business, and none of such confidential or proprietary information has been disclosed other than to employees, contractors, representatives and agents of the Sellers and the Subsidiaries of the Sellers, and other third parties in connection with the operation of the Business, all of whom are bound by written confidentiality agreements. To the Knowledge of Sellers, no Person is in violation of any such agreement.

Section 3.11 Tax Matters.

Except as set forth in Section 3.11 of the Disclosure Letter:

(a) All material Tax Returns required to be filed by or with respect to the Transferred Assets or the Business have been timely filed, and all such Tax Returns are true, correct and complete in all material respects. Except for any Taxes that need not be paid pursuant to an Order of the Bankruptcy Courts or pursuant to the Bankruptcy Code or CCAA, subject to any obligation of Sellers under the Bankruptcy Code and the CCAA, all material Taxes due and

payable by or with respect to the Transferred Assets or the Business have been timely paid (whether or not shown as due on any Tax Return).

(b) There is no action, suit, claim, deficiency, assessment, or audit pending, proposed in writing, or, to Sellers' Knowledge, threatened in writing with respect to material Taxes of or relating to the Transferred Assets or the Business.

(c) There are no Encumbrances for Taxes upon the Transferred Assets, other than Permitted Encumbrances.

(d) No agreement, waiver, extension or consent regarding the application of the statute of limitations with respect to any material Taxes or material Tax Returns of or with respect to the Transferred Assets or the Business is outstanding, nor is there pending any request for such an agreement, waiver, extension or consent.

(e) All material Taxes required to have been deducted, withheld, collected or deposited by the Sellers with respect to the Business have been timely deducted, withheld, collected or deposited and, to the extent required, have been paid or remitted to the relevant Tax authorities.

(f) None of the Canadian Transferred Assets are owned by a Seller that is a non-resident of Canada for purposes of the *Income Tax Act* (Canada), other than such assets that are not "taxable Canadian property" or are "excluded property" of such other Sellers for purposes of section 116 of the *Income Tax Act* (Canada).

(g) Solowave Design LP is a "Canadian partnership" for purposes of the *Income Tax Act* (Canada), and Solowave International Inc., Solowave Design Holdings Limited, and Solowave Design Inc. are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada).

The representations and warranties set forth in this Section 3.11 and Section 3.8(c) constitute the sole and exclusive representations and warranties of Seller with respect to Tax matters in connection with the Business and the Transferred Assets, and no other provision of this Agreement shall be deemed to address or include such matters.

Section 3.12 Environmental Matters.

(a) As of the date hereof, Sellers, the Transferred Assets and the Business are in compliance in all respects with all applicable Environmental Laws, which compliance includes, but is in no way limited to, compliance with the terms of, all Environmental Permits, except in each case, as such noncompliance would not be reasonably expected to have a Material Adverse Effect.

(b) As of the date hereof, Sellers, the Transferred Assets and the Business are in possession of all material Environmental Permits required in connection with the lawful conduct or operation of the Business and the ownership or use of the Transferred Assets as currently operated. There is no material claim or action currently pending or, to the Knowledge of Sellers,

threatened, that is or would reasonably be expected to result in the cancellation, revocation or other adverse or limiting modification of any such Environmental Permit.

(c) There is no Environmental Claim pending or, to the Knowledge of Sellers, threatened against or affecting any Seller, Transferred Asset or the Business that would be reasonably expected to have a Material Adverse Effect. There are no environmental conditions, including the presence of any Hazardous Material at the Leased Real Property, which would be reasonably likely to form the basis of any Liability of the Business, any Transferred Asset or of any Environmental Claim against or affecting any Seller or the Business that would be reasonably expected to have, a Material Adverse Effect.

Section 3.13 Material Contracts.

(a) Subject to requisite approvals from the Bankruptcy Courts, as applicable, and assumption by the applicable Seller of the applicable Contract in accordance with applicable Law and except as a result of the commencement of the Bankruptcy Cases, each Transferred Contract is in full force and effect and is a valid, binding and enforceable obligation of the applicable Seller and, to the Knowledge of Sellers, each of the other Parties thereto, except as may be limited by the Enforceability Exceptions. Except as set forth on Section 3.13(a) of the Disclosure Letter, or as would not reasonably be expected to be material to the Business, taken as a whole, no Seller is in default, or is alleged by the counterparty thereto to have breached or to be in default, under any Transferred Contract, and, to the Knowledge of Sellers, the other party to each Transferred Contract is not in default thereunder. No Transferred Contract has been canceled or otherwise terminated, and no Seller has received any notice from any Person regarding any such cancellation or termination.

Section 3.14 Financial Statements.

(a) True, correct and complete copies of (i) the audited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of KK OpCo and its Subsidiaries as of March 31, 2023, together with the auditor's reports thereon (the "Audited Financial Statements") and (ii) an unaudited consolidated balance sheets and statements of income, changes in shareholders' equity and cash flow of the Sellers as of and for the 11-month period ended February 29, 2024 (the "Interim Financial Statements" and, together with Audited Financial Statements, the "Financial Statements") have been provided to Buyer. The Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Sellers as of the dates and for the periods indicated in such Financial Statements, have been prepared in all material respects, in accordance with the books of account and other financial records of the Sellers and have been prepared, in all material respects, in conformity with GAAP (except, in the case of the Interim Financial Statements, for the absence of footnotes and other presentation items and for normal year-end adjustments that are not material individually or in the aggregate).

Section 3.15 Accounts Receivable. Sellers have not entered into any agreement to discount or accelerate the payment of the Transferred A/R. The Transferred A/R has arisen from bona fide transactions entered into by the Sellers in the Ordinary Course of Business consistent with past practice and, other than A/R Dilution, are not subject in any material respect to claims

of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business.

Section 3.16 Inventory. On and as of the Execution Date, the level of inventory and raw materials (as of type, category, style, brand and description, and proportion to all Purchased Inventory) is in all material respects consistent with the level and mix set forth in the KK Inventory File as of the date hereof.

Section 3.17 Certain Payments. Since the Compliance Date, no Seller (nor, to the Knowledge of Sellers, any of their respective Representatives) has, in violation of Anti-Corruption Laws, (a) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees; (c) violated or is violating any provision of the FCPA; (d) established or maintained, or is maintaining, any unlawful fund of corporate monies or other properties; or I made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

Section 3.18 Competition Act; Cultural Business. For purposes of subsection 110(2) of the Competition Act (Canada), each of (a) the total value of the Transferred Assets that are assets in Canada and (b) the gross revenues from sales prescribed by that subsection, each measured in accordance with the Competition Act (Canada) and the regulations thereunder as at Closing, will be less than the review threshold amount as determined pursuant to subsections 110(8) and 110(9) of the Competition Act (Canada). The Business does not include a "cultural business" as that term is defined in subsection 14.1(6) of the Investment Canada Act.

Section 3.19 Financial Advisors. Neither Buyer nor any Designated Buyer is and will become obligated to pay any fee or commission or like payment to any broker, finder, or financial advisor as a result of the consummation of the transactions contemplated by this Agreement based upon any arrangement made by or on behalf of Sellers.

Section 3.20 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to Buyer or any of its Affiliates or Representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), no Seller makes, or has made, (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty with respect to the Business or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, and Buyer and its Representatives are not relying on any representation, warranty or other information of any Seller or any Person except for those expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v). No Seller makes (and each Seller and their respective Affiliates and Representatives, hereby disclaims) any express or implied representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, any Seller or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or its Representatives, or resulting from the omission of, any estimate, projection, prediction, data, budget, forecast, financial information, memorandum, prospect information,

presentation or any other materials or information, including any oral, written, video, electronic or other materials or information presented to or made available to Buyer in connection with presentations by KK OpCo's management or information made available on any "data sites" or in the course of their due diligence investigation of the Business, the negotiation of this Agreement or the course of the transactions contemplated by this Agreement except as expressly set forth in this Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as to only itself as follows:

Section 4.1 Organization. Buyer is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has all necessary corporate (or equivalent) power and authority to perform its obligations hereunder and under any Ancillary Agreement.

Section 4.2 Authority. Buyer has the power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action and this Agreement has been, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will have been, duly executed and delivered by Buyer and assuming due execution and delivery by each of the other Parties and thereto, this Agreement constitutes, and upon its execution each of the Ancillary Agreements to which Buyer will be a party will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents.

(a) Assuming that (x) entry is made by the Bankruptcy Courts of the Sale Orders, (y) the notices, authorizations, approvals, Orders, permits or consents set forth on Section 3.3(b) of the Disclosure Letter are made, given or obtained (as applicable) and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which Buyer will be a party, and the consummation of the transactions contemplated hereby and thereby, or compliance by Buyer with any of the provisions hereof, do not and will not:

(i) conflict with the Organizational Documents of Buyer;

(ii) conflict with or violate any Law applicable to Buyer or by which any property or asset of Buyer is bound or affected;

(iii) conflict with or violate any Order of any Governmental Authority; or

(iv) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or give rise to a right of termination, modification, notice or cancellation or require any consent of any Person pursuant to, any Contract to which Buyer is a party.

except, in each case of clauses (i) through (iv), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement;

(b) Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by Buyer of this Agreement and each of the Ancillary Agreements to which it will be a party or the consummation of the transactions contemplated hereby or thereby, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.4 Absence of Litigation. There is no Action pending or, to the knowledge of Buyer, threatened in writing, against Buyer that, if adversely determined, (a) would prevent or materially restrict, impede or delay the performance by Buyer of its obligations under this Agreement or (b) would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

Section 4.5 Qualification.

(a) To the knowledge of Buyer, there exist no facts or circumstances that would cause, or be reasonably expected to cause, Buyer and/or its Affiliates not to qualify as "good faith" purchasers under Section 363(m) of the Bankruptcy Code.

(b) As of the Closing, Buyer will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to the Transferred Contracts, if any, that are being transferred to it.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to any fee, commission or expense from Buyer that would be payable by Sellers in connection with the transactions contemplated hereby.

Section 4.7 Sufficient Funds; Solvency. Buyer has, or will have available to it at the Closing, sufficient funds to satisfy all obligations of Buyer under this Agreement, including the payment of a portion of the Initial Cash Consideration and any associated expenses including to pay all fees, costs and expenses to be paid by Buyer related to the transactions contemplated hereby. Assuming the accuracy of the representation and warranties of the Sellers set forth in

Article III, Buyer is not insolvent (either because of its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair value of its assets will be less than the amount required to pay its probable liabilities on its debts as they become absolute and matured). Buyer and each Designated Buyer, as applicable, has or will have available to it at the Closing, sufficient access to capital to satisfy the Assumed Liabilities. Without limiting this Section 4.7, in no event shall the receipt or availability of any funds or financing be a condition to Closing or to any of Buyer's obligations hereunder.

Section 4.8 Exclusivity of Representations and Warranties.

(a) Except for the representations and warranties expressly set forth in this Article IV, neither Buyer nor any other Person on behalf of Buyer makes (and Buyer, on behalf of itself, its Subsidiaries, and their respective Affiliates and Representatives, hereby disclaims), and KK Parent has not relied on, any express or implied representation or warranty with respect to Buyer, its Subsidiaries or any of their respective businesses, operations, properties, assets, liabilities or otherwise in connection with this Agreement or the transactions contemplated hereby, including as to the accuracy or completeness of any information.

