



**Report of
KSV Restructuring Inc. as
Proposed Information Officer of
KidKraft, Inc.,
Solowave Design Holdings Limited,
Solowave Design Inc.,
Solowave International Inc. and
Solowave Design LP**

May 16, 2024

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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

REPORT OF KSV RESTRUCTURING INC.
AS PROPOSED INFORMATION OFFICER

MAY 16, 2024

1.0 Introduction

1. On May 10, 2024, KidKraft, Inc. ("KidKraft" or the "Foreign Representative"), Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the "Canadian Corporate Debtors"), Solowave Design LP (together with the Canadian Corporate Debtors, the "Canadian Debtors"), Solowave Design Corp., KidKraft Europe, LLC, KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Partners, LLC, and KidKraft International IP Holdings, LLC (collectively, the "US Debtors" and together with the Canadian Debtors, 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 "US Court"). The cases commenced by the Chapter 11 Debtors in the US Court are referred to herein as the "Chapter 11 Proceedings".
2. The purpose of the Chapter 11 Proceedings and the proposed Canadian recognition proceedings (the "Recognition Proceedings") is to provide a stabilized environment for the Chapter 11 Debtors to continue to operate in the normal course while they implement their restructuring plan, including a proposed sale of the Chapter 11 Debtors' US and Canadian assets to Backyard Products, LLC (the "Purchaser") pursuant to an asset purchase agreement among the Purchaser, as purchaser, and KidKraft, Solowave Design Corp., Solowave Design LP and Solowave Design Inc., as sellers (collectively, the "Sellers") (the "Sale Transaction").

3. On May 10, 2024, the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court”) granted an Interim Stay Order (the “Interim Stay Order”) in respect of KidKraft and the Canadian Debtors and their respective directors, officers, Business and Property (as defined in the Interim Stay Order). A copy of the Interim Stay Order and the endorsement of the Honourable Justice Cavanagh is attached as Appendix “A”.
4. On May 13, 2024, the US Court heard the Chapter 11 Debtors’ first day motions and, as a result of that hearing, granted numerous orders (collectively, the “First Day Orders”).
5. At this time, the Foreign Representative is making an application to the Canadian Court for recognition of the Chapter 11 Proceedings under Part IV of the *Companies’ Creditors Arrangement Act* (the “CCAA”) pursuant to two proposed orders (jointly, the “Recognition Orders”):
 - a) the initial recognition order which, *inter alia*, recognizes the Chapter 11 Proceedings as a “foreign main proceeding” and recognizes the Foreign Representative as the “foreign representative”, as defined in section 45 of the CCAA; and
 - b) the supplemental order which, *inter alia*, appoints KSV Restructuring Inc. (“KSV”) as information officer, recognizes certain of the First Day Orders issued by the US Court in the Chapter 11 Proceedings, grants certain stays as set out therein and grants the Administration Charge, D&O Charge, and the DIP Charge (as defined in the Recognition Orders).
6. This report (“Report”) is filed by KSV in its capacity as proposed information officer (the “Proposed Information Officer”) in the Recognition Proceedings.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV’s qualifications to act as “Information Officer”;
 - b) provide background information about the Chapter 11 Debtors and the Chapter 11 Proceedings, including a summary of the First Day Orders for which Canadian Court recognition is being sought;
 - c) provide the Proposed Information Officer’s commentary on the reasonableness of the US\$10.5 million senior secured super-priority multi-draw debtor-in-possession (“DIP”) term loan credit facility (the “DIP Facility”) among the Chapter 11 Debtors and GB Funding, LLC (the “Prepetition and DIP Agent”) and 1903 Partners, LLC (the “Prepetition and DIP Lender” and, together with the Prepetition and DIP Agent, “Gordon Brothers”);
 - d) summarize the potential implications of the Chapter 11 Proceedings, particularly the DIP Facility, on the Canadian Debtors’ stakeholders;

- e) summarize the rationale for the proposed Court-ordered charges, being the Administration Charge, D&O Charge and DIP Charge (each as defined in the proposed Recognition Orders);
- f) provide an overview of the Chapter 11 Debtors' Joint Plan of Reorganization (the "Plan"), including the Sale Transaction; and
- g) recommend that the Canadian Court grant the relief being sought by the Foreign Representative.

1.2 Currency

1. All currency references in this Report are to Canadian dollars, unless otherwise noted.

1.3 Restrictions

1. In preparing this Report, the Proposed Information Officer has relied upon unaudited financial information prepared by management of the Chapter 11 Debtors, the Chapter 11 Debtors' books and records, including those of the Canadian Debtors, materials filed in the Chapter 11 Proceedings and discussions with the Chapter 11 Debtors' Canadian legal counsel.
2. The Proposed Information Officer has not performed an audit or other verification of such information. An examination of the Chapter 11 Debtors' financial forecasts as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Chapter 11 Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposed Information Officer expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon by the Proposed Information Officer in its preparation of this Report.

