



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

June 27, 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**

**SECOND REPORT OF KSV RESTRUCTURING INC.  
AS INFORMATION OFFICER**

**JUNE 27, 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 US 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. 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, the Canadian Debtors and their respective directors, officers, Business and Property (as defined in the Interim Stay Order).
3. 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”), including the following:
  - 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. (“Stretto”) 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 (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”).

4. On May 17, 2024, on application by the Foreign Representative, the Canadian Court issued the following orders pursuant to Part IV of the *Companies' Creditors Arrangement Act* ("CCAA"):
  - a) the Initial Recognition Order (Foreign Main Proceeding), a copy of which is attached as Appendix "A", 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 stays all proceedings against the Chapter 11 Debtors; and
  - b) the Supplemental Order (Foreign Main Proceeding) (the "Supplemental Order"), a copy of which is attached as Appendix "B" (without schedules), which, *inter alia*, appoints KSV Restructuring Inc. ("KSV") as Information Officer (in such capacity, the "Information Officer") with respect to the Chapter 11 Debtors, grants certain stays as set out therein, grants the Administration Charge, Directors' Charge and the DIP Charge (each as defined in the Supplemental Order) and recognizes the First Day Orders.
5. On May 23, 2024, the Office of the United States Trustee for the Northern District of Texas (the "US Trustee") appointed an official unsecured creditors' committee (the "UCC"). The Information Officer understands that one of the Canadian Debtor's largest trade vendors is a committee member on the UCC.
6. On June 10, 2024, the US Court entered the following orders:
  - 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").
7. On June 11, 2024, the US 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").
8. On June 18, 2024, the US Court entered the following final order:
  - 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").

9. On June 19, 2024, on application by the Foreign Representative, the Canadian Court issued a Recognition Order, a copy of which (without schedules) is attached as Appendix “C”, which, *inter alia*, recognizes the Claims Bar Date Order, Final Customer Programs Order and Second Interim DIP Order.
10. On June 24, 2024, the US Court entered the following final orders:
  - a) 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”);
  - b) 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”);
  - c) Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief (the “Bidder Protections Order”); and
  - 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”).
11. On June 25, 2024, the US Court entered the following order:
  - 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”).
12. The purpose of the Chapter 11 Proceedings and the Canadian recognition proceedings was to provide a stabilized environment for the Chapter 11 Debtors to continue to operate in the normal course while they implemented their restructuring plan, including the 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 (the “Purchase Agreement”) (the “Sale Transaction”).
13. This report (“Report”) has been filed with the Canadian Court by KSV in its capacity as Information Officer.

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide an update on the Chapter 11 Proceedings, including US Court confirmation of the Chapter 11 Debtors' Amended Joint Prepackaged Chapter 11 Plan (the "Plan"), and a summary of the US Court orders for which Canadian Court recognition is being sought;
  - b) provide the Information Officer's commentary on the reasonableness of the Foreign Representative's motion;
  - c) set out the basis on which the Information Officer is recommending that these proceedings be terminated and that it be discharged, subject to filing a certificate with this Court (the "Information Officer's Termination Certificate");
  - d) summarize and seek approval of the fees and disbursements of the Information Officer and its legal counsel, Gowling WLG (Canada) LLP ("Gowling"), from the commencement of these proceedings to June 24, 2024 plus an accrual of \$50,000 (the "Fee Accrual") to cover the fees and disbursements incurred or to be incurred by the Information Officer and Gowling from June 25, 2024 until the filing of the Information Officer's Termination Certificate; and
  - e) 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 Defined Terms

1. Capitalized terms not otherwise defined in this Report have the meanings given to them in the: (i) Affidavit of Geoffrey Walker sworn May 10, 2024, (ii) the Declaration of Geoffrey Walker (the "First Walker Declaration"), (iii) the Affidavit of Mr. Walker sworn on May 15, 2024, (iv) the Affidavit of Mr. Walker sworn June 17, 2024, (v) the Affidavit of Mr. Walker sworn in support of this motion (the "Fourth Affidavit"), and (vi) the Declaration of Mr. Walker sworn June 19, 2024, in support of Plan Confirmation (the "Second Walker Declaration").

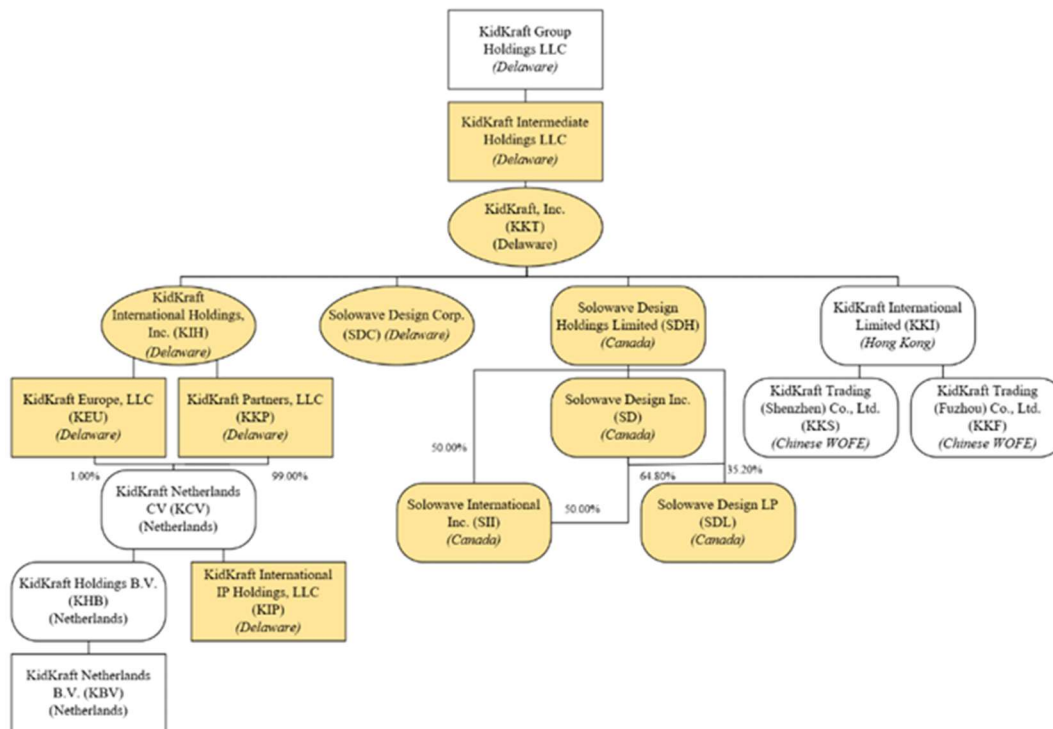
## 1.4 Restrictions

1. In preparing this Report, the 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 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 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 Information Officer in its preparation of this Report.

## 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 required creditor protection to implement the Sale Transaction and their restructuring plan are provided in the First Walker Declaration, the Second Walker Declaration and Mr. Walker's affidavits filed in these proceedings. Copies of materials filed with the Canadian Court in these proceedings are available on the Information Officer's website at: <https://www.ksvadvisory.com/experience/case/KidKraft>.