(b) Except for the representations and warranties expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v), Buyer acknowledges and agrees that (x) no Seller or any other Person on behalf of any Seller makes, or has made, any express or implied representation or warranty, at law or in equity, with respect to Sellers or with respect to the accuracy or completeness of any information provided, or made available, to Buyer or any of its Affiliates or Representatives, including with respect to its business, operations, assets (including the Transferred Assets), liabilities (including the Assumed Liabilities), conditions (financial or otherwise), prospects or otherwise in connection with this Agreement or the transactions contemplated by this Agreement, including any representation or warranty as to value, merchantability, fitness for any particular purpose or for ordinary purposes, and Buyer and its Representatives are not relying on any written or oral statement, representation, warranty, guaranty or other information of any Seller or any Person except for those expressly set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) or (y) no person has been authorized by Sellers or any other Person on behalf of Sellers to make any representation or warranty relating to the Business in connection with this Agreement, and if made, such representation or warranty shall not be relied upon by Buyer as having been authorized by such entity. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that no Seller or any other Person has made a representation or warranty (including as to completeness or accuracy) to Buyer with respect to, and no Seller or any other Person shall be subject to any liability to Buyer or any other Person resulting from, Sellers or their respective Representatives providing, or making available, to Buyer or any of its Affiliates or their respective Representatives, or resulting from the omission of, any estimate, projection, prediction, data, financial information, memorandum, presentation or any other materials or information, including any materials or information made available to Buyer and/or its Representatives in connection with presentations by KK OpCo's management or information made available on any "data sites." Buyer acknowledges that it has conducted, to its satisfaction, its own independent investigation of the condition (financial or otherwise), operations and business of Sellers and, in making its determination to proceed with the transactions contemplated by this Agreement, Buyer has relied solely on the results of its own independent investigation and representations and warranties set

forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v) and has not relied directly or indirectly on any materials or information made available to Buyer and/or its Representatives by or on behalf of any Seller. Buyer acknowledges that, should the Closing occur, Buyer shall acquire its portion of the Business and the Transferred Assets, as set forth in this Agreement, without any surviving representations or warranties, on an "as is" and "where is" basis.

ARTICLE V

BANKRUPTCY COURT MATTERS

Section 5.1 Debtors-in-Possession. As of the Petition Date through the Closing, Sellers shall continue to operate their businesses as debtors-in-possession pursuant to the Bankruptcy Code and any Order of the Bankruptcy Courts.

Section 5.2 Sale Orders. The U.S. Sale Order shall among other things, (a) approve, pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, (i) the execution, delivery and performance by Sellers of this Agreement, (ii) the sale of the Transferred Assets to Buyer on the terms set forth herein and free and clear of all Encumbrances (other than Permitted Encumbrances), and (iii) the performance by Sellers of their respective obligations under this Agreement; and (b) find that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code and the sale is entitled to the protections afforded under Section 363(m) of the Bankruptcy Code. The Canadian Sale Order shall, among other things, (a) recognize and give full force and effect to the U.S. Sale Order in Canada pursuant to the CCAA, and (b) vest the Canadian Transferred Assets in and to the Buyer, free and clear of all Encumbrances other than the Permitted Encumbrances.

Section 5.3 Cooperation with Respect to Approvals from the Bankruptcy Courts. Buyer shall take such commercially reasonable actions as are reasonably requested by Sellers to assist in obtaining entry by the Bankruptcy Courts of the Sale Orders, including furnishing affidavits or other documents or information for filing with the Bankruptcy Courts for purposes of, among other things: (a) demonstrating that Buyer is a "good faith" purchaser within the meaning of Section 363(m) of the Bankruptcy Code; and (b) establishing "adequate assurance of future performance" within the meaning of Section 365 of the Bankruptcy Code.

Section 5.4 Bankruptcy Court Filings.

(a) Sellers shall consult with Buyer concerning the Sale Orders and any other Orders of the Bankruptcy Courts entered after the date hereof relating to the transactions contemplated herein, and the bankruptcy proceedings in connection therewith.

(b) Sellers shall provide Buyer with copies of any material applications, pleadings, notices, proposed Orders and other documents to be filed by Sellers in the Bankruptcy Cases that relate in any material respect to this Agreement, the Transferred Assets, or Buyer at least 24 hours prior to the making of any such filing or submission to the Bankruptcy Courts, and such documents shall be in form and substance acceptable to the Parties in their reasonable discretion to the extent of their respective consent rights set forth in Section 2 thereof.

Section 5.5 Appeal of Sale Orders. In the event an appeal is taken or a stay pending appeal is requested from any Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and provide Buyer a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of any Sale Order, Sellers shall, in consultation with Buyer, be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal. In such case, Sellers will provide Buyer with a draft copy of any filing or submission at least three (3) Business Days prior to the filing or submission to the applicable Bankruptcy Court and any such documents shall be in form and substance acceptable to the Parties to the extent of their respective consent rights set forth in Section 2 of the RSA.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business Prior to the Closing. From the date of this Agreement until the Closing Date or earlier termination of this Agreement,

(a) except (1) as otherwise expressly required by this Agreement, (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use commercially reasonable efforts to conduct the Business in the Ordinary Course of Business and preserve the material business relationships with customers, suppliers, distributors and others with whom Sellers deal in the Ordinary Course of Business (including timely payment of post-petition accounts payable, purchasing and maintaining appropriate levels of Inventory, performing all reasonably required maintenance and repairs, making capital expenditures and collecting receivables);

(b) except (1) as otherwise expressly required by this Agreement (including with respect to a Qualifying Alternative Transaction), (2) as expressly set forth in Section 6.1 of the Disclosure Letter, (3) as required by Law (including the Bankruptcy Code) or required by any Order, (4) for any limitations on operations or requirements imposed by the Bankruptcy Courts, the Bankruptcy Code, the CCAA, the DIP Order, or the DIP Facility or the Prepetition Credit Agreement; or (5) with the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall not:

(i) sell, transfer, lease, sublease, license, abandon, encumber or otherwise dispose of any Transferred Assets other than immaterial dispositions thereof and/or Inventory sold or disposed of in the Ordinary Course of Business;

(ii) acquire any corporation, partnership, limited liability company, other business organization or division thereof related to or affecting the Business or the

Transferred Assets or any material assets, except acquisitions of raw materials in the Ordinary Course of Business;

(iii) fail to make payments in accordance with and as contemplated by the Prepetition Budget or the DIP Budget;

(iv) enter into any joint venture agreement that involves a sharing of profits, cash flows, expenses or losses with other Persons related to or affecting the Business or the Transferred Assets;

(v) (1) reject, terminate (other than by expiration in accordance with its terms), or materially amend any Transferred Contract or seek approval of the Bankruptcy Courts to do so, or (2) fail to use commercially reasonable efforts to oppose any action by a third party to so terminate (including any action by a third party to obtain approval of the Bankruptcy Courts to terminate) any Transferred Contract;

(vi) make any loans, advances or capital contributions to, or investments in, any other Person (other than to a Seller in the Ordinary Course of Business);

(vii) subject any of the Transferred Assets to any Encumbrance other than Permitted Encumbrances;

(viii) incur, guarantee or assume any indebtedness for borrowed money, enter into any capital lease or guarantee any such indebtedness except for indebtedness under the DIP Facility or the Prepetition Credit Agreement;

(ix) use the sale theme "going out of business";

(x) modify, amend, terminate or waive any rights under any Transferred Contract;

(xi) change or modify any material accounting practice, policy or procedure, except as required by GAAP or applicable Law;

(xii) except as required by applicable Law, (1) revoke or change any material Tax election or method of accounting with respect to Taxes, (2) make any material Tax election inconsistent with past practices and outside ordinary course of business, (3) file any amended Tax Return, (3) enter into any closing agreement or settle or compromise any material Tax claim or assessment, or (4) consent to any extension or waiver of the limitation period applicable to any claim or assessment with respect to Taxes; in each case to the extent such action could adversely affect Buyer or any of its Affiliates in a Tax period that ends after the Closing Date;

(xiii) ship, sell or transfer any Inventory during the period that is between the Inventory Count and the Closing Date;

(xiv) amend the DIP Budget; or

(xv) agree or commit to any of the foregoing; and

(c) from the date of this Agreement until the Closing Date or earlier termination of this Agreement, Sellers shall use reasonable best efforts to clear any unapplied cash in respect of the Transferred A/R.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Sellers, or the Business prior to the Closing and (ii) prior to the Closing, Sellers shall exercise, consistent with, and subject to, the terms and conditions of this Agreement, complete control and supervision over the Business and their operations.

Section 6.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date or earlier termination of this Agreement, upon reasonable request, Sellers shall afford Buyer and its Representatives reasonable access to the properties, offices, plants and other facilities, books and records (including Tax books and records) of Sellers, solely with respect to the Business, and shall furnish Buyer with such financial, operating and other data and information, and access to all the officers, employees, customers, vendors, accountants and other Representatives of Sellers, solely with respect to the Business, as any Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything to the contrary in this Agreement, Sellers shall not be required to provide access to or disclose any information to any Buyer or its Representatives if (i) such access or disclosure is prohibited pursuant to the terms of a confidentiality agreement with a third party entered into prior to the date hereof, (ii) such access or disclosure would violate applicable Law, or (iii) such access or disclosure would adversely affect any attorney-client or other legal privilege or contravene and applicable Laws (the "Disclosure Limitations"); provided that the Parties shall reasonably cooperate in seeking to find a way to allow disclosure of such information to the extent doing so would not (in the good faith belief of Sellers after consultation with outside counsel) violate any such confidentiality agreement or applicable Law, or cause such privilege to be undermined with respect to such information.

(b) The information provided pursuant to this Section 6.2 prior to Closing will be used solely for the purpose of effecting the transactions contemplated hereby, and will be governed by the terms and conditions of the Confidentiality Agreement, which Confidentiality Agreement shall not terminate upon the execution of this Agreement notwithstanding anything to the contrary therein. The Confidentiality Agreement shall terminate automatically, and with no further action required of any party thereto, upon the Closing. No Seller makes any representation or warranty as to the accuracy of any information, if any, provided pursuant to this Section 6.2, and Buyer may not rely on the accuracy of any such information (and Buyer hereby knowingly and expressly disclaims any reliance with respect to any such information), except to the extent of the representations and warranties set forth in Article III or in the officer's certificate delivered pursuant to Section 2.10(b)(v).

(c) From and after the Closing, until the closing of the Bankruptcy Cases, Buyer will provide Sellers and their Representatives, with reasonable access, during normal business

hours, and upon reasonable advance notice, subject to reasonable denials of access or delays to the extent any such access would unreasonably interfere with the operations of either Buyer or the Business, to the books and records, including work papers, schedules, memoranda, and other documents (for the purpose of examining and copying) that are in its possession or reasonable control relating to its respective Transferred Assets, its respective Assumed Liabilities, or the Excluded Assets with respect to periods or occurrences prior to the Closing Date, for the purposes of (i) complying with the requirements of any Governmental Authority, including the Bankruptcy Courts, (ii) the closing of the Bankruptcy Cases and the wind down of Sellers' estates (including reconciliation of claims and preparation of Tax Returns or other Tax proceedings and the functions of any trusts established under the Plan), (iii) complying with applicable Laws or (iv) other reasonable business purposes; provided that no Buyer shall be obligated to provide any such access that would, in the reasonable, good faith judgment of Buyer, conflict with the Disclosure Limitations. Unless otherwise consented to in writing by KK OpCo, Buyer will not, for a period of three (3) years following the Closing Date, destroy, alter or otherwise dispose of any of such books and records without first offering to surrender to KK OpCo such books and records or any portion thereof that Buyer may intend to destroy, alter or dispose of.

Section 6.3 Employee Matters.