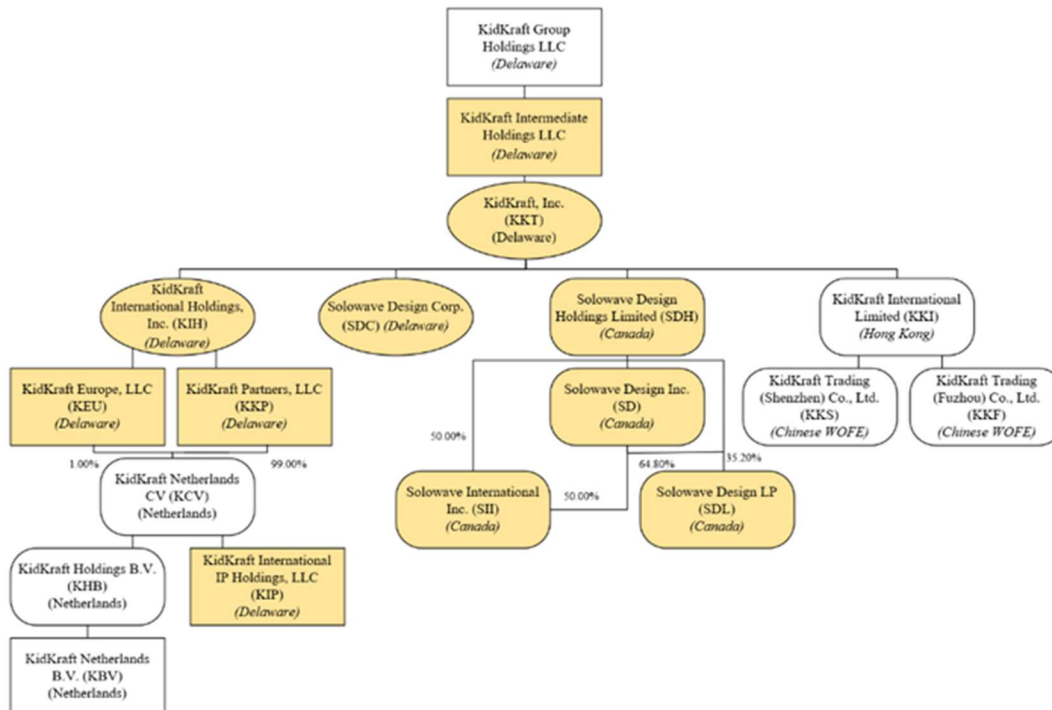
1.4 KSV's Qualifications to Act as Information Officer

1. KSV is qualified to act as Information Officer. KSV's qualifications include:
 - a) KSV is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KSV is not subject to any of the restrictions set out in Section 11.7(2) of the CCAA; and
 - b) KSV has extensive experience acting as Information Officer under Part IV of the CCAA in a wide variety of industries.
2. On April 20, 2024, KSV was engaged by the Canadian Debtors to assist to prepare for these proceedings. KSV's engagement letter contemplates that "*In the event the Companies file for protection and KSV is appointed as Information Officer, this engagement shall terminate immediately prior to the commencement of those proceedings. In such circumstances, KSV's duties and obligations as Information Officer will be as set out in the order commencing the proceedings, as well as by statute, and KSV would from that date forward be acting as an officer of the Court*".

3. KSV has consented to act as Information Officer in these proceedings should the Canadian Court grant the Recognition Orders. A copy of KSV's consent to act as Information Officer is attached as Appendix "B".

2.0 Background

1. 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, including swing sets, dollhouses, playhouses and more.
2. In 2008 and 2009, KidKraft (together with the other Chapter 11 Debtors and its non-debtor affiliates, the "Company"), expanded its global presence and opened offices in the Netherlands and China. The Company further expanded its product offerings to include playhouses and swing sets and, in 2016, acquired the Solowave Design business, a leading maker of outdoor wood play sets in Canada.
3. All of the Chapter 11 Debtors are incorporated or established under the laws of the US, with the exception of the Canadian Debtors.
4. 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.
5. The Company's organizational structure consists of eighteen entities, of which eleven are Chapter 11 Debtors. The corporate organization chart is provided below, with the Chapter 11 Debtors highlighted in yellow.



6. The Company distributes its products through partnerships with several large stores, including Costco, Sam's Club, Target and Walmart, through online retailers, and through direct to consumer sales from their website.
7. The Company has strong partnerships across global retailers with more than 3,000 points of distribution in over 90 countries, as well as deep relationships within the global logistics community.
8. The Company employs over 60 employees on a full-time or part-time basis. KidKraft employs one employee in Canada. The Canadian Debtors do not employ any employees in Canada or otherwise. None of the employees are represented by a union or are subject to a collective bargaining agreement. The Company does not maintain a registered pension plan in Canada.
9. The Company's head office is located at 4630 Olin Road in Dallas, Texas. Operations for the Chapter 11 Debtors, including those in Canada, are managed from their US head office. Other than a registered office in Ottawa (located at the address of a registered agent for compliance purposes only), the Company does not maintain any office premises in Canada. The Company's sole employee in Canada works remotely from a home office.
10. Further information concerning the Chapter 11 Debtors' background, financial position, corporate structure and the reasons the Chapter 11 Debtors require creditor protection to implement their restructuring plan are provided in the Declaration of Geoffrey Walker filed in the Chapter 11 Proceedings (the "Walker Declaration"), Mr. Walker's Affidavit sworn May 10, 2024 in support of the Interim Stay Order (the "First Walker Affidavit"), and Mr. Walker's Affidavit sworn in respect of the Foreign Representative's motion for the Recognition Orders (collectively with the First Walker Affidavit, the "Walker Affidavits"). Should the Recognition Orders be granted, copies of Court materials filed in these proceedings, including the Walker Declaration and the Walker Affidavits, will be available on the Information Officer's website at: <https://www.ksvadvisory.com/experience/case/KidKraft>.