### **3.0 Update on Chapter 11 Proceedings**

1. As described in the Fourth Affidavit, the Chapter 11 Debtors have continued to advance their restructuring objectives while operating in the ordinary course of business in the context of the Chapter 11 Proceedings. 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.
2. As at the date of this Report, the Information Officer is not aware of any issues raised by Canadian stakeholders in respect of the Chapter 11 Proceedings or operational issues experienced by the Canadian Debtors resulting from the commencement of the Chapter 11 Proceedings.
3. Since the commencement of these proceedings, the Information Officer has been contacted by Canada Revenue Agency ("CRA") and is attempting to facilitate CRA's payroll and GST audits (the "Audits"). The Chapter 11 Debtors have been requested to provide CRA with certain payroll and GST information for CRA to conduct the Audits, which is a standard procedure in any insolvency filing.

## 4.0 Plan Confirmation Order

### 4.1 Disclosure Statement and Plan Solicitation

1. As noted above, on June 24, 2024, the US Court entered an order approving the Chapter 11 Debtors' Disclosure Statement and Plan (defined above as the "Plan Confirmation Order").
2. Prior to the commencement of the Chapter 11 Proceedings, the Chapter 11 Debtors retained Stretto as their solicitation and voting tabulation agent. The procedures adhered to by Stretto for the solicitation and tabulation of votes are outlined in the Disclosure Statement.
3. The Voting Class (as defined below) under the Plan received a solicitation package consisting of the Plan, the Disclosure Statement (including all exhibits thereto), a ballot (the "Ballot") and voting instructions.
4. The deadline to submit the Ballot was May 9, 2024 at 11:59pm (Prevailing Central Time). The voting results are detailed in Section 4.2(6) below.

### 4.2 The Plan

1. On April 25, 2024, the Chapter 11 Debtors entered into a Restructuring Support Agreement (the "RSA") with Gordon Brothers, MidOcean Partners IV L.P. ("MidOcean") and the Purchaser.
2. Details of the Plan and RSA are provided in the First Walker Declaration and Mr. Walker's first affidavit filed in these proceedings and, accordingly, are not repeated herein. A summary of the key provisions of the RSA and the Plan vis-à-vis the Canadian Debtors 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 agreed to take any steps and actions 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 in the Chapter 11 Proceedings;
  - c) the parties to the RSA agreed, among other things, that the key documents necessary to implement the Restructuring Transactions must be in form and substance acceptable to the Chapter 11 Debtors, Gordon Brothers, the Purchaser and, in certain instances, MidOcean, and consistent with the terms of the RSA;
  - d) Gordon Brothers agreed to provide DIP financing during the Chapter 11 Proceedings;
  - e) the RSA contemplates the filing of the Plan, Disclosure Statement and a motion for approval thereof;

- f) the RSA contemplates the satisfaction of certain restructuring milestones described in the RSA;
  - g) the RSA contemplates the sale of certain of the Chapter 11 Debtors' assets to the Purchaser, including the business and assets of the Canadian Debtors, pursuant to the Purchase Agreement; and
  - h) 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. The Sale Transaction 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.
  4. A summary of the treatment of claims and interests pursuant to the Plan is summarized in the table below.

Class	Claim or Interest	Estimated Allowed Claim Amount	Treatment	Impaired or Unimpaired	Voting Rights	Estimated Recovery
1	Other Priority Claims	\$530,000	Holders of such Claim shall be paid in full in Cash or otherwise receive treatment consistent with section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	Presumed to Accept	100%
2	Other Secured Claims	\$88,500	Holders of such Claim shall be paid in full in Cash or otherwise receive treatment as to render such Holder's Claim unimpaired.	Unimpaired	Presumed to Accept	100%
3	Prepetition Secured Party Claims	\$146,944,000	Holders of such Claim shall receive the remaining Distributable Value following payment of Administrative Expense Claims and Priority Tax Claims, DIP Claims, Other Priority Claims, and Other Security Claims, which amount may be paid directly by the Purchaser.	Impaired	Entitled to Vote	To be determined based on available Distributable Value
4	General Unsecured Claims	\$33,180,000	Holders of such Claims will not receive any distribution.	Impaired	Deemed to Reject	0%
5	Intercompany Claims	\$5,822,000	All Intercompany Claims will be adjusted, Reinstated, compromised, or discharged.	Impaired / Unimpaired	Presumed to Accept / Deemed to Reject	N/A
6	Intercompany Interests	N/A	All Intercompany Interests will be adjusted, Reinstated, compromised, or discharged.	Impaired / Unimpaired	Presumed to Accept / Deemed to Reject	N/A
7	KidKraft Intermediate Holdings, LLC Interests	N/A	All KidKraft Intermediate Holdings, LLC Interests will be cancelled.	Impaired	Deemed to Reject	N/A

5. As noted in the above table, the record holders of claims in Class 3 (Prepetition Secured Party Claims) as of May 9, 2024 (the "Voting Class") are the only group entitled to vote on the Plan.

6. The Voting Class successfully submitted their Ballot and voted to accept the Plan. A copy of the voting declaration is attached as Appendix “E”.
7. Over the last several weeks, the UCC was engaged in negotiations that culminated in a global settlement (the “Global Settlement”) of all issues among the Chapter 11 Debtors, the DIP Lender, the Prepetition Secured Parties, the Purchaser, MidOcean and the UCC (collectively, the “Global Settlement Parties”).
8. On June 20, 2024, the Chapter 11 Debtors filed the amended Plan (consistent with the terms of the Global Settlement) that will, among other things, create a trust for general unsecured creditors (the “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 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 UCC agreed to, among other things, support the Plan and the Final DIP Order.
9. The Information Officer understands that the Global Settlement was negotiated, proposed and entered into by the Global Settlement Parties at arm’s length, after significant and productive negotiations.

### **4.3 Recommendation**

1. The Information Officer believes that this Court should recognize the Plan Confirmation Order for the following reasons:
  - a) the Plan has been confirmed by the US Court on the basis that it satisfies the requirements for confirmation under the US Bankruptcy Code, and the evidence provided to the US Court supports that recognition of the Disclosure Statement and Plan Confirmation Order is appropriate and necessary to effect the Plan and protect the interests of the Chapter 11 Debtors and their creditors;
  - b) the sole creditor class entitled to vote on the Plan voted to accept the Plan in accordance with the requirements of the US Bankruptcy Code;
  - c) the Plan effectuates the sale of substantially all of the Chapter 11 Debtors’ inventory, intellectual property and accounts receivable to the Purchaser pursuant to the terms of the Purchase Agreement, which was the only going-concern transaction identified under both pre-filing sale processes (which are summarized in the next section of this report) carried out by the Chapter 11 Debtors with the assistance of their Advisors (as defined below);
  - d) the Plan 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;
  - e) as described in the Second Walker Declaration, the Chapter 11 Debtors believe that the proposed Sale Transaction with the Purchaser in accordance with the terms of the Sale Transaction Documents and RSA is the best opportunity for the Chapter 11 Debtors to maximize value. The Information Officer has no reason to believe this is not the case;

- f) a significant creditor of the Canadian Debtors was represented on the UCC, which was heavily involved in negotiating and ultimately approving the Global Settlement and the Plan;
- g) in the Information Officer's view, the Chapter 11 Debtors have acted in good faith and with due diligence in their restructuring activities throughout these proceedings; and
- h) in the Information Officer's view, the Plan is fair and reasonable in the circumstances.