(a) Not later than three (3) Business Days prior to the Designation Deadline, Buyer shall provide (or cause an Affiliate to provide) to each Seller employee identified on Section 6.3 of the Disclosure Letter, an offer of employment which such employment shall commence as of the Closing, that provides for (i) a base annual salary or hourly wage rate, as applicable, that is not less than such employee's base annual salary or hourly wage rate, as applicable, with the applicable Seller immediately prior to the Closing, and (ii) benefits comparable to those provided by Buyer to its similarly situated employees. Buyer shall use commercially reasonable efforts to ensure that each offer of employment executed by a Transferred Employee reflects a full release by such employee of any and all Liabilities, obligations and/or causes of action of or against any Seller and its Affiliates. At any time during the period commencing from the Effective Date until the Designation Deadline, Buyer may amend or revise the employee list on Section 6.3 of the Disclosure Letter in order to (i) add any employee employed by a Seller as of the date thereof, or (ii) remove any Seller employee based on such employee's actions that would give rise to a for cause employment termination. Each Seller employee who receives and accepts (or is deemed with a base salary equal to or better than the Company's existing terms to have accepted) Buyer's (or an Affiliate of Buyer's) offer of employment and who commences employment with Buyer or an Affiliate thereof on the Closing shall be a "Transferred Employee". Sellers will reasonably cooperate with Buyer with respect to such employee matters. Buyer shall, or shall cause its Affiliate to, credit each Transferred Employee with the amount of paid time off accrued, but unused by such Transferred Employee as of the Closing Date.

(b) Sellers shall retain all Liabilities relating to all unpaid wages, salaries, commissions and other compensation amounts, earned or accrued on or before the Closing Date by or in respect of all of their current and former employees, including the Transferred Employees. During the ninety (90) days from Closing, Buyer shall not, and shall cause its Affiliates not to, take any action that causes any Seller or Affiliate of Seller to incur Liabilities under the WARN Act.

(c) Nothing herein, expressed or implied, shall confer upon any Seller employees (or any of their beneficiaries or alternate payees) any rights or remedies (including any right to employment or continued employment, or any right to compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise. In addition, the provisions of this Section 6.3, are for the sole benefit of the parties to this Agreement and are not for the benefit of any third party.

Section 6.4 Consents and Filings; Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall, and shall cause its Subsidiaries to, use reasonable best efforts to cooperate with each other Party and to, promptly take, or cause to be taken, any and all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the Ancillary Agreements, in accordance with the terms hereof and thereof. This Section 6.4(a) does not apply with respect to Taxes.

(b) From time to time, whether at or following the Closing, Sellers and Buyer shall execute, acknowledge and deliver all such further conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to vest in Buyer all the right, title, and interest in, to or under its Transferred Assets, to provide Buyer and Sellers all rights and obligations to which they are entitled and subject pursuant to this Agreement and the Ancillary Agreements, and to otherwise make effective as promptly as practicable the transactions contemplated by this Agreement and the Ancillary Agreements. Each of the Parties will take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under applicable Laws to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to such obligations to be satisfied. Notwithstanding the foregoing, nothing in this Section 6.4 shall (a) require Sellers or Buyer or any of their Affiliates to make any expenditure or incur any obligation on their own or on behalf of any other Party (unless funds in the full amount thereof are advanced by such other Party in cash) or (b) prohibit Sellers or any of their Affiliates from ceasing operations or winding up its affairs following the Closing.

(c) Sellers and Buyer shall cooperate with each other and, as promptly as practicable after the date of this Agreement, take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to obtain the transfer or reissuance to the applicable Buyer of all Environmental Permits necessary to lawfully own and operate the Business and Transferred Assets. The Parties shall take, or cause to be taken, all reasonable actions, and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Laws to (i) respond promptly to any requests for additional information made by such agencies, (ii) participate in any hearings, settlement proceedings or other proceedings ordered with respect to applications to transfer or reissue such Environmental Permits, and (iii) cause regulatory approval to be obtained as soon as practicable after the date of filing. Each Party will bear its costs of the preparation and review of any such filing. Sellers and Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection any

filings to transfer the Environmental Permits and the filing Party shall consider in good faith any revisions reasonably requested by the non-filing Party.

(d) Following Closing, Sellers shall cooperate with Buyer's reasonable requests with respect to the investigation and prosecution of any Actions related primarily to the Business or the Transferred Assets (other than in connection with disputes between the Parties), including taking, or causing to be taken, all actions, and doing, or causing to be done, all things necessary, proper or advisable under applicable Laws to furnish all reasonably available information and testimony, to arrange discussions with, and the calling as witnesses of, officers, directors, employees, agents and Representatives, and to provide other reasonable assistance in connection with any such Actions, with such cooperation to be at the cost and expense of the requesting Buyer.

Section 6.5 Refunds and Remittances.

(a) After the Closing: (i) if Sellers or any of their Affiliates receive any refund or other amount that is a Transferred Asset or is otherwise properly due and owing to a Buyer in accordance with the terms of this Agreement, Sellers promptly shall remit, or shall cause to be remitted, such amount to Buyer in accordance with this Agreement and (ii) if any Buyer or any of its Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Sellers or any of their Affiliates in accordance with the terms of this Agreement, Buyer promptly shall remit, or shall cause to be remitted, such amount to Sellers in accordance with this Agreement.

(b) In the event that, from and after the Closing, (i) Sellers or any of their Affiliates have retained ownership of a Transferred Asset, then, for no additional consideration to Sellers or any of their Affiliates, Sellers shall, and shall cause their controlled Affiliates to, convey, assign or transfer promptly such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Transferred Asset to the applicable Buyer or its designees in accordance with this Agreement, (ii) any Excluded Asset has been conveyed to or is received by a Buyer, then, without any consideration payable to Buyer or any of its Affiliates, Buyer shall convey, assign or transfer promptly such Excluded Asset to Sellers in accordance with this Agreement, and the Parties shall execute all other documents and instruments, and take all other lawful actions reasonably requested, in order to convey, assign and transfer such Excluded Asset to Sellers or their designees in accordance with this Agreement.

Section 6.6 Public Announcements and Communications. From the date hereof through the Closing Date, neither Buyer, on the one hand, nor Sellers, on the other hand, shall issue any public report, statement, press release or otherwise make any public statement regarding this Agreement or the transactions contemplated hereby, without the prior written consent of Buyer and KK OpCo, unless otherwise required by applicable Law, in which case such Party shall coordinate and consult with the other Party with respect to the timing, basis, scope and content before issuing any such report, statement or press release; provided, however, that nothing in this Section 6.6 shall (a) prohibit or delay any required filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority or otherwise hinder either KK OpCo's or its Representatives' ability to timely comply with all Laws (including the Bankruptcy Code, the

CCAA and the WARN Act), (b) prohibit any public announcement containing information that is otherwise generally available to the public (including as a result of any filing or other disclosure with the Bankruptcy Courts, or any other Governmental Authority) or (c) delay or prohibit any WARN Act-related notice issued by KK OpCo. Until the Closing Date, Buyer and Sellers shall use commercially reasonable efforts to develop mutually agreeable messaging for any communications to employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement. Sellers shall consult with Buyer before any material communications (other than those made in the Ordinary Course of Business) to any employees, customers, vendors or suppliers, or as may be necessary to obtain any required third party consent or approval in connection with this Agreement.

Section 6.7 Collection of Accounts Receivable. Subject to the terms of the DIP Order:

(a) As of the Closing Date, each Seller hereby (i) authorizes Buyer and any Buyer designee to open any and all mail addressed to any Seller relating to the Business or the Transferred Assets and delivered to the offices of the Business or otherwise to Buyer or any Buyer designee if received on or after the Closing Date and (ii) appoints Buyer, any Buyer designee or its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by Buyer of any Buyer designee after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed or products delivered by Buyer after the Closing, as the case may be, made payable or endorsed to any Seller or Seller's order, for Buyer's or any Buyer designee's own account.

(b) As of the Closing Date, each Seller agrees that any monies, checks or negotiable instruments received by any Seller after the Closing Date with respect to Transferred A/R or accounts receivable relating to work performed by Buyer after the Closing, as the case may be, shall be held in trust by such Seller for Buyer's or any Buyer designee's benefits and accounts, and promptly upon receipt by a Seller of any such payment, such Seller shall pay over to Buyer or their designee the amount of such payments without any right of set off or reimbursement.

(c) Without limiting the foregoing, Sellers will, and will cause their respective Subsidiaries and Affiliates to, deposit into the bank account designated by the Buyer (the "Designated A/R Account") within one (1) Business Day after receipt all amounts received by Sellers or their respective Subsidiaries and Affiliates constituting Transferred A/R. Sellers will, and will cause their respective Subsidiaries and Affiliates to, deliver written instructions no later than one (1) Business Day following the Closing to all customers with accounts receivable constituting Transferred A/R to deliver all payments with respect thereto directly to the Designated A/R Account. Sellers will maintain their bank accounts to accept any Transferred A/R for 120 days following the Closing.

(d) As of the Closing Date, Buyer or any Buyer designee shall have the sole authority to bill and collect Transferred A/R and accounts receivable relating to work performed by Buyer after the Closing.

(e) Notwithstanding anything to the contrary contained hereto, any Designated Buyers that acquire any Transferred A/R hereunder shall be express third-party beneficiaries of this Section 6.7.

Section 6.8 Intercompany Accounts and Arrangements. Effective prior to the Closing, all outstanding intercompany accounts, whether payables or receivables, between any Seller, on the one hand, and any Subsidiary of Sellers, on the other hand, shall be settled in full without any cash payment required to be made, and shall be of no further force and effect, in each case, without Liability to the Business, Buyer, or the Sellers at or after the Closing.

Section 6.9 In-Transit Inventory. Any Inventory of Sellers that is not located in Canada, the United States or Australia as of the date hereof and does not constitute Excluded Specified Inventory shall be referred to herein as "Foreign Inventory". Foreign Inventory shall only be included in the definition of the Purchased Inventory for the purposes of the Closing to the extent it has been imported to and has cleared customs in the United States as of the Closing. Any Foreign Inventory that is in-transit to the United States as of the Closing shall be referred to herein as "In-Transit Inventory", and shall only be purchased by Buyer in accordance with the terms of this Section 6.9. Seller will, or will cause a designee to, (i) serve as the importer of record for such In-Transit Inventory, (ii) exercise commercially reasonable efforts to import such In-Transit Inventory into the United States and (iii) exercise commercially reasonable efforts to cause such In-Transit Inventory to clear through United States customs. At Closing, Buyer will deposit into escrow with Escrow Agent an amount equal to the Purchased Inventory Payment Amount applicable to such In-Transit Inventory *plus* the estimated customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory as mutually agreed by the Parties (such escrowed amount, the "In-Transit Inventory Escrow Amount"). Upon successful importation of such In-Transit Inventory, Seller will provide Buyer with a detailed accounting of all out-of-pocket, documented customs, duties/tariffs and transportation costs attributable to such In-Transit Inventory. Within five (5) Business Days of Buyer's receipt of such accounting, Buyer and KK OpCo will promptly deliver a joint written instruction to the Escrow Agent instructing Escrow Agent to release the amount of the In-Transit Inventory Escrow Amount attributable to such successfully imported In-Transit Inventory (the "In-Transit Inventory Consideration"). If any such In-Transit Inventory has not cleared customs within one-hundred twenty (120) days following the Closing (excluding any delays caused by *force majeure* or other delays outside of the reasonable control of any party), such In-Transit Inventory shall be retained by the applicable Seller (the "Excluded In-Transit Inventory") and the corresponding portion of the In-Transit Inventory Escrow Amount shall be returned to Buyer. Buyer shall not, and Buyer shall cause each of its Affiliates and Representatives not to, interfere with or impede, in any manner whatsoever, the process by which any Seller (or any Representative thereof) transports, exports, imports, pays duties or fees with respect to, ships, moves or otherwise interacts with any In-Transit Inventory.