3.0 The Canadian Debtors

1. In Canada, the Company delivers the products it imports into Canada to customers through Mainfreight Inc. ("Mainfreight"), a third-party logistics provider, pursuant to a Logistics Services Agreement between KidKraft and Mainfreight dated July 28, 2023. As of April 30, 2024, Mainfreight held inventory valued at approximately \$323,000, all of which is owned by KidKraft or Solowave Design LP and maintained at Mainfreight's facility in Mississauga. The Proposed Information Officer understands that Mainfreight was paid current prior to the Chapter 11 filing.
2. The Walker Affidavits contain information supporting a finding of the centre of main interest ("COMI") of each of KidKraft and the Canadian Debtors. Given, *inter alia*, the reliance of the Canadian Debtors on the US Debtors in all facets of the Canadian business, including management, infrastructure, credit facilities, sales, human resources, accounting and cash management, it appears to the Proposed Information Officer that the COMI of the Canadian Debtors is the US.

3.1 Financial Overview

1. Based on the Canadian Debtors' unaudited¹ consolidated financial results for their fiscal year ended March 31, 2024, the Canadian Debtors incurred a net loss of approximately \$18.6 million.
2. The Canadian Debtors' most recent unaudited balance sheet as at March 31, 2024 is provided in the table below.

(unaudited; CAD\$000s)	March 31, 2024
Cash	8
Accounts Receivable	3,260
Inventory	565
Prepaid and other	1
Intercompany	1,424
Deposits and noncurrent assets	387
Total Assets	5,645
Accounts payable and accrued liabilities	1,810
Income tax payable	84
Total Liabilities	1,894
Shareholder's equity	3,750
Total Liabilities and Equity	5,645

3. The March 31, 2024 balance sheet reflects that there are relatively immaterial working capital assets in Canada, being principally accounts receivable and inventory with book values totalling approximately \$3.8 million. The Canadian Debtors' balance sheet does not reflect 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.

3.2 Creditor Composition

3.2.1 Secured Creditors

The Prepetition and DIP Lender

1. The Prepetition and DIP Lender is the Company's principal secured creditor. As of May 10, 2024 (the "Petition Date"), the Chapter 11 Debtors' funded secured debt liabilities totalled approximately US\$145 million owing under the Amended and Restated First Lien Credit Agreement dated as of April 3, 2020, among KidKraft and KidKraft Netherlands B.V., as borrower, KidKraft Intermediate Holdings, LLC and its subsidiaries that are guarantors thereto (as amended, including by a Forbearance Amendment No. 5 and Joinder to Amended and Restated First Lien Credit Agreement dated as of January 31, 2024 (the "Fifth Amendment"), the "Prepetition Credit Agreement").

¹There are no stand-alone audited financial statements for the Canadian Debtors. The unaudited financial statements of these entities have historically been consolidated with the Company's financial statements for audit purposes, and an audit is performed on a consolidated basis only.

2. The Fifth Amendment was entered in connection with a debt sale transaction whereby the Prepetition and DIP Lender acquired the first lien debt from the then lenders under the Prepetition Credit Agreement. The Canadian Debtors became guarantors of the obligations and pledgors of their assets under the Prepetition Credit Agreement pursuant to the Fifth Amendment. The Fifth Amendment also increased the priority revolving commitments under the Prepetition Credit Agreement to US\$25.9 million and extended the maturity of the term loans thereunder from June 30, 2023 to June 30, 2024.
3. As security for the guarantees provided by the Canadian Debtors pursuant to the Prepetition Credit Agreement, *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 (the “Canadian GSA”) 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 Finanz GmbH (“Coface”) holds security pursuant to the Solowave Receivables Sale Agreement (as defined in the Canadian GSA));
 - 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 registrations and applications owned by Solowave Design Inc. and/or KidKraft.

Coface

1. KidKraft and Solowave Design LP have executed Receivables Sales Agreements with Coface dated August 4, 2021 and April 21, 2022, respectively. Pursuant to these agreements, Coface purchases certain accounts receivable (the “Purchased Receivables”) from KidKraft and Solowave Design LP. Coface thus owns the receipts from Purchased Receivables, which are deposited in lockbox accounts under the control of Coface. The Monitor understands that the Receivables Sales Agreements are still in place however, KidKraft and Solowave Design LP do not intend to sell further account receivables to Coface at this time.
2. While Coface has registered financing statements pursuant to the *Personal Property Security Act* (Ontario) (“ON PPSA”) and the *Personal Property Security Act* (Alberta) (“AB PPSA”) against Solowave Design LP and Solowave Design Inc., following discussions with Canadian counsel to the Canadian Debtors, the Proposed Information Officer understands that the Chapter 11 Debtors are of the view that the Purchased Receivables and related proceeds are owned by Coface and not by the Chapter 11 Debtors, and the Recognition Orders do not alter the ownership of, or Coface’s rights to, the Purchased Receivables and related proceeds. In fact, the Proposed Information Officer understands that the Cash Management Order (as defined below) authorizes the Chapter 11 Debtors’ continued use of lockbox accounts (for Purchased Receivables sold prior to May 10, 2024).