## **5.0 Proposed Recognition of Other US Court Orders**

### **5.1 Sale Order**

1. The US Court approved the Sale Transaction pursuant to the Sale Order. Details of the events leading to the Sale Transaction are provided in the First Walker Declaration and, accordingly, are only summarized herein.
2. In August 2023, the Company retained Robert W. Baird & Co. ("Baird") as investment banker, and Vison & Elkins LLP ("V&E") as restructuring counsel. SierraConstellation Partners ("Sierra") was engaged shortly thereafter as financial advisor (collectively with Baird and V&E, the "Advisors").
3. Following the engagement of the Advisors, the Company's existing lender under the First Lien Credit Agreement required a sale process to sell some or all of the Company's assets or equity interests (the "Fall 2023 Sale Process"). The Fall 2023 Sale Process did not result in any transaction.
4. Following the Fall 2023 Sale Process, the Advisors continued outreach to interested parties, initiating discussions with 1903 Partners, LLC ("Gordon Brothers"), who expressed interest in purchasing the Company's obligations under the First Lien Credit Agreement.
5. Gordon Brothers acquired the debt under the First Lien Credit Agreement from the existing lender (the "Debt Sale") and retained Katten Muchin Rosenman LLP for advice on the Debt Sale and subsequent negotiations. Gordon Brothers provided additional funding under the First Lien Credit Agreement to maintain the Company's operations while exploring strategic alternatives.
6. Following the Debt Sale, the Chapter 11 Debtors determined that another sale process was worth exploring to maximize value. With Baird's assistance, the Company conducted a second sale process (the "Spring 2024 Sale Process").
7. In the context of the Spring 2024 Sale Process, the Purchaser emerged with a bid to purchase substantially all of the Company's assets, including the Canadian Debtors' business and assets. The Purchaser's bid, which was structured to be completed in the Chapter 11 Proceedings, was the only bid that would preserve the Company's business as a going concern.

8. The Information Officer is supportive of the Canadian Court's recognition of the Sale Order and approval of the Sale Transaction for the following reasons:
  - a) in the Information Officer's view, based on the evidence contained in the First Walker Declaration, both pre-filing sale processes appear to have been conducted on a commercially reasonable basis with the assistance of the Advisors;
  - b) the Sale Transaction is the only transaction available to preserve the Company's business and operations on a going concern basis. In addition, the provisions of the Plan and Bidder Protections Order preserves the opportunity to identify a superior transaction; and
  - c) as it pertains to the Canadian Debtors' assets, the Information Officer is cognizant of the materiality of the Canadian assets, being largely accounts receivable and inventory with a nominal book value<sup>1</sup> of approximately \$3 million and \$565,000, respectively, relative to the estimated purchase price of approximately US\$39 million under the Sale Transaction. In addition, based on the Disclosure Statement, the value generated from the Sale Transaction exceeds liquidation value. The Information Officer has reviewed the Disclosure Statement, including the basis for this conclusion, and believes it to be reasonable.
9. Subject to recognition of the Sale Order by the Canadian Court, the Sale Order effects a vesting of the Purchased Assets to the Purchaser upon the Information Officer delivering a certificate to the Purchaser.

## 5.2 Bidder Protections Order

1. The Bidder Protections Order approves certain bidder protections in favour of the Purchaser, including a break-up fee of US\$884,754.90, being 2.25% of the cash portion of the purchase price under the Purchase Agreement (the "Break-Up Fee"), and an expense reimbursement of up to US\$1 million (the "Expense Reimbursement," and together with the Break-Up Fee, the "Bidder Protections") as allowed administrative expenses under sections 503(b) and 507 of the US Bankruptcy Code, and approving procedures for the assumption and assignment of certain executory contracts (the "Assumption and Assignment Procedures").
2. The Assumption and Assignment Procedures set procedures for notifying the counterparties to any executory contract or unexpired lease to which a Chapter 11 Debtor is a party (the "Contract Counterparties") of: (a) proposed cure claim amounts, in the event the Chapter 11 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.

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<sup>1</sup> Based on the Canadian Debtors' unaudited internal financials as at March 31, 2024.

3. At this time, the Foreign Representative is seeking recognition by the Canadian Court of the Bidder Protections Order. The Information Officer considered the following in assessing the reasonableness of that relief:
- a) although the Chapter 11 Debtors believe the Sale Transaction is the best and only offer available in the circumstances, the Bidder Protections are a standard mechanism to balance the Purchaser's need for certainty in closing the Sale Transaction with the Chapter 11 Debtors' duty to maximize value;
  - b) the limited circumstances in which the Bidder Protections may be triggered and the benefits to the Chapter 11 Debtors and their estates if the Sale Transaction is completed;
  - c) the Information Officer understands that the Purchaser required the Bidder Protections as a condition to enter into the Purchase Agreement;
  - d) the Break-Up Fee was decreased from the amount originally proposed as a result of negotiations among the various stakeholders in the Chapter 11 Proceedings, including the UCC which includes a significant creditor of the Canadian Debtors as a committee member;
  - e) the Information Officer compared the Break-Up Fee to other break fees approved by Canadian courts in CCAA proceedings in recent years. The comparison is attached as Appendix "D". Based on this analysis, the Break-Up Fee, being 2.25% of the cash purchase price, is consistent with other recent break fees approved by Canadian courts, and the combined Bidder Protections, being approximately 4.8% of the purchase price, is reasonable and within the range reflected on Appendix "D". The Information Officer also notes that an expense reimbursement of up to US\$1 million in this context appears commercially reasonable;
  - f) given the importance of the Sale Transaction to the overall restructuring of the Chapter 11 Debtors and the significant time and expense the Purchaser has devoted while conducting diligence and negotiating the Purchase Agreement, the Information Officer believes the Bidder Protections are fair, reasonable and appropriate in the circumstances and are unlikely to adversely affect other offers at this stage;
  - g) the Assumption and Assignment Procedures appear reasonable and necessary to adequately notify parties of potential assumptions and/or assignments, giving contract and lease counterparties ample time to verify the proposed cure amounts and sufficient opportunity to object to the assumption and assignment; and
  - h) the relief requested related to the Assumption and Assignment Procedures is procedural in nature and preserves the rights of any Contract Counterparty.

### 5.3 Final DIP Order<sup>2</sup>

1. As set out in the First Walker Declaration, the Chapter 11 Debtors, including the Canadian Debtors, required 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 successfully complete the Sale Transaction.
2. Based on the First 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.
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.

<b>Borrower</b>	KidKraft, Inc.
<b>Guarantor</b>	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.
<b>Nature of Liability</b>	Senior secured superpriority priming debtor-in-possession loans.
<b>Postpetition Lender</b>	1903 Partners, LLC
<b>Postpetition Agent</b>	GB Funding, LLC
<b>Commitment</b>	US\$10.5 million
<b>Interest Rate</b>	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%.
<b>Expenses and Fees</b>	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.
<b>Budget</b>	The Chapter 11 Debtors must operate in accordance with the DIP Budget.