Section 6.10 Exclusivity. Except as provided in Section 6(b) of the RSA, the Sellers will not, and will direct their Affiliates not to, directly or indirectly, through any Representative of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations or discussions of any type, directly or indirectly, or enter into a confidentiality Contract, letter of intent or purchase Contract, merger Contract or other similar Contract with any Person other than Buyer with respect to a sale of all or any substantial portion of the assets of any Seller, or a merger, consolidation, business combination, sale of all or any substantial portion of the equity any Seller, or the liquidation or similar extraordinary transaction with respect to any Seller. The Sellers will notify Buyer as promptly as practicable of any inquiry or proposal by a third party to do any of the foregoing that

the Sellers or any of their Affiliates or any of their respective Representatives may receive relating to any of such matters.

Section 6.11 Name Change. Except as necessary to effect the transactions contemplated by this Agreement, including the winding down of the Business and any Subsidiary of any Seller, from and after the Closing, the Sellers and their Affiliates shall cease using any Transferred IP related to the Business as well as the names set forth on Section 6.11 of the Disclosure Letter or any derivation thereof. Each Sale Order shall effectuate a change to the caption of the applicable Bankruptcy Case to exclude the words "KidKraft." In addition, Buyer hereby grants to the Sellers and their Subsidiaries a limited, non-exclusive, worldwide, irrevocable, sublicensable, non-transferable, fully paid-up, right and license to use the Transferred IP, solely as necessary to effect the transactions contemplated herein, including the winding down of the Business and any Subsidiary of any Seller.

ARTICLE VII

TAX MATTERS

Section 7.1 Transfer Taxes. The Purchase Price and any other consideration payable under this Agreement are exclusive of Transfer Taxes. Any and all sales, harmonized sales, use, property transfer or gains, real estate or land transfer or gains, documentary, stamp, registration, recording, filing, value-added, goods and services or other similar Taxes (including any Canadian federal goods and services tax or harmonized sales tax payable under Part IX of the ETA, or any similar taxes payable under applicable Canadian provincial legislation) ("Transfer Taxes") payable by Buyer solely as a result of the sale or transfer of the Transferred Assets and the assumption of the Assumed Liabilities pursuant to this Agreement shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to mitigate, reduce, or eliminate any such Transfer Taxes and the appropriate Party shall provide the information and documentation that is necessary to obtain any available exemptions or relief including the information required under subsection 169(4) of Part IX of the ETA (which shall be provided by the Seller(s) registered for goods and services tax/harmonized sales tax) and any other documentation necessary in connection with recovery by the Buyer of Transfer Taxes. Buyer shall prepare and file all necessary Tax Returns or applicable elections and other documents with respect thereto and, if reasonably requested or required by applicable Law, the Sellers will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. Buyer shall promptly provide a copy of any such Tax Returns or other documents to Sellers. To the extent that Sellers do not provide a provincial sales or retail sales tax clearance certificate(s) that is required under applicable Law, Sellers shall indemnify Buyer for any Tax liability (including penalties and interest) that is assessed against Buyer arising from the failure of the particular Seller(s) to provide such certificate(s)

Section 7.2 Tax Cooperation. Buyer and Sellers agree to furnish or cause to be furnished to each other, upon reasonable request, as promptly as practicable, such information (including access to books and records relating to Taxes) and assistance relating to the Business, the Transferred Assets and the Assumed Liabilities as is reasonably necessary for determining any Liability for Taxes, filing a Tax Return, making any election relating to Taxes, the claiming or recovery of any Transfer Taxes, preparing for any audit by any Governmental Authority or

prosecuting or defending any claim, suit or proceeding relating to any Tax. Any reasonable expenses incurred in furnishing such information or assistance pursuant to this Section 7.2 shall be borne by the requesting Party.

Section 7.3 Straddle Period Allocation. The Sellers shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period ending on or prior to the Closing Date, and (B) the portion of any Straddle Period ending on the Closing Date, and (ii) Buyer shall be allocated and bear all Non-Income Taxes attributable to (A) any Tax period beginning after the Closing Date and (B) the portion of any Straddle Period beginning after the Closing Date. For purposes of determining the allocation of Non-Income Taxes set forth in the first sentence of this Section 7.3, (i) Non-Income Taxes that are based upon or related to sales or receipts imposed on a transactional basis (other than Non-Income Taxes described in (ii)) shall be allocated to the period in which the transaction giving rise to such Non-Income Taxes occurred, and (ii) Non-Income Taxes that are ad valorem, property or other Non-Income Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated on a per diem basis between Buyer and Sellers as of the Closing Date, and the amount of such Non-Income Taxes for which Sellers are allocated shall be equal to the amount of the Non-Income Tax for the applicable Straddle Period multiplied by a fraction, the numerator of which is the number of days from the beginning of the period through and including the Closing Date and the denominator of which is the entire number of days in the period. For the avoidance of doubt, any Non-Income Taxes for which Sellers are liable under this Section 7.3 shall not constitute Assumed Liabilities.

Section 7.4 Section 22 Tax Election. At the reasonable request of Buyer and to the extent this election is available under applicable Law, Buyer and each Canadian Seller (as applicable) agree to elect jointly on or before the date on which such election is required to be made in accordance with applicable Law, in the prescribed form under Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial legislation) as to the sale of the Transferred A/R described in Section 22 of the Income Tax Act (Canada) (and any equivalent or corresponding provision under applicable provincial or territorial legislation) and to designate in such election an amount equal to the portion of the Purchase Price allocated to such Transferred Assets pursuant to Section 2.11 as the consideration paid by Buyer therefor. Each of Buyer and Canadian Seller shall prepare and file their respective Tax returns in a manner consistent with such election.

Section 7.5 Subsection 20(24) Tax Election. Buyer and each Canadian Seller (as applicable) acknowledge that Canadian Seller is transferring Transferred Assets to Buyer with a value equal to the amount set out in the Allocation in consideration for Buyer assuming prepaid obligations of Canadian Seller to deliver goods or provide services in the future. At the reasonable request of Buyer, Canadian Seller and Buyer will, if applicable, execute and file, on a timely basis and using any prescribed form, a joint election under subsection 20(24) of the Income Tax Act (Canada) and any equivalent or corresponding provision under applicable provincial legislation as to such assumption hereunder, and prepare their respective Tax Returns in a manner consistent with such joint election.

Section 7.6 Canadian Transferred Assets. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to Buyer a schedule listing all Transferred Assets of the Sellers (other than the Canadian Sellers) that are located in Canada or used or held by the

Sellers in a business carried on in Canada, including, for greater certainty, property that this "excluded property" for the purposes of section 116 of the *Income Tax Act* (Canada). This schedule shall contain reasonable details regarding the description such Transferred Assets and their physical location.

Section 7.7 Tax Registrations. At least thirty (30) days prior to the Closing, Sellers shall deliver or cause to be delivered to the Buyer a schedule listing all of the Sellers' registrations for goods and services tax, harmonized sales tax and provincial sales tax, including the applicable tax registration numbers. If the Sellers have determined that such registrations are not applicable to the Sellers, the Sellers shall provide a certification that it is not registered, or required to be registered, for goods and services tax, harmonized sales tax and/or provincial sales tax purposes, and is not required to collect and remit such taxes, as the case may be.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1 General Conditions. The respective obligations of Buyer and Sellers to consummate the Closing shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any Party in its sole discretion (provided that such waiver shall only be effective as to the obligations of such Party):

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent), or shall have initiated and be actively pursuing any legal proceedings seeking any such Order, that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements (any such Law or Order, a "Legal Restraint").

(b) The Bankruptcy Courts shall have entered the Sale Orders, and the Sale Orders shall not have been stayed, reversed or modified in a manner materially adverse to Buyer without the consent of Buyer.

Section 8.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by KK OpCo in its sole discretion:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct in all material respects as of such date or with respect to such period).

(b) Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

(c) Sellers shall have received the documents listed in Section 2.10(c).

Section 8.3 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions, any of which may be waived only in a writing executed by Buyer in its sole discretion:

(a) Representations and Warranties.

(i) The representations and warranties of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement), other than the Fundamental Representations of Sellers, shall be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct (without giving effect to any "materiality" or "Material Adverse Effect" qualifiers set forth therein) as of such date or with respect to such period), in each of the foregoing cases, except where the failure of such representations and warranties to be true and correct at such time would, either individually or in the aggregate, not constitute a Material Adverse Effect.

(ii) The Fundamental Representations of Sellers contained in this Agreement (as qualified (but not expanded) by any section of the Disclosure Letter that is amended, supplemented or modified following the Execution Date in accordance with the terms of this Agreement) shall be true and correct in all respects (other than de minimis inaccuracies) as of the date of this Agreement and at and as of the Closing with the same force and effect as if made at and as of the Closing (other than those Fundamental Representations of Sellers that address matters only as of a particular date or only with respect to a specific period of time, which need only be true and correct as of such date or with respect to such period).

(b) Sellers shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) No Material Adverse Effect shall have occurred after the date of this Agreement.

(d) Buyer shall have received the documents listed in Section 2.10(b).

(e) Sellers shall have performed or complied in all material respects with all agreements and covenants required by the RSA to be performed or complied with by RSA at or prior to the Closing and the RSA shall be in full force.

Section 8.4 Information Officer's Certificate. When the conditions to Closing set forth in this Article VIII have been satisfied and/or waived by Sellers and Buyer, as applicable, Sellers

and Buyer will each deliver to the Information Officer the applicable Conditions Certificate. Upon receipt of each of the Conditions Certificates, the Information Officer shall (a) issue forthwith the Information Officer's Certificate concurrently to Sellers and Buyer (with a copy legal counsel for the DIP Agent), at which time the Closing will be deemed to have occurred, and the Canadian Transferred Assets shall vest in and to Buyer (or its permitted designee) pursuant to the Canadian Sale Order, and (b) file as soon as practicable a copy of the Information Officer's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Sellers, Buyer and Gordon Brothers). The Parties hereto acknowledge and agree that the Information Officer shall be entitled to file the Information Officer's Certificate with the CCAA Court without independent investigation upon receiving the Conditions Certificates, and the Information Officer will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions and shall have no liability to Sellers or Buyer or any other Person as a result of filing the Information Officer's Certificate upon receiving such Conditions Certificates.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of both Buyer and KK OpCo;

(b) by either KK OpCo or Buyer, if:

(i) a Legal Restraint is in effect that has become final and nonappealable; provided that no Party may terminate this Agreement pursuant to this Section 9.1(b)(i) whose breach of any of its representations, warranties, covenants or agreements contained herein results in such Legal Restraint;

(ii) the Closing shall not have occurred on or before July 19, 2024 (the "Outside Date"); provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 9.1(b)(ii) if (A) the failure of the Closing to have occurred by the Outside Date was caused by the breach of such Party with respect to any obligation or condition of this Agreement or (B) another Party has commenced appropriate proceedings to enforce its rights pursuant to Section 10.15, and, thereafter, uses commercially reasonable efforts to prosecute such proceeding or proceedings(s);

(iii) the RSA is terminated as to all parties thereof in accordance with its terms, unless such termination was following such Party's breach of the RSA;

(iv) if Sellers consummate any Qualifying Alternative Transaction.

(c) by Buyer, if:

(i) at any time, Sellers shall have breached or violated any of their representations, warranties or covenants set forth in this Agreement in a manner that would

prevent the satisfaction of the conditions to Closing set forth in Section 8.3(a) or Section 8.3(b), and (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured by the earlier of ten (10) days after written notice thereof has been given by Buyer to Seller and the Outside Date; provided that Buyer shall not be entitled to terminate the Agreement pursuant to this Section 9.1(c)(i) if Buyer is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.2(a) or (b) would not be satisfied;

(ii) (x) the U.S. Bankruptcy Court has not entered an interim DIP Order within three (3) Business Days after the Petition Date; (y) the U.S. Bankruptcy Court has not entered a final DIP Order within thirty (30) days after the Petition Date; or (z) Gordon Brothers fails to fund the DIP Facility when required, and each such event remains uncured (to the extent curable) for a period of five (5) Business Days; provided that, with respect to clause (y), such time period shall be subject to reasonable extensions (not to exceed 45 days following the Petition Date) so long as Sellers and Gordon Brothers are using commercially reasonable efforts to cause the prompt entry of the DIP Order and the funding of the DIP Facility;

(iii) the Chapter 11 Case is dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement or the CCAA Recognition Proceedings are dismissed;

(iv) Sellers withdraw or seek authority to withdraw the Sale Orders; or

(v) (A) any Seller enters into one or more Qualifying Alternative Transactions with one or more Persons or (B) Sellers publicly announce any plan of reorganization or plan of liquidation or support any such plan filed by any third party, other than, in the case of this clause (B), any such plan that includes a conversion of any of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code or that would not prevent or materially delay the Closing from occurring in accordance with the terms of this Agreement.