3.2.2 Unsecured Creditors

1. Based on the Canadian Debtors' books and records as at April 30, 2024, unsecured creditors of the Canadian Debtors are owed approximately \$834,500. Of this amount, approximately \$749,300 is owed to ShingFai, a woodworking and renovation company based in China.

4.0 First Day Orders

1. The Foreign Representative is seeking recognition of the following First Day Orders by the Canadian Court:
 - a) Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief (the "Foreign Representative Order");
 - 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 "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 (the "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 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”).
2. The Walker Declaration and the Walker Affidavits provide further background in support of each First Day Order. The Proposed Information Officer has reviewed the First Day Orders and the related motions and discussed the rationale for them, particularly as it relates to the Canadian Debtors, with Canadian counsel to the Foreign Representative.
 3. The Proposed Information Officer believes that the First Day Orders are consistent with the integrated nature of the Chapter 11 Debtors’ operations in the US and Canada. In addition, certain of the First Day Orders are customary, procedural and/or administrative in nature.
 4. The Proposed Information Officer notes that the Canadian creditors are proposed to receive the same treatment as US creditors in the First Day Orders, including ascribing “administrative claim” status for post-filing goods or services provided to the Chapter 11 Debtors during the Chapter 11 Proceedings.
 5. The Proposed Information Officer understands that the Chapter 11 Debtors anticipate bringing further motions before the US Court in the coming days seeking approval of additional orders, including a Bar Date Order establishing the bar dates and procedures for a claims process. Based on the draft provided to the Proposed Information Officer, the Bar Date Order contemplates the same treatment for US and Canadian creditors and requires publication of the relevant notice in *The Globe and Mail*.

5.0 The DIP Facility²

1. As set out in the Walker Declaration, the Chapter 11 Debtors, including the Canadian Debtors, require financing during the Chapter 11 Proceedings to provide the necessary liquidity to maintain their businesses, preserve the value of their assets for all stakeholders and to successfully complete the Sale Transaction.
2. Based on the Walker Declaration, the amount available under the DIP Facility is projected to address the Chapter 11 Debtors’ immediate liquidity needs during the Chapter 11 Proceedings.

² Capitalized terms not otherwise defined in this section of the Report are as defined in the DIP Facility.

3. A copy of the DIP Facility Term Sheet is appended to the Foreign Representative's application materials. A summary of the key attributes of the DIP Facility is provided in the table below.

Borrower	KidKraft, Inc.
Guarantor	KidKraft, Inc., KidKraft Intermediate Holdings, LLC, KidKraft International Holdings, Inc., KidKraft Europe, LLC, KidKraft International IP Holdings, LLC, KidKraft Partners, LLC, Solowave Design Corp., Solowave Design Inc., Solowave Design LP, Solowave Design Holdings Limited and Solowave International Inc.
Nature of Liability	Senior secured superpriority priming debtor-in-possession loans.
Postpetition Lender	1903 Partners, LLC
Postpetition Agent	GB Funding, LLC
Commitment	US\$10.5 million (US\$4 million as an interim commitment and an additional US\$6.5 million as a final commitment (the "Final Commitment"))
Interest Rate	The prevailing interest rate under the Prepetition Credit Agreement plus 8.50%. Based on the 30-day average SOFR rate, the effective interest rate on advances under the DIP Facility would be approximately 14%.
Expenses and Fees	An origination fee of 2.00% of the DIP Commitment, and an exit fee of 2.00% of the DIP Commitment to the DIP Lender and a weekly administrative fee of \$7,500 to the DIP Agent.
Budget	The Chapter 11 Debtors must operate in accordance with the DIP Budget.

4. The Proposed Information Officer considered the following in determining the reasonability of the DIP Facility and whether the Canadian Court should recognize the Interim DIP Order, which is a condition of the DIP Facility:
- a) interim funding of US\$4 million from the DIP Facility is required for the Chapter 11 Debtors to operate in the normal course during the Chapter 11 Proceedings. The Chapter 11 Debtors' ability to pay vendors, suppliers and employees, and to otherwise fund operations, is essential to preserve and maintain the going concern value in order to complete the Sale Transaction. The DIP Facility permits the orderly continuation of operations and should assist to minimize operational disruption, all of which is in the best interest of all stakeholders, including the Canadian stakeholders;
 - b) the DIP Facility contemplates a "roll up" of only the prepetition advances made by Gordon Brothers (US\$23.3 million) following the date on which the Canadian Debtors became guarantors of the Prepetition Credit Facility, being January 31, 2024 (the "Limited Roll-Up"). Accordingly, 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;
 - c) the DIP Charge would secure all obligations owing under the DIP Facility, although at this time, KidKraft and the Canadian Debtors are not seeking authorization for the DIP Charge to secure the Final Commitment and the Limited Roll-Up. The Proposed Information Officer understands that KidKraft and the Canadian Debtors will come back before this Court at a later date to seek recognition of the US Order granting a priming lien in respect of the Final Commitment and Roll-Up Amount, if and when such US Order is issued;
 - d) the Proposed Information Officer understands that the Chapter 11 Debtors are unable to procure other funding options more favourable than the DIP Facility. Considering all alternatives, the Chapter 11 Debtors have reasonably concluded that the DIP Facility represents the best financing available at this time;