4. Under the proposed final DIP order (the "Final DIP Order"), the DIP Facility consists of an aggregate principal amount of:
  - a) US\$10.5 million, consisting of the Interim DIP Commitment (\$5.5 million as approved under the First Interim DIP Order and the Second Interim DIP Order) and the Final DIP Commitment (US\$5 million);
  - b) US\$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 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 Final DIP Order).
5. One June 21, 2024, the US Court entered the Final DIP Order, which, among other things:
  - a) made the Final DIP Commitment (US\$5 million) available to KidKraft; and

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



- b) US\$23.3 million of the Prepetition obligations was “rolled-up” and converted into DIP Loans on a dollar-for-dollar cashless basis.
6. The Canadian Court recognized the First Interim DIP Order and the Second Interim DIP Order on May 17, 2024 and June 19, 2024, respectively. At this time, the Foreign Representative is seeking recognition by the Canadian Court of the Final DIP Order.
7. The Information Officer’s Pre-filing report dated May 16, 2024 (the “Proposed Information Officer’s Report”), a copy of which (without appendices) is attached as Appendix “F”, contains the Information Officer’s complete analysis on the reasonableness of the DIP Facility, including the Limited Roll Up. The Information Officer’s First Report to Court dated June 18, 2024 (the “First Report”) provided the basis for the Monitor’s recommendation that the Second Interim DIP Order be recognized by the Canadian Court.
8. The Limited Roll-Up provides for 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. 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. For this and the other reasons set out in the Proposed Information Officer’s Report and the First Report, the Information Officer believes the DIP Facility is fair and reasonable in the circumstances.

#### **5.4 Other**

1. The Fourth Affidavit provides the details of the other US Court Orders for which Canadian Court recognition is being sought on this motion (namely, the Final Critical Vendors Order and the Final Cash Management Order). The Information Officer has reviewed the other US Court Orders sought to be recognized on this motion and the contents of the Fourth Affidavit and believes the Orders not detailed in this Report are reasonable and appropriate in the circumstances for the following reasons:
  - a) Canadian creditors are proposed to receive the same treatment as US creditors in each of these Orders;
  - b) these Orders are largely standard form orders approved and recognized in most cross-border restructuring proceedings with the objective of enhancing the prospect that the Chapter 11 Debtors can continue to operate in the normal course during the Chapter 11 Proceedings (i.e. continued use of cash management);
  - c) no Canadian stakeholders objected to these Orders in the Chapter 11 Proceedings; and
  - d) a significant creditor of the Canadian Debtors is a member of the UCC in the Chapter 11 Proceedings.

## **6.0 Termination of CCAA Recognition Proceedings and Discharge of Information Officer**

1. Upon the Effective Date under the Plan, the Information Officer is of the view that its duties and responsibilities under the Court orders granted in these proceedings will have been completed. Accordingly, on this motion, the parties are seeking approval of a mechanism to terminate these recognition proceedings upon the filing of the Information Officer's Termination Certificate rather than incurring the cost and time of a further motion solely to terminate these proceedings shortly following the Effective Date.
2. The proposed order provides that 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 the Information Officer's Termination Certificate with this Court, which will:
  - a) discharge and release the Information Officer; and
  - b) terminate these CCAA recognition proceedings.
3. The Information Officer is not aware of other material matters to be attended to in these CCAA proceedings once the Plan becomes effective and the Sale Transaction is completed. Accordingly, the Information Officer believes the proposed discharge mechanism is reasonable and appropriate in the circumstances.

## **7.0 Professional Fees**

1. The Information Officer's fees (excluding disbursements and HST) from the commencement of these proceedings to June 24, 2024 and those of Gowling for the same period, total \$91,906.25 and \$79,417.73, respectively.
2. Detailed invoices in respect of the fees and disbursements of the Information Officer and Gowling are provided in the Affidavits filed by KSV and Gowling attached as Appendices "G" and "H", respectively.
3. The blended rates for KSV and Gowling for the referenced billing periods were \$636.03 and \$851.16, respectively.
4. The Information Officer is of the view that the hourly rates charged by Gowling are consistent with the rates charged by law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.
5. The Information Officer believes that the Fee Accrual should be sufficient to cover the outstanding fees of the Information Officer and Gowling from June 25, 2024 to the filing of the Information Officer's Termination Certificate, including preparing this Report and accompanying motion materials and attending at Court for the return of this motion.
6. Subject to Canadian Court approval, the Information Officer understands that the Sale Transaction is scheduled to close on or around June 28, 2024.

## 8.0 Conclusion and Recommendation

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

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS 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 )  
JUSTICE CAVANAGH )  
FRIDAY, THE 17<sup>TH</sup>  
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.

**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.

## 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

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

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Justice Cavanagh



*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

## **Appendix “B”**



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

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

THE HONOURABLE ) FRIDAY, THE 17<sup>TH</sup>  
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.

**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.

## 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;*

- (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.

## **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

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.



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.

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.

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.

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.

## 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

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Justice Cavanagh



## **Appendix “C”**



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

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

THE HONOURABLE ) WEDNESDAY, THE 19<sup>TH</sup>  
 )  
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.