(d) by KK OpCo at any time if:

(i) (x) Buyer shall have breached or violated any of its representations, warranties or covenants set forth in this Agreement in a manner that would prevent the satisfaction of the conditions to Closing set forth in Section 8.2(a) or Section 8.2(b), as the case may be, or (y) Buyer shall have materially breached any Sale Order, and in each case, (except in the case of a breach of the obligation to close within two (2) Business Days after the date contemplated in Section 2.10, in which case such two (2) Business Day period shall apply) such breach or violation shall not have been cured within ten (10) days after written notice thereof has been given by KK OpCo to Buyer, provided that KK OpCo shall not be entitled to terminate the Agreement pursuant to this Section 9.1(d)(i) if any Seller is then in breach of any of its obligations under this Agreement such that the conditions in Section 8.3(a) or (b) would not be satisfied; or

(ii) the board of directors or board of managers, as applicable, of any Seller determines, in good faith based upon advice of outside legal counsel, that proceeding with this Agreement or the transactions contemplated hereunder (including the Plan or solicitation of the Plan) or taking any action (or refraining from taking any action) in relation thereto, would be inconsistent with the exercise of its fiduciary duties under applicable law.

The Party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall, if such Party is KK OpCo, give prompt written notice of such termination to Buyer, and if such Party is a Buyer, give prompt written notice of such termination to Sellers.

Section 9.2 Effect of Termination.

(a) In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except (i) for the provisions of Section 6.6 (Public Announcements), Section 10.3 (Fees and Expenses), Section 10.7 (Notices), Section 10.10 (Parties in Interest), Section 10.11 (Governing Law), Section 10.12 (Submission to Jurisdiction) and this Article IX and (ii) that, subject to Section 9.2(b), no such termination shall relieve any Party from liability for Fraud.

(b) The Parties agree that if this Agreement is terminated, then (i) KK OpCo's or Buyer's receipt of the Deposit Amount or the Buyer Breach Fee, as applicable, in accordance with this Agreement (when payable), and (ii) Buyer's receipt of the Bidder Protections (when payable) pursuant to Section 9.3 shall be the sole and exclusive remedies of such Party against the other Party(ies) and any of its or their respective Affiliates for any Liability, damage or other loss suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement or the failure of the transactions contemplated hereby to be consummated, and upon payment of such amounts (if due), neither Buyer nor any of its respective Affiliates shall have any further monetary Liability relating to or arising out of this Agreement or the transactions contemplated by this Agreement, in each case, except in the case of Fraud. For the avoidance of doubt, the foregoing does not limit a Party's rights to seek specific performance under Section 10.15 prior to a termination of this Agreement in accordance with Section 9.1.

Section 9.3 Termination Payment.

(a) In the event that this Agreement is terminated pursuant to Section 9.1(b)(iv), Section 9.1(c)(v) or Section 9.1(d)(ii) (in each case, unless such termination is in connection with a transaction that involves a conversion of the Chapter 11 Cases to chapter 7 of the Bankruptcy Code), in consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for and shall pay (or cause to be paid to) Buyer a break-up fee equal to $1,179,673.20 (the "Break-up Fee") and (iii) Sellers shall jointly and severally be liable for and shall reimburse (or cause to be reimbursed to) Buyer, Buyer's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable legal, financial advisory, accounting and other similar costs, fees and

expenses) incurred prior to the termination of this Agreement in connection with its evaluation and negotiation of the transactions contemplated by this Agreement (the "Expense Reimbursement" and together with the Break-up Fee the "Bidder Protections"); provided such Expense Reimbursement shall not exceed $1,000,000. In the event that this Agreement is terminated pursuant to Section 9.1(b)(iii) (other than such termination in connection with a breach of the RSA by Buyer), Section 9.1(c)(i), Section 9.1(c)(ii) or Section 9.1(c)(iv), in consideration for Buyer having expensed considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, and without the requirement of any notice or demand from Buyer or any other application to or order of the Bankruptcy Courts, (i) the Deposit Amount shall be returned to Buyer in with Section 2.9(b)(iii) and (ii) Sellers shall jointly and severally be liable for the Expense Reimbursement. In the event Sellers become obligated under this Agreement to pay any or all of the Bidder Protections, Sellers shall pay such amounts in immediately available funds to such account or accounts as may be specified in written notice by Buyer; provided that if such obligation arises from a termination pursuant Section 9.1(c)(v), then such amounts shall be paid upon the earlier of (i) the consummation of such transaction giving rise to such termination and (ii) the effective date of the Chapter 11 Case. The Bidder Protections shall constitute an allowed administrative expense claim of Sellers' estates under sections 503(b) and 507 of the Bankruptcy Code.

(b) Each of the Parties acknowledges and agrees that the agreements contained in this Section 9.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other Parties would not enter into this Agreement. Each of the Parties further acknowledges that the payment by Sellers of the Bidder Protections is not a penalty, but rather liquidated damages in a reasonable amount that will compensate Buyers, in the circumstances in which such Bidder Protection is payable, for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be impossible to calculate with precision. The obligation to pay the Bidder Protections in accordance with the provisions of this Agreement will (i) be binding upon and enforceable jointly and severally against each Seller immediately upon execution of this Agreement and (ii) survive the subsequent termination of this Agreement, solely to the extent permitted by applicable law. The obligation to pay the Bidder Protections as and when required under this Agreement, is intended to be, and is, binding upon (A) any successors or assigns of any Seller and (B) any trustee, examiner or other representative of a Seller's estate (each of (A) and (B), a "Successor") as if such Successor were a Seller hereunder.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Nonsurvival of Representations, Warranties and Covenants. The respective representations, warranties and covenants of Sellers and Buyer contained in this Agreement and any certificate delivered pursuant hereto shall terminate at, and not survive, the Closing; provided that this Section 10.1 shall not limit any covenant or agreement of the Parties to the extent that its terms require performance after the Closing.

Section 10.2 Bulk Sales. Notwithstanding any other provisions in this Agreement, Buyer and Sellers hereby waive compliance with all "bulk sales," "bulk transfer" and similar Laws that may be applicable with respect to the sale and transfer of any or all of the Transferred Assets to Buyer.

Section 10.3 Fees and Expenses. Except as otherwise provided herein (including Section 6.4(a) and Section 7.1 or in the DIP Order, and except that the actual, documented costs of the Inventory Count shall be borne fifty percent (50%) by the Sellers and fifty percent (50%) by the Buyer (up to a maximum, aggregate amount of $25,000) all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the Party incurring such fees or expenses, whether or not such transactions are consummated.

Section 10.4 Transition of Permits. To the extent that a Buyer has not obtained all of the Permits included in the Transferred Assets that are necessary for Buyer to take title to all of the Transferred Assets at the Closing and to operate all aspects of the Business as of immediately following the Closing in the same manner in all material respects as it was operated by Sellers immediately prior to the Closing, Sellers shall, to the extent permitted by applicable Laws, use commercially reasonable efforts to maintain after the Closing such Permits that Buyer reasonably requests, at Buyer's sole expense, until the earlier of the time Buyer has obtained such Permits and six (6) months following the Closing (or the remaining term of any such Permit or the closing of the Chapter 11 Case, if shorter).

Section 10.5 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 10.6 Waiver. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 10.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier, (c) on the day of transmission if sent via email transmission to the email address(es) given below and the sender does not receive a notice of such transmission being undeliverable to such email address or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(i) if to Sellers, to:

KidKraft, Inc.
Attention: Geoffrey Walker
Email: Geoff.W@kidkraft.com

with a copy (which shall not constitute notice) to:
Vinson & Elkins LLP
Attention: Lauren Kanzer; Peter Marshall
Email: lkanzer@velaw.com; pmarshall@velaw.com

with an additional copy (which shall not constitute notice) to:

Gordon Brothers
Attention:
Email:

(ii) if to Buyer, to:

Backyard Products, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com

with copies (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309
Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

Section 10.8 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall." References to

days mean calendar days unless otherwise specified. References to "Transferred Assets," "Transferred Contracts," "Transferred Employee Records," "Transferred Employees" and "Transferred IP" and the like shall (a) for purposes of the representations and warranties of Sellers, only apply to such items as of the date hereof (and shall not include items that are added to such definitions after the date hereof) and (b) for all other purposes (including Section 6.1) shall only apply to such items that meet the applicable definition as of the time of determination. By way of example, in the event that the Company amends a Contract that is, at such time, not a Transferred Contract but thereafter becomes a Transferred Contract, such amendment to such Contract shall not be a breach of Section 6.1(b)(x); however the amendment of such Contract after it becomes a Transferred Contract shall be subject to Section 6.1(b)(x).

Section 10.9 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings, and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder, and none shall be deemed to exist or be inferred with respect to the subject matter hereof.

Section 10.10 Parties in Interest. Except as specifically set forth in Section 10.13 and Section 10.22, this Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.11 Governing Law. Except to the extent of the mandatory provisions of the Bankruptcy Code or the CCAA, this Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby (in contract or tort) shall be governed by, and construed in accordance with the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 10.12 Submission to Jurisdiction. Without limitation of any Party's right to appeal any Order of the Bankruptcy Courts, (x) the U.S. Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (y) any and all claims relating to the foregoing shall be filed and maintained only in the U.S. Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the U.S. Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or proceeding; provided, however, that, if the Chapter 11 Case is closed or the U.S. Bankruptcy Court declines jurisdiction, each of the Parties irrevocably agrees that any Action or proceeding arising out of or relating to this Agreement brought by another Party or its successors or assigns shall be heard and determined in the Court of Chancery of the State of Delaware, or if jurisdiction is not available in the Court of

Chancery, then in the United States District Court for the Northern District of Texas, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient, without limiting any other manner of service permitted by Law. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts of the State of Texas, and of the United States District Court for the Northern District of Texas as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, the CCAA Recognition Proceedings shall be subject to the jurisdiction of the CCAA Court.

Section 10.13 Personal Liability. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of Sellers or Buyer or any officer, director, employee, Representative or investor of any Party hereto.

Section 10.14 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated (except pursuant to Section 2.12), in whole or in part, by operation of law or otherwise, by any Seller without the prior written consent of Buyer, and by Buyer without the prior written consent of KK OpCo, and any such assignment without such prior written consent shall be null and void. Notwithstanding the foregoing, (a) subject to the terms of Section 2.12, Buyer may assign any of its rights under this Agreement to any of its Affiliates and (b) Buyer may designate its rights under this Agreement pursuant to Section 2.12 to any Person, in each case without obtaining the prior written consent of KK OpCo; provided that in connection with such assignment, such assignment shall not relieve Buyer of any of its obligations under this Agreement (or otherwise). Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 10.15 Specific Performance. Each Party acknowledges that money damages would be both incalculable and an insufficient remedy for any breach of this Agreement by such Party and that any such breach would cause Buyer, on the one hand, and Seller, on the other hand, irreparable harm. Accordingly, notwithstanding anything to this Agreement to the contrary, each Party hereto also agrees that, in the event of any breach or threatened breach of the provisions of this Agreement by such Party (including failure to consummate the Closing and the transactions contemplated thereby), Buyer, on the one hand, and Sellers, on the other hand, shall be entitled to equitable relief without the requirement of posting a bond or other security, including in the form of injunctions and orders for specific performance. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy

conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. Sellers, on the one hand, and Buyer, on the other hand, hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by Sellers or Buyer, as applicable, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of Sellers or Buyer, as applicable, under this Agreement. In the event that, due to a Party's breach or threatened breach of this Agreement whereby such other Party(ies) commence a suit contemplated by this Section 10.15 which results in a judgment in favor of such other Party(ies), such failing Party shall pay to such other Party(ies) an amount in cash equal to the costs and expenses (including attorney's fees) incurred by such other Party(ies) in connection with such suit.