- e) the Proposed Information Officer compared the pricing of the DIP Facility to other DIP facilities approved by Canadian courts in CCAA proceedings in recent years. The comparison is attached as Appendix “C”. Based on this analysis, the overall cost (interest and fees) of the proposed DIP Facility, as reflected in the table in Paragraph 3 above, is consistent with other recent DIP financings approved by Canadian courts;
 - f) the DIP Facility contemplates the Prepetition and DIP Lender having a first-ranking super priority charge on the Property of KidKraft and the Canadian Debtors (which would not include Coface-owned Purchased Receivables and related proceeds);
 - g) in anticipation of these proceedings, KSV retained Gowling WLG (Canada) LLP (“Gowlings”) to act as its legal counsel in the event that the Recognition Orders are granted and KSV is appointed as Information Officer. Gowlings provided an opinion³ dated May 8, 2024 which, subject to the standard assumptions and qualifications contained therein, concludes that the GSA granted by the Canadian Debtors in favour of the Collateral Agent and Secured Parties (as defined in the GSA), being the Prepetition and DIP Lender, as registered under the ON PPSA and AB PPSA, creates a valid and perfected security interest in the Canadian Debtors’ assets situated in Ontario and Alberta.
5. Based on the foregoing, the Proposed Information Officer believes that the Canadian Court’s recognition of the Interim DIP Order and granting the DIP Charge is reasonable and appropriate in the circumstances.

6.0 Court Ordered Charges

1. In addition to the DIP Charge, the proposed Recognition Orders contemplate an Administration Charge (\$750,000) and D&O Charge (\$100,000).
2. The Foreign Representative is seeking an Administration Charge in an amount not to exceed \$750,000 to secure the fees and expenses of the Chapter 11 Debtors’ Canadian counsel (Osler, Hoskin & Harcourt LLP), the Information Officer and its counsel (Gowlings).
3. The Administration Charge is a customary provision in recognition orders under Part IV of the CCAA - it is required by certain of the professionals engaged to assist a debtor company and to protect those professionals in the event it is unable to pay their fees and costs during the insolvency process.
4. The Proposed Information Officer believes that the quantum of the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the cross-border proceedings and the services to be provided by the professionals involved.
5. The Foreign Representative is also seeking a D&O Charge in an amount not to exceed \$100,000 in favour of the directors and officers in respect of their potential obligations and liabilities in Canada.

³ A copy of the security opinion will be made available to the Canadian Court should it wish to review it.

6. The D&O Charge is also a customary provision in recognition orders under Part IV of the CCAA. The Proposed Information Officer was involved in the quantification of the proposed D&O Charge, which is comprised of the potential post-filing exposure in respect of sales taxes and payroll obligations.
7. The Proposed Information Officer is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial at this time for the Canadian Debtors to advance these proceedings.

7.0 The Plan

1. The Chapter 11 Debtors entered into a restructuring support agreement dated April 25, 2024 with Gordon Brothers, MidOcean, one of the Company's ultimate shareholders and a subordinated unsecured lender to the US Debtors, and the Purchaser (the "RSA"). The RSA contemplates the Plan, which the Chapter 11 Debtors have filed in the Chapter 11 Proceedings.
2. The details of the Plan and RSA are provided in the Walker Declaration and the Walker Affidavits and, accordingly, are not repeated herein. A summary of the key provisions vis-à-vis the Canadian Debtors and their stakeholders is as follows:
 - a) the RSA documents the parties' commitment to the Sale Transaction;
 - b) by signing the RSA, Gordon Brothers, MidOcean and the Purchaser have agreed to take any steps and actions that are reasonably necessary to implement the Restructuring Transactions (as defined in the RSA), including, in the case of Gordon Brothers, voting in favor of the Plan on terms consistent with the RSA, and not objecting to the relief sought by the Chapter 11 Debtors;
 - c) Gordon Brothers agrees to provide the DIP Facility; and
 - d) the RSA contemplates the consummation of the transactions contemplated in the Plan and distributions to holders of claims against, and interests in, the Chapter 11 Debtors based on the treatment provided for such holders in the Plan.
3. In connection with the RSA, the Chapter 11 Debtors and the Purchaser negotiated⁴ and entered into an Asset Purchase Agreement (the "APA"). The APA contemplates the sale of certain of the Chapter 11 Debtors' assets, including the Canadian assets, in accordance with the terms of the RSA through the Chapter 11 Proceedings. This sale includes the assumption of certain of the Chapter 11 Debtors' liabilities, a commitment to offer employment to almost all of the Chapter 11 Debtors' employees and payment of contract cure costs incurred in connection with the Chapter 11 Proceedings. Based on the current listing of transferred employees, the one Canadian employee is contemplated to be offered employment by the Purchaser; however, pursuant to the APA and RSA, that listing may be revised up to two days before closing.