**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*

*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**

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

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Justice Cavanagh

## **Appendix “D”**

Schedule of Stalking Horse Break Fees  
March 10, 2023 - April 10, 2024

Debtor	Purchaser	Proceeding Type	Trustee	APA date	Jurisdiction	Industry	A Termination Fee	B Expense Reimbursement	C = A + B Total Break Fee ("BF")	Estimated Transaction Value ("TV")	BF as a % of TV
Heritage Cannabis Holdings Corp. 1000093910 Ontario Inc.	BJK Holdings Ltd. and HAB Cann Holdings Ltd.	CCAA	KPMG	10-Apr-24	Ontario	Cannabis	400,000		400,000	approximately \$7.7 million to \$11.1 million	5.2%
BZAM Ltd.	2557904 Ontario Inc.	Receivership	KSV	13-Nov-23	Ontario	Real Estate	200,000	50,000	250,000	24,255,000	1.0%
Athabasca Minerals Inc.	1000816625 Ontario Inc.	CCAA	KSV	01-Mar-24	British Columbia	Cannabis	750,000	100,000	850,000	Unclear	3.6-5.2%
Garibaldi at Squamish Limited	JMAC Energy Services LLC	NOI	KSV	05-Dec-23	Alberta	Distribution	-	200,000	200,000	13,000,000	0.2%
Validus Power Corp. et al.	Aquilini Development LP, Garibaldi Resort Management Company Ltd. and 1413994 B.C. Ltd.	Receivership	EY	13-Mar-24	British Columbia	Other	500,000	-	500,000	approximately \$80.41 million	0.6%
Aleafia Health Inc. et al.	Macquarie Equipment Finance Limited and Far North Power Corp.	CCAA	KSV	19-Oct-23	Ontario	Professional Services	1,260,000	1,000,000	2,260,000	59,000,000	3.9%
NextPoint Financial Inc. et al.	RWB (PV) Canada Inc.	CCAA	KSV	10-Aug-23	Ontario	Cannabis	-	500,000	500,000	25,000,000 - 29,000,000	1.72-2%
Datatax Business Services Limited	Certain lenders to NextPoint	CCAA	FTI	01-Jul-23	British Columbia	Financial Services	700,000	Reasonable expenses also covered	700,000	175,000,000	0.4%
Edward Collins Contracting Ltd.	2872802 Ontario Inc.	NOI	KPMG	11-Aug-23	Alberta	Professional Services	400,000	-	400,000	40,700,000	1.0%
Digital Orthodontic Care Inc.	92712 Newfoundland & Labrador Inc.	CCAA	Grant Thornton	17-May-23	Newfoundland	Construction	144,800	30,000	144,800	7,240,000	2.4%
Pathway Health Corp. (TSV: PHC) and Pathway Health Services Corp.	Ortho Studios Express, Inc.	Receivership	Richter	10-Aug-23	Ontario	Healthcare	85,000	-	85,000	\$3 million credit bid	2.8%
Aereus Technologies Inc.	AvonleaDrewry Holdings Inc.	Interim Receivership	KSV	02-Oct-23	Ontario	Healthcare			62,500	1,250,000	5.0%
IE CA 3 Holdings Limited	1000608245 Ontario Inc.	NOI	B. Riley Farber	04-Aug-23	Ontario	Manufacturing	21,600	-	21,600	Credit bid plus assumed liabilities	-
Fire & Flower Inc. et al.	NYDIG ABL LLC	Receivership	PwC	07-Jun-23	British Columbia	Financial Services	USD 630,000	-	USD 630,000	USD 21,000,000	3.0%
1194038 Alberta Ltd.	2707031 Ontario Inc. (the DIP lender)	CCAA	FTI	15-Jun-23	Ontario	Cannabis	650,000	100,000	750,000	Credit bid (release of all obligations owing under DIP loan and bridge loan)	3.4%
GreenSpace Brands Inc.	2262576 Alberta Ltd.	Receivership	EY	05-Jun-23	Alberta	Real Estate	125,000		125,000	4,375,000	2.8%
LoyaltyOne Co. (dba AIR MILES®)	2762454 Ontario Inc.	Ontario	PwC	05-Apr-23	Ontario	Food & Accommodation	150,000	-	150,000	~9 million, plus certain assumed liabilities and other amounts	1.7%
	BMO	CCAA	KSV	10-Mar-23	Ontario	Other	3 million	1 million	4 million	US 160 million	2.5%

## **Appendix “E”**



William L. Wallander (Texas Bar No. 20780750)  
Matthew D. Struble (Texas Bar No. 24102544)  
Kiran Vakamudi (Texas Bar No. 24106540)  
**VINSON & ELKINS LLP**  
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David S. Meyer (*pro hac vice* pending)  
Lauren R. Kanzer (*pro hac vice* pending)  
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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.**<sup>1</sup> § **(Joint Administration Requested)**  
§

**CERTIFICATION OF  
STRETTO, INC. REGARDING SOLICITATION OF  
VOTES AND TABULATION OF BALLOTS ACCEPTING  
AND REJECTING DEBTORS’ JOINT PREPACKAGED CHAPTER 11 PLAN**

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I, Brian Karpuk, declare, under penalty of perjury:

1. I am a Managing Director of Corporate Restructuring at Stretto, Inc. (“*Stretto*”),<sup>2</sup> located at 410 Exchange, Suite 100, Irvine, CA 92602. I am over the age of eighteen years and not a party to the above-captioned action. Unless otherwise noted, I have personal knowledge of the facts set forth herein.

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<sup>1</sup> 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.

<sup>2</sup> Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Disclosure Statement and the Plan (each as defined below), as applicable.

2. I submit this declaration with respect to the solicitation of votes and the tabulation of ballots cast on the *Debtors' Joint Prepackaged Chapter 11 Plan*, dated May 9, 2024 (as may be amended, supplemented, or modified from time to time, the "**Plan**"). Except as otherwise noted, all facts set forth herein are based on my personal knowledge, knowledge that I acquired from individuals under my supervision, and my review of the relevant documents. I am authorized to submit this declaration on behalf of Stretto. If I were called to testify, I could and would testify competently as to the facts set forth herein.

3. Prior to the commencement of these chapter 11 cases, the Debtors retained Stretto as their solicitation and voting tabulation agent to assist with, among other things, (i) service of solicitation materials to the parties entitled to vote to accept or reject the Plan and (ii) tabulation of votes cast with respect thereto. Stretto and its employees have considerable experience in soliciting and tabulating votes to accept or reject proposed prepackaged chapter 11 plans.

#### **I. Service and Transmittal of Solicitation Packages**

4. The procedures adhered to by Stretto for the solicitation and tabulation of votes are outlined in the *Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan* (the "**Disclosure Statement**"), dated May 9, 2024, and in the ballot distributed to the sole holder of claims entitled to vote on the Plan (collectively, the "**Solicitation Procedures**"). I supervised the solicitation and tabulation performed by Stretto's employees.

5. The Debtors established May 9, 2024 as the record date (the "**Voting Record Date**") for determining which creditors were entitled to vote on the Plan. Pursuant to the Plan and the Solicitation Procedures, only the sole Holder of Class 3 Prepetition Secured Party Claims as of the Voting Record Date (the "**Holder**") was entitled to vote to accept or reject the Plan (the "**Voting Class**").

6. No other classes under the Plan were entitled to vote on the Plan.

7. In accordance with the Solicitation Procedures, Stretto worked with the Debtors and their advisors to identify the Holder entitled to vote in the Voting Class as of the Voting Record Date, and to coordinate the distribution of solicitation materials to the Holder. Stretto relied on the information maintained by the Holder as of the Voting Record Date to identify and solicit the Holder of Claims in the Voting Class. Using this information, and with guidance from the Debtors and their advisors, Stretto created a voting database reflecting the name, address, voting amount, and classification of Claims in the Voting Class.

8. On May 9, 2024, at my direction and under my supervision, employees of Stretto served the Plan, the Disclosure Statement (including all exhibits thereto), and a ballot (the “*Ballot*”), including the voting instructions, via electronic mail on the Holder of Claims in the Voting Class.

## **II. General Tabulation Process**

9. Further, in accordance with the Solicitation Procedures and Disclosure Statement, Stretto reviewed, determined the validity of, and tabulated the Ballot submitted to vote on the Plan. The Ballot received by Stretto was submitted through the online portal and was processed in accordance with the Disclosure Statement and Solicitation Procedures. Upon receiving the Ballot through the online portal, Stretto took the following actions:

- i. Encrypted ballot data, date-stamp, and audit trail were created upon submittal; and
- ii. Electronic images of the Ballot were created using the submitted ballot data.

The Ballot received was then tabulated in accordance with the Solicitation Procedures.

10. To be included in the tabulation results as valid, a ballot must have been (i) properly completed pursuant to the Solicitation Procedures, (ii) executed by the relevant holder entitled to vote on the Plan (or such holder’s authorized representative), (iii) returned to Stretto via an

approved method of delivery set forth in the Solicitation Procedures and (iv) received by Stretto by 11:59 p.m. (Prevailing Central Time) on May 9, 2024 (the “**Voting Deadline**”), unless extended or waived by the Debtor. All ballots were to be delivered to Stretto as follows: (i) if via Stretto’s online voting portal, go to <https://balloting.stretto.com>, or (ii) by email at Teamkidkraft@stretto.com.

11. The valid Ballot cast by the Holder entitled to vote in the Voting Class, received by Stretto on or before the Voting Deadline, was tabulated pursuant to the Solicitation Procedures.