Section 10.16 Currency. All references to "dollars" or "$" in this Agreement or any Ancillary Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement and any Ancillary Agreement.

Section 10.17 Severability. If any term or other provision of this Agreement, or any portion thereof, is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement, or the remaining portion thereof, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any such term or other provision, or any portion thereof, is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are consummated to the fullest extent possible.

Section 10.18 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.18.

Section 10.19 Counterparts. This Agreement may be executed in any number of counterparts, including by means of email in portable document format (.pdf), each of which when

executed shall be deemed to be an original copy of this Agreement and all of which taken together shall constitute one and the same agreement.

Section 10.20 Jointly Drafted. This Agreement is the product of negotiations among the Parties, each of which is represented by legal counsel, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived by each Party. The Parties acknowledge and agree that prior drafts of this Agreement and the other agreements and documents contemplated hereby will not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto and that such drafts will be deemed to be the joint work product of the Parties.

Section 10.21 Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY BUYER OR BUYER NON-RECOURSE PERSON OR ANY SELLER OR SELLER NON-RECOURSE PERSON BE LIABLE FOR, OR BEAR ANY OBLIGATION IN RESPECT OF, ANY PUNITIVE, SPECIAL, OR EXEMPLARY DAMAGES OF ANY KIND OR CHARACTER OR ANY DAMAGES RELATING TO, OR ARISING OUT OF, DIMINUTION IN VALUE, LOST PROFITS OR CHANGES IN RESTRICTIONS ON BUSINESS PRACTICES.

Section 10.22 No Recourse.

(a) This Agreement may be enforced only by KK OpCo against, and any claim, action, suit, or other legal proceeding by Seller may be brought only against Buyer, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither Seller nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Buyer or of any Affiliate of Buyer or any of their successors or permitted assigns (each, a "Buyer Non-Recourse Person"), and no Buyer Non-Recourse Person shall have any liability for any obligations or liabilities of Buyer under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

(b) This Agreement may be enforced only by Buyer against, and any claim, action, suit, or other legal proceeding by Buyer may be brought only against, Sellers, and then only as, and subject to the terms and limitations, expressly set forth in this Agreement. Neither of Buyer, nor any Designated Buyer, nor any other Person shall have any recourse against any past, present, or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, Affiliate, agent or Advisor of Sellers or of any Affiliate of Sellers or any of their successors or permitted assigns (each, a "Seller Non-Recourse Person"), and no such Seller Non-Recourse Person shall have any liability for any obligations or liabilities of Seller under this Agreement or for any claim, action, or proceeding based on, in respect of or by reason of the transactions contemplated hereby.

Section 10.23 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement. When calculating the period of time before which, within which or following which, any act is to be done or step taken pursuant to this

Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Section 10.24 Disclosed Personal Information (Canada).

(a) The Parties confirm that the Disclosed Personal Information is necessary for the purposes of determining if the Buyer shall proceed with the transactions contemplated by this Agreement and, if applicable, to complete the transaction. The Buyer shall use the Disclosed Personal Information solely for purposes related to the transaction and shall not disclose such information unless authorized by applicable law. The Buyer shall protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information. If the transactions contemplated by this Agreement do not proceed, the Buyer shall return to the Seller or, at the Seller's request, securely destroy the Disclosed Personal Information within a reasonable period of time.

(b) Following the consummation of the transactions contemplated by this Agreement, the Parties shall (i) not use or disclose the Disclosed Personal Information for any purposes other than the carrying on of the Business (with use or disclosure of the Disclosed Personal Information being restricted to those purposes for which the information was initially collected or for which additional consent was or is obtained) unless consent is obtained or as otherwise permitted or required by applicable Laws; (ii) protect the confidentiality of all Disclosed Personal Information in a manner consistent with security safeguards appropriate to the sensitivity of the information; and (iii) give effect to any withdrawal of consent with respect to the Disclosed Personal Information. Where applicable privacy Laws require impacted individuals to be notified of the transactions, Buyer will notify the affected individuals, in accordance with applicable Law (including Privacy Laws), that the transactions have been completed and that their Personal Data has been disclosed to Buyer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement on the day and year first above written.

SELLERS:

KIDKRAFT, INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

KIDKRAFT INTERNATIONAL IP HOLDINGS, LLC

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN CORP.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

SOLOWAVE DESIGN LP, by its general partner SOLOWAVE DESIGN INC.

Geoffrey Walker
By: 157075C3EBC384B20D8FCABA09D766A7 contractworks
Name: Geoffrey Walker
Title: Chief Executive Officer

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Title: Chief Executive Officer

EXHIBIT A

ESCROW AGREEMENT

[Attached.]

EXECUTION VERSION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and entered into as of April 25, 2024 by and among BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller" and, together with the "Buyer", sometimes referred to individually as a "Party" and collectively as the "Parties"), and Citibank, N.A., as escrow agent (the "Escrow Agent"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of the date hereof, by and between the Buyer, the Seller and certain other parties signatory thereto (the "Purchase Agreement"), the Buyer will deposit an amount equal to $3,000,000 (the "Escrow Amount") in a separate and distinct account (the "Escrow Account") to be held by the Escrow Agent for the purposes of securing the Deposit Funds pursuant to Section 2.9 of the Purchase Agreement.

WHEREAS, each of the Parties agrees to work in good faith and use best efforts to amend to this Agreement in accordance with Section 13 herein in order to implement the terms of the Purchase Agreement prior to any closing date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent in accordance with the terms and conditions set forth herein.

2. Escrow Funds.

(a) Simultaneous with the execution and delivery of this Agreement, the Buyer is depositing with the Escrow Agent the Escrow Amount in immediately available funds. The Escrow Agent hereby acknowledges receipt of the Escrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Escrow Earnings") earned with respect thereto (collectively, the "Escrow Funds") in the Escrow Account, subject to the terms and conditions of this Agreement.

(b) For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds; and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. Investment of Escrow Funds.

(a) Unless otherwise instructed in writing and executed by an Authorized Representative (as defined in Section 4(a)(iv) below) of both Parties, the Escrow Agent shall hold the Escrow Funds in a "noninterest-bearing deposit account" of Citibank, N.A., insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Funds shall at all times remain available for distribution in accordance with Section 4 below. Except as expressly provided herein, the Escrow Funds shall not, in any manner, directly or indirectly, be assigned, hypothecated, pledged, alienated, released from escrow or transferred within escrow.

(b) The Escrow Agent shall send an account statement to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month.

(c) The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the escrowed property, as applicable, provided that the Escrow Agent has made such investment, reinvestment or liquidation of the escrowed property in accordance with the terms, and subject to the conditions of this Agreement. The Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

4. Disposition and Termination of the Escrow Funds.

(a) Escrow Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrow Funds as provided in, this Section 4(a) as follows:

(i) Upon receipt of a Joint Release Instruction with respect to the Escrow Funds, the Escrow Agent shall promptly, but in any event within two (2) Business Days after receipt of a Joint Release Instruction, disburse all or part of the Escrow Funds in accordance with such Joint Release Instruction.

(ii) Upon receipt by the Escrow Agent of a copy of Final Determination from any Party, the Escrow Agent shall on the fifth (5th) Business Day following receipt of such determination, disburse as directed, part or all, as the case may be, of the Escrow Funds (but only to the extent funds are available in the Escrow Account) in accordance with such Final Determination. The Escrow Agent will act on such Final Determination without further inquiry.

(iii) All payments of any part of the Escrow Funds shall be made by wire transfer of immediately available funds or check as set forth in the Joint Release Instruction or Final Determination, as applicable.

(iv) Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of any funds on deposit in any Escrow Account under the terms of this Agreement must be in writing, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons set forth on Exhibit A-1 and Exhibit A-2 (the "Authorized Representatives") and delivered to the Escrow Agent either (i) in writing by overnight mail or (ii) attached to an e-mail received on a Business Day sent to an e-mail address set forth in Section 11 (and receipt by the Escrow Agent confirmed) below. In the event a Joint Release Instruction or Final Determination is delivered to the Escrow Agent, whether in writing, by e-mail or otherwise, the Escrow Agent is authorized to seek confirmation of such instruction by telephone call back to the person or persons designated in Exhibit A-1 and/or A-2 annexed

hereto (the "Call Back Authorized Individuals"), and the Escrow Agent may rely upon the confirmations of anyone purporting to be a Call Back Authorized Individual. To assure accuracy of the instructions it receives, the Escrow Agent may record such call backs. If the Escrow Agent is unable to verify the instructions, or is not reasonably satisfied with the verification it receives, the Escrow Agent shall promptly notify the Parties of such inability to verify or non-satisfaction of verification, and it will not execute the instruction until all such issues have been resolved to the reasonable satisfaction of the Escrow Agent. The persons and telephone numbers for call backs may be changed only in writing, executed by an Authorized Representative of the applicable Party and actually received and acknowledged by the Escrow Agent.

(b) Certain Definitions.

(i) "Business Day" means any day that is not a Saturday, not a Sunday or any other day on which banks are not required or authorized by law to be closed in New York, New York.

(ii) "Final Determination" means a final non-appealable order of any court of competent jurisdiction which may be issued, together with (A) a certificate executed by an Authorized Representative of the prevailing Party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (B) the written payment instructions executed by an Authorized Representative of the prevailing Party, to effectuate such order.

(iii) "Joint Release Instruction" means the joint written instruction, substantially in the form of Exhibit B annexed hereto, executed by an Authorized Representative of each of the Buyer and the Seller, directing the Escrow Agent to disburse all or a portion of the Escrow Funds, as applicable.

(iv) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duties, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Purchase Agreement, nor shall the Escrow Agent be required to determine if any Person has complied with any such agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement will control the actions of Escrow Agent. The Escrow Agent may rely upon and shall not be liable, in the absence of its fraud, willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction, for acting or refraining from acting upon any Joint Release Instruction or Final Determination furnished to it hereunder and reasonably believed by it to be genuine and to have been signed by an Authorized Representative of the proper Party or Parties. Concurrent with

the execution of this Agreement, the Parties shall deliver to the Escrow Agent Authorized Representative's forms in the form of Exhibit A-1 and Exhibit A-2 attached hereto. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Funds. In the event that the Escrow Agent, acting reasonably in accordance with its duties hereunder, shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in a Joint Release Instruction or Final Determination. In the event of a dispute between the Escrow Agent and the Parties, after thirty (30) days' notice to each of the Parties of the Escrow Agent's intention to do so, the Escrow Agent may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or nonaction based on such declaratory judgment. The Escrow Agent may consult with legal counsel of its selection in the event of any dispute or question as to the meaning or construction of any of the provisions hereof or its duties hereunder. The Escrow Agent will not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's fraud, gross negligence or willful misconduct was the cause of any direct loss to either Party. To the extent practicable, the Parties agree to pursue any redress or recourse in connection with any dispute (other than with respect to a dispute involving the Escrow Agent) without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such losses or damages and regardless of the form of action.