⁴ Gordon Brothers participated in and gave input during the negotiations.

4. The Proposed Information Officer intends to provide its overall assessment of the reasonableness of the Plan and Sale Transaction on the Canadian stakeholders in a report to be filed when the Foreign Representative seeks to recognize orders of the US Court approving the Plan and Sale Transaction, should those orders be granted by the US Court. Recognition of the Plan Confirmation Order and the Sale Transaction Approval and Vesting Order are both conditions precedent to Plan implementation.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposed Information Officer recommends that this Court grant the Recognition Orders sought by the Foreign Representative.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER OF
KIDKRAFT INC., SOLOWAVE DESIGN HOLDINGS LIMITED,
SOLOWAVE INTERNATIONAL INC., SOLOWAVE DESIGN INC. AND
SOLOWAVE DESIGN LP
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) FRIDAY, THE 10th
)
JUSTICE CAVANAGH) DAY OF MAY, 2024
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**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

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AMENDED**

**INTERIM STAY ORDER
(FOREIGN MAIN PROCEEDING)**

THIS APPLICATION, made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA") and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, by KidKraft, Inc. ("**KidKraft**"), in its capacity as the proposed foreign representative (in such capacity, the "**Proposed 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 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.

ON READING the Notice of Application and the affidavit of Geoff Walker affirmed May 10, 2024 and the affidavit of Emilie Dillon sworn May 10, 2024,

AND UPON HEARING the submissions of counsel for the Proposed Foreign Representative 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 10, 2024, 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.

STAY OF PROCEEDINGS

3. **THIS COURT ORDERS** that from the date hereof until and unless ordered by the Court (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**” and, collectively, “**Proceedings**”) including, without limitation, a Proceeding taken or that might be taken under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended, or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended, 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 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 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

4. **THIS COURT ORDERS** that, 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 Debtors 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.

NO INTERFERENCE WITH RIGHTS

5. **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 in Canada, except with the leave of this Court.

ADDITIONAL PROTECTIONS

6. **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 any of 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.

7. **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 any 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.

NO SALE OF PROPERTY

8. **THIS COURT ORDERS** that, except with the leave of this Court, each of the Chapter 11 Debtors are prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its Business, any of its Property that relates to the Business; and
- (b) any of its other Property.

SERVICE AND NOTICE

9. **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.

10. **THIS COURT ORDERS** that the Proposed Foreign Representative, the Chapter 11 Debtors, KSV Restructuring Inc., in its capacity as the proposed information officer (the “**Proposed 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).

11. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Chapter 11 Debtors, the Proposed Foreign Representative, the Proposed Information Officer and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic transmission to the Chapter 11 Debtors’ creditors or other interested parties at their respective addresses (including e-mail 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.

GENERAL

12. **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.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or 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 Proposed Foreign Representative, the Chapter 11 Debtors and their respective 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 the Proposed Foreign Representative and Chapter 11 Debtors as may be necessary or desirable to give effect to this Order, or to assist the Proposed Foreign Representative and Chapter 11 Debtors and their respective agents in carrying out the terms of this Order.

14. **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 Proposed Foreign Representative, the Chapter 11 Debtors, 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 parties identified on the service list maintained by the Proposed Information Officer) or upon such other notice, if any, as this Court may order.

15. **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.



Digitally signed by
Mr. Justice
Cavanagh

Justice Cavanagh

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

**INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)**

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Lawyers for the Applicant



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-24-00720035-00CL DATE: 10 May 2024

NO. ON LIST: 1

TITLE OF PROCEEDING:

BEFORE JUSTICE: **CAVANAGH**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
MARK SHEELEY/Martino Calvaruso/Emilie Dillon	KIDKRAFT INC	msheeley@osler.com edillon@osler.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Virginie Gauthier	KSV Restructuring Inc.	virginie.gauthier@gowlingwlg.com
Heather Meredith/Ella Hantho	Backyard Products LLC	hmeredith@mccarthy.ca ethantho@mccarthy.ca
Mitch Stephenson/Stuart Brotman	Gordon Brothers	sbrotman@fasken.com mstephenson@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 (in such capacity, the “Foreign Representative”) of the Chapter 11 Debtors (defined below) seeks an order (the “Interim Stay Order”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act*, as amended (the “CCAA”) and section 106 of the *Courts of Justice Act*, among other things, granting an interim stay of proceedings in respect of the Canadian Debtors (defined below) and KidKraft, and their respective officers and directors.
- [2] The Company - a leader in branded, sustainable, wood-based active and imaginative play products such a swing sets, dollhouses, playhouses, and more - is currently facing significant balance sheet and liquidity challenges. On May 10, 2024 (the “Petition Date”), Solowave Design Holdings Limited, Solowave International Inc. and Solowave Design Inc. (collectively, the “Canadian Corporate Debtors”), Solowave Design LP (together with the Canadian Corporate Debtors, the “Canadian Debtors”), KidKraft, 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 United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “U.S. Court”). The cases commenced by the Chapter 11 Debtors and the U.S. Court are referred to herein as the “Chapter 11 Cases”.
- [3] Also on May 10, 2024, the Chapter 11 Debtors filed several first day motions and applications, including for an order authorizing KidKraft to act as Foreign Representative (the “Foreign Representative Order”), with the U.S. Court (collectively, the “First Day Motions”). The U.S. court is expected to hear certain First Day Motions on May 13.
- [4] In its notice of application, KidKraft also seeks orders, among other things, 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. The orders which will be sought are the Initial Recognition Order and a Supplemental Order as described in the materials.
- [5] The Interim Stay Order is being sought in an expedited basis to ensure that the *status quo* is preserved in respect of KidKraft, the Canadian Debtors and the Canadian Property (as defined in the materials) pending the granting of the First Day Orders by the U.S. Court, including the Foreign Representative Order. If granted, the Interim Stay Order will protect the Company’s Canadian business and the Canadian Property (including valuable inventory) from immediate actions of creditors and contract counterparties in Canada.
- [6] 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.
- [7] The background facts to this motion are set out in the Affidavit of Geoffrey Walker sworn May 10, 2024. These facts are summarized in the applicant’s factum at paragraphs 7-34.

Is Ontario a proper jurisdiction for these recognition proceedings in Canada?

- [8] I am satisfied that Ontario is a proper jurisdiction for these recognition proceedings in Canada. Part IV of the CCAA does not contain any provisions with respect to the jurisdiction of a particular Canadian court to hear a recognition application. I am satisfied that it is appropriate for this Court

to take jurisdiction over this recognition application given the Canadian Debtors' substantial connection to Ontario.

Should an interim stay order be granted?

- [9] Pursuant to section 46(2) of the *CCAA*, a foreign representative seeking recognition of a proceeding must include in its application, among other things, certified copies of the instruments that commenced the foreign proceeding and authorized the foreign representative to act in such capacity. However, the latter documents will not be available until the Chapter 11 Debtors appear before the U.S. Court in the coming days to seek the First Day Orders, including the Foreign Representative Order authorizing KidKraft to act as Foreign Representative.
- [10] As a result, there will be a period of time between the commencement of the Chapter 11 Cases and the time when the Foreign Representative can return to this court to seek the Initial Recognition Order and Supplemental Order. While the Chapter 11 Debtors obtained the benefit of a stay of proceedings upon filing the Petitions with the U.S. Court, the Canadian Debtors will not have the protection of a stay in Canada during this key period without the Interim Stay Order.
- [11] To close this gap, this Court has granted interim orders to temporarily stay proceedings in Canada when a Chapter 11 proceeding has been commenced in the United States. The Court's jurisdiction to grant an interim stay in the context of a pending recognition application is found in section 106 of the *Courts of Justice Act*, section 11.02 of the *CCAA*, and its inherent jurisdiction. See *In the matter of CURO Canada Corp. and LendDirect Corp.*, 2024 ONSC 1785, at para. 38.
- [12] I am satisfied that an interim order granting a short stay of proceedings will provide the Canadian Debtors with necessary protection pending the certification and filing of U.S. Court materials required to recognize these foreign proceedings. Maintaining the *status quo* will prevent unnecessary disruptions within the Chapter 11 Debtors' Canadian supply chain and Canadian business. An interim stay will protect the Company's inventory, which is currently stored in or in transit within Canada by third parties. I accept that preservation of such inventory is essential to the success of the Chapter 11 Cases, as it is proposed to secure the Company's proposed debtor-in-possession facility and form part of the proposed sale transaction (as described in the motion materials).
- [13] The requested Interim Stay Order provides for a stay of proceedings in favour of KidKraft and the Canadian Debtors and in respect of the Canadian Property, as well as a stay in favour of the directors and officers of KidKraft and the Canadian Debtors. The 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.
- [14] I am satisfied that it is appropriate to grant the same stay protection to Solowave Design LP and KidKraft. In this respect, I accept the submissions made on behalf of the Applicant at paragraphs 45-51 of its factum.
- [15] Order to issue in form of Order signed by me today.
- [16] I have set aside time on **May 17, 2024 at 9:00 a.m.** for the applicant's motion for the Initial Recognition Order and Supplemental Order. I ask counsel for the applicant to confirm this date and time with the Commercial List Office.

Appendix “B”

**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**

CONSENT TO ACT AS INFORMATION OFFICER

KSV RESTRUCTURING INC. hereby consents to act as information officer in the above noted proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and to the terms of the form of Supplemental Order (Foreign Main Proceeding) filed in respect of same

DATED this 17th day of May, 2024.

KSV RESTRUCTURING INC.