12. Stretto is in possession of the Ballot received, and copies of the same are available for review during Stretto’s normal business hours.

**III. The Voting Results**

13. The results of the aforesaid tabulation of the properly executed Ballot received by Stretto on or before the Voting Deadline are set forth below and in the report annexed hereto as **Exhibit A** (the “**Final Tabulation Results**”).

CLASS	TOTAL BALLOTS RECEIVED			
	Accept		Reject	
	AMOUNT (% of Amount Voted)	NUMBER (% of Number voted)	AMOUNT (% of Amount Voted)	NUMBER (% of Number Voted)
Class 3 – Prepetition Secured Party Claims	\$146,943,797.59 (100.00%)	1 (100.00%)	\$0.00 (0.00%)	0 (0.00%)

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 10, 2024

/s/ Brian Karpuk  
Brian Karpuk  
Managing Director  
Corporate Restructuring  
Stretto, Inc.  
714.479.2027

**Exhibit A**

CLASS	TOTAL BALLOTS RECEIVED			
	Accept		Reject	
	AMOUNT (% of Amount Voted)	NUMBER (% of Number voted)	AMOUNT (% of Amount Voted)	NUMBER (% of Number Voted)
Class 3 – Prepetition Secured Party Claims	\$146,943,797.59 (100.00%)	1 (100.00%)	\$0.00 (0.00%)	0 (0.00%)

## **Appendix “F”**



**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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## **Appendices**

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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.

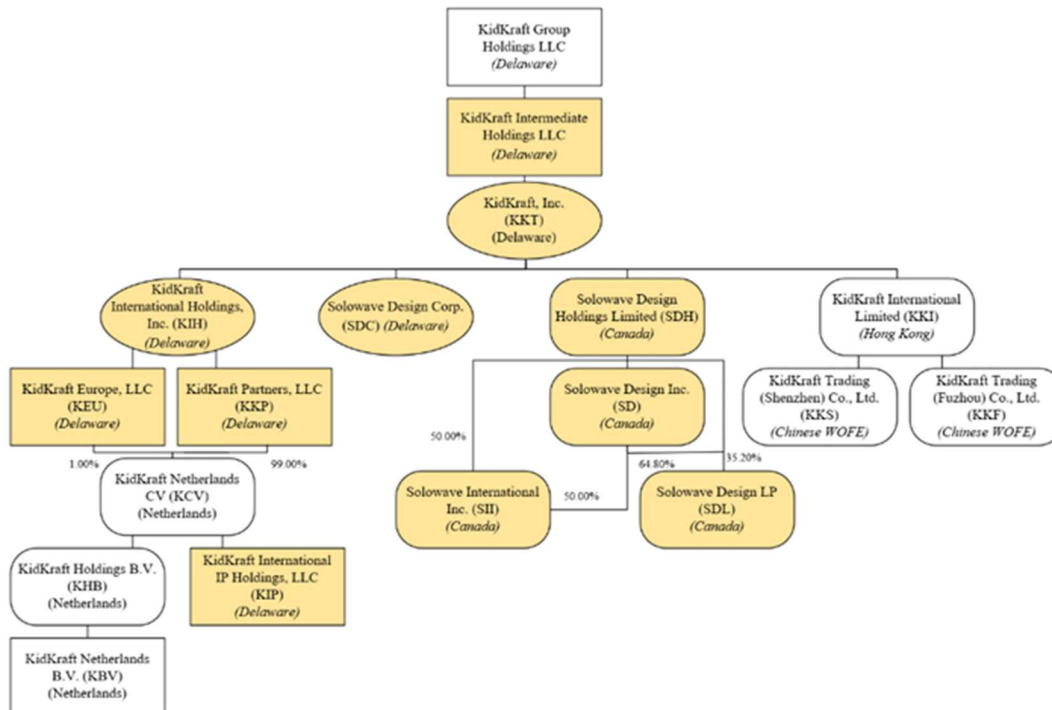
## 1.4 KSV's Qualifications to Act as Information Officer

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' unaudited<sup>1</sup> 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").

<sup>1</sup>There 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 Facility<sup>2</sup>

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.

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<sup>2</sup> 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.

<b>Borrower</b>	KidKraft, Inc.
<b>Guarantor</b>	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.
<b>Nature of Liability</b>	Senior secured superpriority priming debtor-in-possession loans.
<b>Postpetition Lender</b>	1903 Partners, LLC
<b>Postpetition Agent</b>	GB Funding, LLC
<b>Commitment</b>	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"))
<b>Interest Rate</b>	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%.
<b>Expenses and Fees</b>	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.
<b>Budget</b>	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 opinion<sup>3</sup> 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.

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<sup>3</sup> 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 negotiated<sup>4</sup> 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.

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<sup>4</sup> 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 “G”**

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

AFFIDAVIT OF DAVID SIERADZKI  
(Sworn June 26, 2024)

I, David Sieradzki, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Managing Director of KSV Restructuring Inc. ("KSV").
2. On May 17, 2024, the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") issued the Initial Recognition Order and Supplemental Order pursuant to Part IV of the *Companies' Creditors Arrangement Act* ("CCAA") and KSV was appointed Information Officer ("Information Officer").
3. I have been involved in this mandate since the date of the Initial Recognition Order and Supplemental Order. As such, I have knowledge of the matters to which I hereinafter depose.
4. The Information Officer's Second Report to Court outlines its activities with respect to these proceedings as well as provided information with respect to the Information Officer's fees and disbursements and those of its legal counsel.
5. I hereby confirm that attached as Exhibit "A" hereto are true copies of the accounts of KSV from the commencement of these proceedings to June 24, 2024 and confirm that these accounts accurately reflect the services provided by KSV in this matter and the fees and disbursements claimed by them.



6. Additionally, attached hereto as Exhibit "B" is a summary of additional information with respect to all members of KSV who have worked on this matter, including their roles, hours and rates, and I hereby confirm that the list represents an accurate account of such information.

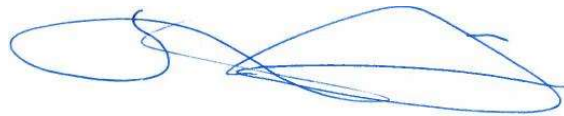
7. I consider the accounts to be fair and reasonable considering the circumstances connected with this administration.

8. I also confirm that the Information Officer has not received, nor expects to receive, nor has the Information Officer been promised any remuneration or consideration other than the amounts claimed in the accounts.