6. Resignation and Removal of Escrow Agent. The Escrow Agent (a) may resign and be discharged from its duties or obligations hereunder by giving thirty (30) calendar days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect or (b) may be removed, with or without cause, by the Buyer and the Seller acting jointly at any time by providing written notice executed by an Authorized Representative of each Party, to the Escrow Agent. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the escrow business of the Escrow Agent's line of business may be transferred, shall be the Escrow Agent under this Agreement without further act. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires or after receipt of written notice of removal shall be to hold and safeguard the Escrow Funds (without any obligation to reinvest the same) and to deliver the same (i) to a substitute or successor escrow agent pursuant to a joint written designation from the Parties, (ii) as set forth in a Joint Release Instruction or (iii) in accordance with the directions of a Final Determination, and, at the time of such delivery, the Escrow Agent's obligations hereunder shall cease and terminate. Any successor escrow agent shall, as a condition of its appointment, execute a counterpart of this Agreement and agree in writing to be bound as Escrow Agent hereunder. In the event the Escrow Agent resigns, if the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation, the Escrow Agent may petition any court of

competent jurisdiction for the appointment of such a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto.

7. Fees and Expenses. The fees agreed upon for the services to be rendered hereunder are described in Schedule 1 attached hereto and are intended as full compensation for the Escrow Agent services as contemplated by this Agreement.

8. Indemnity. Each of the Parties shall jointly and severally indemnify, defend, and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, officers, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, actions, suits, proceedings, litigation, investigations, reasonable and documented out of pocket costs or expenses actually suffered and incurred (including the reasonable and documented fees and expenses of one outside counsel and experts and their staffs and reasonable and documented out of pocket expenses of document location, duplication and shipment, but excluding any income or similar taxes imposed on the fees payable hereunder) (collectively "Escrow Agent Losses") arising out of or in connection with (a) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding under or in connection with this Agreement, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except to the extent that such Escrow Agent Losses, as adjudicated by a court of competent jurisdiction, have been caused by the fraud, gross negligence or willful misconduct of such Indemnitee, or (b) its following any instructions or other directions from the Buyer or the Seller. To the extent any Escrow Agent Losses result from or are attributable to a Party's failure to provide fully executed IRS Forms W-8, W-9 and/or other required documentation pursuant to Section 9(a), such Party shall be solely responsible for indemnifying the Indemnities for such Escrow Agent Losses. The Escrow Agent will promptly make all claims for indemnification hereunder by written notice to the Parties of such claim, together with detailed supporting documentation related thereto, provided in accordance with the terms set forth herein. Notwithstanding anything to the contrary herein, the Buyer and the Seller agree, solely as between themselves, that any obligation for indemnification under this Section 8 (or for reasonable fees and expenses of the Escrow Agent described in Section 7) shall be borne by the Party or Parties determined by a court of competent jurisdiction to be responsible for causing the loss, damage, liability, cost or expense against which the Escrow Agent is entitled to indemnification or, if no such determination is made, then one-half by the Buyer and one-half by the Seller. The Parties acknowledge that the foregoing indemnities shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement. Notwithstanding anything to the contrary, the parties hereto agree that no indemnification obligations hereunder shall be satisfied from the Escrow Funds.

9. Tax Matters.

(a) The Buyer shall be responsible for and the taxpayer on all taxes due on the interest or other income earned, if any, on the Escrow Funds for the calendar year in which such interest or other income is earned. The Escrow Agent shall report any interest or other income earned on the Escrow Funds, if any, to the IRS or other taxing authority on IRS Form 1099. Prior to the date hereof, the Parties have provided the Escrow Agent with certified tax identification

numbers by furnishing appropriate forms W-9 or W-8 as applicable and such other forms and documents that the Escrow Agent may have reasonably requested.

(b) The Escrow Agent shall be responsible only for income and withholding tax reporting to the Internal Revenue Service with respect to income earned on the Escrow Funds. The Escrow Agent shall withhold any taxes required to be withheld by applicable law, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

(c) The Escrow Agent, its affiliates, and its employees are not in the business of providing tax or legal advice to any taxpayer outside of Citigroup, Inc. and its affiliates. This Agreement and any amendments or attachments hereto are not intended or written to be used, and may not be used or relied upon, by any such taxpayer or for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

10. Covenant of Escrow Agent. The Escrow Agent hereby agrees and covenants with the Buyer and the Seller that it shall perform all of its obligations under this Agreement and shall not deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement or as otherwise required by law.

11. Notices. Except as otherwise expressly required in Section 4(a)(iv), all communications required under this Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) on the day of transmission if sent by electronic mail ("e-mail") with a PDF attachment executed by an Authorized Representative of the Party/ Parties to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five (5) Business Days after the date such notice is deposited with the United States Postal Service. If notice is given to a Party, it shall be given at the address for such Party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes.

if to the Buyer, then to:

BACKYARD PRODUCTS, LLC
317 S. Main Street
Ann Arbor, Michigan 48104
Attention: Thomas van der Meulen
Email: tvandermeulen@backyardproducts.com:

with a copy (which shall not constitute notice) to:

King & Spalding LLP
1180 Peachtree Street NE
Suite 1600
Atlanta, GA 30309

Attention: Roger G. Schwartz; Spencer A. Stockdale
Email: rschwartz@kslaw.com; sstockdale@kslaw.com

or, if to the Seller, then to:

KidKraft, Inc.
4630 Olin Rd.
Dallas, TX 75244
Attention: Geoffrey Walker
Johnnie Goodner
Telephone No.: (214) 393-3804
E-mail:geoff.w@kidkraft.com;
johnnie.goodner@kidkraft.com

with a copy (which shall not constitute notice) to:

Vinson & Elkins LLP
1114 Avenue of the Americas, 32nd Floor
New York, NY 10036
Attention: Lauren R. Kanzer
Telephone No.: (212) 237-0166
E-mail: lkanzer@velaw.com

2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Peter Marshall
Telephone No.: (214) 220 -7849
E-mail: pmarshall@velaw.com

GB Funding, LLC, as Administrative Agent
101 Huntington Avenue
Suite 1100
Boston, Massachusetts 02199
Attention: David Braun and Kyle Shonak
Telephone No.: (888) 424-1903
Email: dbraun@gordonbrothers.com
kshonak@gordonbrothers.com

or, if to the Escrow Agent, then to:

Citibank, N.A.
Citi Private Bank
388 Greenwich Street
Tower Building, 27th Floor
New York, NY 10013

Attn: Eddy Rosero and Nelson Kercado
Telephone No.: 212-783-7073 and 212-559-8509
Facsimile No.: 212-783-7131
E-mail: eddy.rosero@citi.com and nelson.kercado@citi.com

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clause (i) through (iv) of this Section 11, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate.

12. Termination. This Agreement shall terminate on the first to occur of (a) the distribution of all of the amounts in the Escrow Funds in accordance with this Agreement or (b) delivery to the Escrow Agent of a written notice of termination executed jointly by an Authorized Representative of Buyer and the Seller, after which this Agreement shall be of no further force and effect except that the provisions of Sections 8, 13, and 19 hereof shall survive termination.

13. Miscellaneous. The recitals hereto are incorporated herein as though fully set forth herein. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any party hereto except as set forth in Section 6 and Section 16, without the prior consent of the other parties hereto. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the conflicts of law rules of such state. Each party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the federal district courts located in the Southern District of New York, without regard to the conflicts of law rules of such state. The parties hereto hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising from or relating to this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile or electronic transmission in portable document format (.pdf), and such facsimile or .pdf will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Section 7 and Section 8, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

14. Compliance with Court Orders. In the event that any Escrow Funds shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other Person, by reason of such compliance notwithstanding such writ, order or decree being subsequently reversed, modified, annulled, set aside or vacated.

15. Further Assurances. Following the date hereof, each party shall deliver to the other parties such further information and documents and shall execute and deliver to the other parties such further instruments and agreements as any other party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other party the benefits hereof.

16. Assignment. This Agreement may not be assigned by either Party (by operation of law or otherwise) without the prior written consent of the other Party, and no assignment of the interest of any of the Parties shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and consented to by the Escrow Agent (such consent not to be unreasonably withheld). Any transfer or assignment of the rights, interests or obligations hereunder in violation of the terms hereof shall be void and of no force or effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. Force Majeure. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility), it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

18. Compliance with Federal Law. To help the U.S. Government fight the funding of terrorism and money laundering activities and to comply with Federal law requiring financial institutions to obtain, verify and record information on the source of funds deposited to an account, the Parties agree to provide the Escrow Agent with the name, address, taxpayer identification number, and remitting bank for all Parties depositing funds at Citibank pursuant to the terms and conditions of this Agreement. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, an identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

19. Use of Citibank Name. No publicly distributed printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "Citibank" by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other Parties hereto, or on such Party's behalf, without the prior written consent of the Escrow Agent, except as may be required by applicable law.

20. Confidentiality. Except as required by law, the Escrow Agent agrees to keep confidential, and to cause any of its affiliates or agents to keep confidential and not to disclose any and all documents, materials, and any other non-public information which it shall have obtained regarding the Parties in connection with the execution and delivery of this Agreement and its performance of its duties and obligations hereunder. This Section 20 shall survive termination of this Agreement for a period of twelve (12) months after such termination.

21. Use of Electronic Records and Signatures. As used in this Agreement, the terms "writing" and "written" include electronic records, and the terms "execute," "signed" and "signature" include the use of electronic signatures. Notwithstanding any other provision of this Agreement or the attached Exhibits and Schedules, any electronic signature that is presented as the signature of the purported signer, regardless of the appearance or form of such electronic signature, may be deemed genuine by Escrow Agent in Escrow Agent's sole discretion, and such electronic signature shall be of the same legal effect, validity and enforceability as a manually executed, original, wet-ink signature; provided, however, that any such electronic signature must be an actual and not a typed signature. In accordance with Section 8 of this Agreement, Escrow Agent shall be indemnified and held harmless from any Escrow Agent Losses it incurs as a result of its acceptance of and reliance on electronic signatures that it deems to be genuine. Any electronically signed agreement, instruction or other document shall be an "electronic record" established in the ordinary course of business and any copy shall constitute an original for all purposes. The terms "electronic signature" and "electronic record" shall have the meaning ascribed to them in 15 USC § 7006. This Agreement and any instruction or other document furnished hereunder may be transmitted by facsimile or as a PDF file attached to an email.

22. Return of Funds. If the Escrow Agent releases any funds, including but not limited to the Escrow Amount or any portion of it, to a Party and subsequently determines, in its sole discretion, that the payment or any portion of it was made in error, the Party shall, upon notice, promptly refund the erroneous payment. Any such erroneous payment by the Escrow Agent, and the Party's return thereof to the Escrow Agent, shall not affect any obligation or right of either the Escrow Agent or the Parties. Each of the Parties agrees not to assert discharge for value, bona fide payee, or any similar doctrine as a defense to the Escrow Agent's recovery of any erroneous payment.

23. Sanctions. None of the Parties or any of their parents or subsidiaries, or any of their respective directors, officers, or employees, or to the knowledge of any Party, the affiliates of the Parties or any of their subsidiaries, will, directly or indirectly, use any part of any proceeds or lend, contribute, or otherwise make available such Escrow Funds in any manner that would result in a violation by any person of economic, trade, or financial sanctions, requirements, or embargoes imposed, administered, or enforced from time to time by the United States (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State), the United Kingdom (including, without limitation, His Majesty's

Treasury), the European Union and any EU member state, the United Nations Security Council, and any other relevant sanctions authority.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: Thomas van der Meulen
Its: Chief Executive Officer

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name:
Its:

SELLER:

KIDKRAFT, INC.

Johnnie Goodner
6C8E1CE6C6DBFF05FDEF4122056E24FD contractworks.