By: _____

Name: David Sieradzki
Title: Managing Director

Appendix “C”

Schedule of Debtor-in-Possession Financing Terms
June 26, 2023 to December 31, 2023
(\$, 000)

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Candesto Enterprises Corp. et al.	Durisol Ltd.	CCAA	A&M	20-Dec-23	Alberta	Professional Services	1.30		8.5%	
Duvaltex Inc.	Wells Fargo	CCAA	EY	14-Dec-23	Quebec	Manufacturing	14.00	Engagement fee of \$75,000	Basic rate plus 2.5%	
Mastermind GP Inc.	CIBC	CCAA		23-Nov-23	Ontario	Retail	36.25	Forbearance fee of 1.25% of the outstanding balance under the CIBC Revolving Loan Facility and the BCAP Loan	CIBC's prime interest rate plus 0.75%	CIBC was the company's existing lender and agreed to forbear and provide a DIP loan
Tergeo Mineraux Critiques Inc. et al.	Investissement Québec	CCAA	Raymond Chabot	10-Nov-23	Quebec	Mining	2.60	Commitment fee of 3%	18.0%	
MAV Beauty Brands Inc. et al.	RBC as administrative agent	CCAA	A&M	14-Nov-23	Ontario	Distribution	3.90	Reasonable fees and expenses of the DIP lender	SOFR plus 5.1%	
Simply Green Home Services Inc., Crown Crest Capital Management Corp., et al.	Peoples Trust Company	CCAA	KPMG	09-Nov-23	Ontario	Professional Services	15.00	Commitment fee of \$150,000	9.5%	
Harbour Grace Ocean Enterprises Ltd. and Laureceton Holdings Ltd.	Gray Enterprise Ltd.	CCAA	PwC	02-Nov-23	Newfoundland	Construction	1.00	Commitment fee of 1.5%	13.0%	
South Shore Seafoods Ltd. et al.	TD Bank	CCAA	Deloitte	21-Sep-23	New Brunswick	Distribution	10.00	-	Prime rate or US base rate plus 1%	
Datatax Business Services Limited	BMO	NOI	KPMG	14-Aug-23	Alberta	Professional Services	16.25	-	Prime plus 1.15%	
Quebec Parmentier Inc. et al.	Caisse Desjardins de la RiveNord du Saguenay	CCAA	MNP	10-Oct-23	Quebec	Distribution	2.25	unclear	unclear	
Tacora Resources Inc.	Cargill, Incorporated	CCAA	FTI	10-Oct-23	Ontario	Mining	75.00	Exit fee of \$2,250,000 (3%)	10.0%	
Quality Sterling Group	Ironbridge Equity Partners	CCAA	RSM	17-Aug-23	Ontario	Other	7.00	Reasonable fees and expenses of the DIP lender	12.0%	
Aventura Phase VII Inc. et al.	TBD	CCAA	Raymond Chabot	28-Aug-23	Quebec	Real Estate / Construction	6.00	unclear	unclear	It appears the DIP loan was approved in advance, prior to locating a DIP lender
Ideal Protein Group	BMO & Caisse Desjardins as agents	CCAA	EY	15-Aug-23	Quebec	Manufacturing	4.00	-	same interest rate as existing term loan	
Aereus Technologies Inc.	1000608245 Ontario Inc.	NOI	Farber	31-Jul-23	Ontario	Manufacturing	0.78	Commitment fee of \$16,400 (2%)	15.0%	
Lighthouse Immersive Inc. and Lighthouse Immersive USA Inc.	SCS Finance, Inc.	CCAA	B. Riley Farber	27-Jul-23	Ontario	Entertainment	US 3.5	Reasonable fees and expenses of the DIP lender	10.0%	
NextPoint Financial Inc. et al.	BP Commercial Funding Trust and Drake Enterprises Ltd.	CCAA	FTI	25-Jul-23	British Columbia	Financial Services	25.00	Commitment fee of 1%	SOFR plus 6.5%	
Aleafia Health Inc. et al.	Red White & Bloom Brands Inc.	CCAA	KSV	25-Jul-23	Ontario	Cannabis	6.60	Commitment fee of \$198,000 (3%)	12.5%	
Bron Media Corp. et al.	Creative Wealth Media Lending LP 2016	CCAA	Grant Thornton	19-Jul-23	British Columbia	Media	6.20	Commitment fee of \$124,000 (2%)	15.0%	
Gesco Industries Inc., Gesco GP ULC and Tierra Sol Ceramic Tile Ltd.	BNS	CCAA	PwC	19-May-23	Ontario	Manufacturing & Distribution	8.60	Commitment fee of \$50,000; reasonable fees and expenses of DIP lender	Prime plus 6%	
Joseph Richard Hospitality Group Ltd. et al.	Canadian Western Bank	CCAA	EY	17-Jul-23	British Columbia	Food & Accommodation	0.50	-	Prime plus 5%; default interest rate of prime plus 10%	
OGEN Ltd. and OGEN Holdings Ltd.	Hawksworth Holdings Ltd. and G. Edwards Holdings Ltd.	NOI	KSV	26-Jun-23	Alberta	Cannabis	0.50	-	15.0%	