**SWORN BEFORE ME** at the City of )  
Toronto, in the Province of Ontario, this )  
26<sup>th</sup> day of June, 2024. )



\_\_\_\_\_)  
Rajinder Kashyap, a Commissioner, etc., )  
Province of Ontario, for KSV Restructuring Inc. )  
Expires February 23, 2027 )



\_\_\_\_\_)  
**DAVID SIERADZKI**

This is Exhibit "A" referred to in the  
Affidavit of David Sieradzki sworn before  
me, this 26<sup>th</sup> day of June, 2024



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Rajinder Kashyap, a Commissioner, etc.,  
Province of Ontario, for KSV Restructuring Inc.  
Expires February 23, 2027



**ksv advisory inc.**

220 Bay Street, Suite 1300, PO Box 20

Toronto, Ontario, M5J 2W4

T +1 416 932 6262

F +1 416 932 6266

ksvadvisory.com

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KidKraft, Inc. et al

June 6, 2024

**Attention: Geoff Walker**

Invoice No: 3689

HST #: 818808768 RT0001

**INVOICE**

**Re: KidKraft, Inc., Solowave Design Holdings Limited et al (collectively, the “Companies”)**

For professional services rendered for the period April 15, 2024 to May 31, 2024 in our capacity as Court-appointed Information Officer in the Companies' proceedings under Part IV of the *Companies' Creditors Arrangement Act* (“CCAA”), including:

- Corresponding throughout the period with Osler, Hoskin & Harcourt LLP (“Osler”), Canadian counsel to the Companies, and Gowling WLG (Canada) LLP (“Gowling”), counsel to the Information Officer, regarding the proceedings commenced by the Companies and other Chapter 11 debtors pursuant to chapter 11 of title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “US Court”) (the “Chapter 11 Proceedings”);
- Reviewing draft materials to be filed with the Canadian Court, including draft versions of the:
  - Application Record of the Applicant dated May 10, 2024;
  - Affidavit of Geoffrey Walker;
  - Interim Stay Order;
  - Supplemental Application Record of the Applicant dated May 15, 2024;
  - Initial Recognition Order;
  - Supplemental Recognition Order;
  - Factum of the Applicant dated May 10, 2024;
  - Factum of the Applicant dated May 16, 2024;
- Corresponding with Fasken Martineau DuMoulin LLP, legal counsel to Gordon Brothers;

- Corresponding with McCarthy Tetrault LLP, legal counsel to Backyard Products, LLC;
- Reviewing the DIP Facility and considering issues regarding its recognition by the Canadian Court;
- Reviewing financial information provided by the Companies responding to the Information Officer's information requests;
- Reviewing the Plan of Reorganization and Disclosure Statement filed in the Chapter 11 Proceedings and discussing same with Osler and Gowling;
- Reviewing materials filed with the US Court in the Chapter 11 Proceedings in advance of the "First Day Motions" before the US Court, including the:
  - Declaration of Geoffrey Walker;
  - Order (I) Authorizing KidKraft, Inc. to Act as Foreign Representative and (II) Granting Related Relief (the "Foreign Representative Order");
  - Order Directing Joint Administration of the Debtors' Chapter 11 Cases;
  - Order Authorizing the Employment and Retention of Stretto, Inc. as Claims, Noticing, and Solicitation Agent (the "Claims Agent Retention Order");
  - 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");
  - 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;
  - 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;
  - Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief;
  - 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;
  - 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");

- 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
  - 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”).
- Corresponding with Gowling and Osler regarding the need for a security opinion in the context of any future motion to recognize the Final DIP Order and considering same;
  - Reviewing the security opinion rendered by Gowling dated May 8, 2024;
  - Attending at Canadian Court on May 10 and 17, 2024 for the hearing of the Foreign Representative’s application;
  - Arranging for the publication of a notice of these proceedings in *The Globe and Mail* (National Edition) as required under the Supplemental Recognition Order;
  - Responding to calls and enquiries from stakeholders and/or interested parties, including Canada Revenue Agency in respect of a statutory payroll audit;
  - Monitoring the case management website for the Chapter 11 Proceedings and reviewing certain information relevant to the Canadian proceedings; and
  - To all other meetings, correspondence, etc. pertaining to this matter.

Total fees and disbursements per attached time summary	\$	60,118.75
HST		7,815.44
Total Due	\$	<u>67,934.19</u>

### **KSV Wire Information**

Bank of Montreal  
 1 First Canadian Place  
 100 King Street West  
 Toronto, ON M5X 1A3

Bank Transit (ABA) #: 32132  
 Bank Institution #: 001  
 Bank Account #: 3213-1995-665  
 Bank Swift code: BOFMCAM2  
 Name of account: KSV Restructuring Inc.  
 220 Bay St., Suite 1300 PO Box 20  
 Toronto ON M5J 2W4

KSV Restructuring Inc.  
KidKraft, Inc., Solowave Design Holdings Limited et al

**Time Summary**

For the period ended May 31, 2024

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<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
David Sieradzki	750	62.00	46,500.00
Meg Ostling	475	23.50	11,162.50
Other staff and administration			2,456.25
Total Fees			60,118.75
Disbursements			-
<b>Total Fees and Disbursements</b>			<b>60,118.75</b>

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**ksv advisory inc.**

220 Bay Street, Suite 1300, PO Box 20

Toronto, Ontario, M5J 2W4

T +1 416 932 6262

F +1 416 932 6266

ksvadvisory.com

KidKraft, Inc. et al

June 26, 2024

**Attention: Geoff Walker**

Invoice No: 3732

HST #: 818808768 RT0001

**INVOICE**

**Re: KidKraft, Inc., Solowave Design Holdings Limited et al (collectively, the “Companies”)**

For professional services rendered for the period June 1, 2024 to June 24, 2024 in our capacity as Court-appointed Information Officer in the Companies' proceedings under Part IV of the *Companies' Creditors Arrangement Act* (“CCAA”), including:

- Corresponding throughout the period with Osler, Hoskin & Harcourt LLP (“Osler”), Canadian counsel to the Companies, and Gowling WLG (Canada) LLP (“Gowling”), counsel to the Information Officer, regarding the proceedings commenced by the Companies and other Chapter 11 debtors pursuant to chapter 11 of title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “US Court”) (the “Chapter 11 Proceedings”);
- Reviewing draft materials to be filed with the Canadian Court, including draft versions of the:
  - Third Affidavit of Geoffrey Walker;
  - Motion record of the Applicant dated June 17, 2024;
  - Factum of the Applicant dated June 18, 2024;
  - Recognition Order dated June 19, 2024;
  - Plan Confirmation Order;
- Drafting the Information Officer's First Report to Court dated June 18, 2024 (the “First Report”);
- Corresponding with Gowling and Osler regarding the First Report, including to discuss their respective comments on the First Report;
- Compiling and finalizing the First Report on June 18, 2024;

- Attending at Court (virtually) on June 19, 2024 for the hearing of the Company's recognition motion;
- Drafting the Information Officer's Second Report to Court;
- Corresponding with Fasken Martineau DuMoulin LLP, legal counsel to Gordon Brothers;
- Corresponding with McCarthy Tetrault LLP, legal counsel to Backyard Products, LLC;
- Reviewing the DIP Facility and considering issues regarding its recognition by the Canadian Court;
- Reviewing the Plan of Reorganization and Disclosure Statement filed in the Chapter 11 Proceedings and discussing same with Osler and Gowling;
- Reviewing materials filed with the US Court in the Chapter 11 Proceedings in advance of the "Second Day Motions" before the US Court, including 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, and (II) Granting Related Relief (the "Final Customer Programs Order");
  - 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"); and
  - Order (I) Establishing Bar Dates and Procedures and (II) Approving the Form and Manner of Notice Thereof (the "Bar Dates Order");
- Reviewing materials filed with the US Court in the Chapter 11 Proceedings in advance of the "Plan Confirmation Motions" before the US Court, including 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 (the "Final Critical Vendors Order");
  - 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");