By: _____
Name: Johnnie Goodner
Its: Chief Financial Officer

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its: _____

Nelson Kercado, SVP
Citibank, N.A.
388 Greenwich Street, 29th flr
New York, NY 10013
212-559-8509

Schedule 1

ESCROW AGENT FEE SCHEDULE
Citibank, N.A., Escrow Agent

Acceptance Fee
To cover the acceptance of the Escrow Agency appointment, the study of the Agreement, and supporting documents submitted in connection with the execution and delivery thereof, and communication with other members of the working group:

Fee: Waived

Administration Fee
The annual administration fee covers maintenance of the Escrow Account including safekeeping of assets in the escrow account, normal administrative functions of the Escrow Agent, including maintenance of the Escrow Agent's records, follow-up of the Agreement's provisions, and any other safekeeping duties required by the Escrow Agent under the terms of the Agreement. Fee is based on the total Escrow Amount being deposited in a non-interest bearing deposit account, FDIC insured to the applicable limits.

Fee: Waived

Tax Preparation Fee
To cover preparation and mailing of Forms 1099-INT, if applicable for the escrow parties for each calendar year:

Fee: Waived

Transaction Fees
To oversee all required disbursements or release of property from the escrow account to any escrow party, including cash disbursements made via check and/or wire transfer, fees associated with postage and overnight delivery charges incurred by the Escrow Agent as required under the terms and conditions of the Agreement:

Fee: Waived

Other Fees
Material amendments to the Agreement: additional fee(s), if any, to be discussed at time of amendment.

TERMS AND CONDITIONS: The above schedule of fees does not include charges for out-of-pocket expenses or for any services of an extraordinary nature that Citibank or its legal counsel may be called upon from time to time to perform. Fees are also subject to satisfactory review of the documentation, and Citibank reserves the right to modify them should the characteristics of the transaction change. Citibank's participation in this program is subject to internal approval of the third party depositing monies into the escrow account to be established hereunder. The Acceptance Fee, if any, is payable upon execution of the Agreement. Should this schedule of fees be accepted and agreed upon and work commenced on this program but subsequently halted and the program is not brought to market, the Acceptance Fee and legal fees incurred, if any, will still be payable in full.

EXHIBIT A-1

Certificate as to Buyer's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Buyer and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Buyer. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

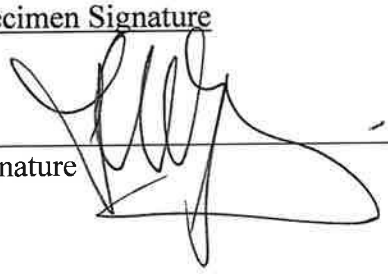
Name / Title / Telephone	Specimen Signature
Thomas van der Menden Name	 Signature
CEO Title	
404-664-5546 → Same Phone	Mobile Phone
Dan Lawrence Name	 Signature
CFO Title	
8 → Phone	843-816-3553 Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker	DocuSigned by: Geoffrey Walker 9B943E20E04B443...
Name	Signature
President and Chief Executive Officer	
Title	
	310-874-0092
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Telephone	Mobile Phone

EXHIBIT A-2

Certificate as to Seller's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as Authorized Representatives of the Seller and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Seller. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Geoffrey Walker Name	 Signature
President and Chief Executive Officer Title	
 Phone	310-874-0092 Mobile Phone
Johnnie Goodner Name	 Signature
Chief Financial Officer Title	
 Phone	469-360-9789 Mobile Phone
 Name	 Signature
 Title	
 Telephone	 Mobile Phone

EXHIBIT B

Form of Joint Release Instruction

[Date]

[Via Email]
[Via Fax]
[212.780.7131]
Citibank, N.A.
Escrow Services
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: Eddy Rosero and Nelson Kercado

RE: [Name of Parties] – Escrow Agreement dated April 25, 2024
Escrow Account number [25Dxxxxxxxxx]

We refer to an escrow agreement dated April 25, 2024 between BACKYARD PRODUCTS, LLC, Delaware limited liability company (the "Buyer"), KIDKRAFT, INC., a Delaware corporation (the "Seller") and Citibank, N.A. as Escrow Agent (the "Escrow Agreement")

Capitalized terms in this letter that not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

Pursuant to Section 4(a)(i) of the above referenced escrow agreement, the Parties instruct the Escrow Agent to release [$] to the specified party as instructed below. This letter constitutes a "Joint Release Instruction" pursuant to Section 4 of the Escrow Agreement.

[Bank name]
[ABA number]
[Bank Address]
[Beneficiary name]
[Beneficiary Account number]

Thank you.

[Signatures Follow]

IN WITNESS WHEREOF, this Joint Release Instruction has been duly executed as of the date first written above.

BUYER:

BACKYARD PRODUCTS, LLC

By: _____
Name: _____
Its: _____

SELLER:

KIDKRAFT, INC.

By: _____
Name: _____
Its: _____

EXHIBIT B

ILLUSTRATIVE CALCULATION OF CERTAIN PURCHASE PRICE ELEMENTS

[Attached.]

			March Estimate
Consideration for Other Purchased Assets			
IP, Obsolete, and all Other Assets			4,000,000
$350k for Europe "additional price"			350,000
Consideration for Other Purchased Assets			**4,350,000**
Consideration for Accounts Receivable			
A/R of KK100 (US) as of 3/31/24	20,197,627		
Less: Over 90 Days Past Due Date	(1,763,074)		
A/R of KK150 (Canada) as of 3/31/24	4,843,072		
Less: Over 90 Days Past Due Date	123,679		
Eligible A/R	23,401,305		
Less: Coface, RF Balance	(2,457,055)		
Less: Dilution Reserves	(3,444,747)		
Consideration for Accounts Receivable	**17,499,503**	*90%*	**15,749,553**
Consideration for Inventory			
KK200 Total Inventory as of 3/21/24			
KBV Excluded Inventory	3,543,308		
Nerf, Barbie, American Girl Inventory - Australia	41,098		
Expected to Ship from Amsterdam/UK Warehouses	943,727		
Australia Warehouse	505,474		
KK200 Inventory	**5,033,607**		
Total Inventory as of 3/21/24	**35,526,779**		
Less: KBV Excluded Inventory	(3,543,308)		
Less: Nerf, Barbie, American Girl Inventory - US	(1,539,969)		
Less: Nerf, Barbie, American Girl Inventory - Australia	(41,098)		
Less: KK100 Inventory at Suppliers	(1,134,379)		
Included Inventory	**29,268,025**		
KK100 Inventory			
First Quality*	19,426,597	75%	14,569,948
Discontinued	4,712,992	60%	2,827,795
Obsolete Inventory	2,886,716	0%	-
Ainsley RTV	792,519	75%	594,389
KK200 Inventory			
First Quality - Australia	255,494	75%	191,621
Discontinued - Australia	159,805	60%	95,883
Obsolete Inventory - Australia	90,175	0%	-
Amsterdam/UK Warehouse	943,727	100%	943,727
Consideration for Inventory	**29,268,025**		**19,223,363**
Total			**39,322,916**

SCHEDULE "G"

FORM OF INFORMATION OFFICER'S VESTING CERTIFICATE

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

INFORMATION OFFICER'S VESTING CERTIFICATE

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court"**) dated May 17, 2024 (the "**Supplemental Order**"), KSV Restructuring Inc. was appointed as information officer of the Court (in such capacity, the "**Information Officer**") in the proceedings commenced by KidKraft, Inc. ("**KidKraft**") in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") of Solowave Design Holdings Limited, Solowave Design Inc., Solowave International Inc., and Solowave Design LP (the "**Canadian Debtors**" and collectively with KidKraft, the "**Chapter 11 Debtors**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

B. Pursuant to an Order of the Court dated **[● 2024]** (the "**CCAA Vesting Order**") made in the CCAA Proceedings, the Court (a) recognized the Plan Confirmation Order and the Sale Order and (b) provided for the vesting in the Purchaser or its permitted assignee or delegee of the

Chapter 11 Debtors' right, title and interest in and to the Canadian Transferred Assets, which vesting is to be effective with respect to such assets upon the delivery by the Information Officer to the Purchaser of this certificate (the "**Information Officer's Vesting Certificate**").

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the CCAA Vesting Order.

THE INFORMATION OFFICER CERTIFIES that:

1. The Foreign Representative has delivered written notice confirming, on behalf of the Chapter 11 Debtors, that each of the conditions precedent in favour of the Chapter 11 Debtors contained in the Purchase Agreement has been satisfied or waived.

2. The Purchaser has delivered written notice confirming that each of the conditions precedent in favour of it contained in the Purchase Agreement has been satisfied or waived.

3. The Purchaser has delivered written notice confirming that the Purchaser has assigned or delegated to [NAME] its right to purchase and acquire the Canadian Transferred Assets in accordance with the Purchase Agreement.

DATED at Toronto, Ontario this ___ day of _____, 2024

KSV RESTRUCTURING INC., in its capacity as Information Officer, and not in its personal capacity

Per: _____

Name:

Title:

SCHEDULE "H"

FORM OF INFORMATION OFFICER'S TERMINATION CERTIFICATE

Court File No. CV-24-00720035-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

INFORMATION OFFICER'S TERMINATION CERTIFICATE

B. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court"**) dated May 17, 2024 (the "**Supplemental Order**"), KSV Restructuring Inc. was appointed as information officer of the Court (in such capacity, the "**Information Officer**") in the proceedings commenced by KidKraft, Inc. ("**KidKraft**") in its capacity as the foreign representative (in such capacity, the "**Foreign Representative**") of Solowave Design Holdings Limited, Solowave Design Inc., Solowave International Inc., and Solowave Design LP (the "**Canadian Debtors**" and collectively with KidKraft, the "**Chapter 11 Debtors**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

B. Pursuant to an Order of the Court dated **[● 2024]** (the "**CCAA Termination Order**") made in the CCAA Proceedings, the Court (a) recognized the Plan Confirmation Order and the Sale Order (each as defined in the CCAA Termination Order), and (b) provided for the

termination of these CCAA proceedings upon the filing of this certificate (the "**Information Officer's Termination Certificate**") with the Court.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the CCAA Termination Order.

THE INFORMATION OFFICER CERTIFIES that:

1. The Information Officer has been advised by the Chapter 11 Debtors (or their counsel) that the conditions to the Plan becoming effective as set out in section ● of the Plan have been satisfied or waived pursuant to section ● of the Plan.

2. To the knowledge of the Information Officer, all matters to be attended to in connection with the Foreign Representative's CCAA Proceedings (Court File No. CV-24-00720035-00CL) have been completed.

ACCORDINGLY, the CCAA Termination Time as defined in the CCAA Termination Order has occurred.

DATED at Toronto, Ontario this ___ day of _____, 2024

KSV RESTRUCTURING INC., in its capacity as Information Officer, and not in its personal capacity

Per: _____

Name:

Title:

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

Court File No: CV-24-00720035-00CL

AND IN THE MATTER OF KIDKRAFT, INC., SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36 AS AMENDED

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

RECOGNITION ORDER
(Plan Confirmation Order, Sale Order and Termination of CCAA Proceedings, and Related Relief)

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Fax: 416.862.6666

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED Court File No: CV-24-00720035-00CL

AND IN THE MATTER OF KIDKRAFT, INC. SOLOWAVE DESIGN HOLDINGS LIMITED., SOLOWAVE DESIGN INC., SOLOWAVE INTERNATIONAL INC. AND SOLOWAVE DESIGN LP

APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE FOREIGN REPRESENTATIVE
(Recognition Order (Plan Confirmation Order, etc.))
(Returnable June 28, 2024)

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Tracy C. Sandler (LSO# 32443N)
Tel: 416.862.5890
Email: tsandler@osler.com

Martino Calvaruso (LSO# 57359Q)
Tel: 416.862.6665
Email: mcalvaruso@osler.com

Mark Sheeley (LSO# 66473O)
Tel: 416.862.6791
Email: msheeley@osler.com

Lawyers for the Applicant