- 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”);
- Order (I) Approving Certain Bidder Protections, (II) Approving Contract Assumption and Assignment Procedures, and (III) Granting Related Relief (the “Bidder Protections Order”);
- 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
- 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”);
- Responding to calls and enquiries from stakeholders and/or interested parties, including Canada Revenue Agency in respect of a statutory payroll audit and GST audit;
- Monitoring the case management website for the Chapter 11 Proceedings and reviewing certain information relevant to the Canadian proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees and disbursements per attached time summary	\$	31,787.50
HST		4,132.38
Total Due	\$	<u>35,919.88</u>

### **KSV Wire Information**

Bank of Montreal  
 1 First Canadian Place  
 100 King Street West  
 Toronto, ON M5X 1A3

Bank Transit (ABA) #: 32132  
 Bank Institution #: 001  
 Bank Account #: 3213-1995-665  
 Bank Swift code: BOFMCAM2  
 Name of account: KSV Restructuring Inc.  
 220 Bay St., Suite 1300 PO Box 20  
 Toronto ON M5J 2W4

KSV Restructuring Inc.  
KidKraft, Inc., Solowave Design Holdings Limited et al

**Time Summary**

For the period ended June 24, 2024

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<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
David Sieradzki	750	26.25	19,687.50
Meg Ostling	475	25.00	11,875.00
Other staff and administration			225.00
Total Fees			31,787.50
Disbursements			-
<b>Total Fees and Disbursements</b>			<b>31,787.50</b>

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This is Exhibit "B" referred to in the  
Affidavit of David Sieradzki sworn before  
me, this 26<sup>th</sup> day of June, 2024



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Rajinder Kashyap, a Commissioner, etc.,  
Province of Ontario, for KSV Restructuring Inc.  
Expires February 23, 2027

**KidKraft, Inc., Solowave Design Holdings Limited et al**  
**Schedule of Professionals' Time and Rates**  
**For the Period of April 4, 2024 to June 24, 2024**

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Name	Role	Hours	Billing Rate (Per Hour)	Total Fees by Professional (\$)
David Sieradzki	Overall responsibility	88.25	\$ 750	66,188
Meg Ostling	All aspects of mandate	48.50	\$ 575	23,038
Other staff and administrative		7.75	\$ 225 - 850	2,681
Total hours				145
Total fees				<u>\$ 91,906</u>
Average hourly rate				636.03

## **Appendix “H”**

**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**

**FEE AFFIDAVIT OF EMMANUELLE VIRGINIE GAUTHIER  
(Sworn June 25, 2024)**

I, **Emmanuelle Virginie Gauthier**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and a partner at Gowling WLG (Canada) LLP ("**Gowling**"), counsel for KSV Restructuring Inc. as Information Officer (the "**Information Officer**") in regards to KidKraft, Inc. (the "**Foreign Representative**"), Solowave Design Holdings Limited, Solowave International Inc., Solowave Design Inc. and Solowave Design LP in these proceedings. As the Gowling partner with responsibility for this matter, I have knowledge of the matters herein deposed to.
2. I make this affidavit in support of a motion by the Foreign Representative, among other things, approving the fees and disbursements of Gowling in connection with this matter.

3. Attached hereto as **Exhibit "A"** are true copies of the invoices of Gowling (each, an **"Invoice"** and collectively, the **"Invoices"**) rendered for the period of April 22, 2024 to June 24, 2024 (the **"Approval Period"**) in connection with this matter.
4. Attached hereto as **Exhibit "B"** is a schedule summarizing the Invoices. I have reviewed each of the Invoices and confirm that the summary of Invoices accurately sets out each of the Invoices. All amounts billed were at Gowling's standard rates and charges.
5. Attached hereto as **Exhibit "C"** is a schedule summarizing the respective year of call, position, annual billing rate, total number of hours worked as well as an annual blended hourly rate of all of the professionals at Gowling that rendered services in connection with this matter throughout the Approval Period.
6. I confirm that each Invoice rendered throughout the Approval Period accurately reflects the services provided by Gowling in connection with this matter and the fees and disbursements claimed by Gowling for this period.
7. To the best of my knowledge, the rates charged by Gowling throughout the Approval Period are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe that the total hours, fees and disbursements incurred by Gowling in connection with this matter during the Approval Period are reasonable and appropriate in the circumstances.

SWORN BEFORE ME on this 25<sup>th</sup> day  
of June, 2024 in the City of Toronto, in  
the Province of Ontario.



Commissioner for Taking Affidavits or  
Notary Public

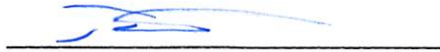
Thomas Gertner (LSO #67756S)



Emmanuelle Virginie Gauthier



**THIS IS EXHIBIT "A"  
TO THE FEE AFFIDAVIT OF  
EMMANUELLE VIRGINIE GAUTHIER SWORN BEFORE ME  
THIS 25<sup>th</sup> DAY OF JUNE, 2024**



A commissioner for taking affidavits

# Invoice

KSV Advisory Inc.  
 ATTN: David Sieradzki  
 Managing Director  
 220 Bay Street  
 Suite 1300, Box 20  
 Toronto ON M5J 2W4

June 14, 2024  
 INVOICE: 20287824

Our Matter: T1035820 / 239581  
 RE: Recognition Proceedings of Solowave et al

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$59,870.00</b>	<b>\$7,783.10</b>
Disbursements (Taxable)	<u>60.00</u>	
<b>Total Disbursements</b>	<b>60.00</b>	<b>7.80</b>
Total Fees and Disbursements	59,930.00	
Total Taxes	7,790.90	7,790.90
<b>Total Invoice</b>	<b>67,720.90</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$67,720.90</b>

**Important Notice: Please Read**

**Please make all payments by wire transfer or electronic funds transfer (EFT)**

Our complete banking details are on the remittance copy (last page) of this invoice. If you have any questions, please contact [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

**Virginie Gauthier**      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada  
 GST/HST: 11936 4511 RT

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

June 14, 2024  
 INVOICE: 20287824

**KSV Advisory Inc.**  
**Our Matter: T1035820**  
**Recognition Proceedings of Solowave et al**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
2024-04-22	0.80	Virginie Gauthier	Conference call with D. Sieradski; conference call with Osler; review timeline;
2024-04-23	1.00	Virginie Gauthier	Attendance to matters related to the security review; review security documents and searches;
2024-04-23	1.40	Alexandra Misurka	Reviewed precedent security review opinion provided by K. Yurkovich; meeting with V. Gauthier and K. Yurkovich to receive instructions regarding drafting security review opinion;
2024-04-23	1.30	Katherine Yurkovich	Call with A. Misurka regarding instructions re completing a security review; high level review of security documents with A. Misurka;
2024-04-24	3.60	Virginie Gauthier	Review restructuring support agreement, plan term sheet, and various Canadian pre-filing loan and security documents and correspondence re same to working group;
2024-04-24	0.50	Ursula Kenkel	Attending meeting with A. Misurka; reviewing corporate searches;
2024-04-24	3.80	Alexandra Misurka	Reviewed forbearance agreement and drafted summary and checklist of security documents to be delivered based on review of forbearance agreement; meeting with U. Kenkel to provide instruction on review of corporate searches and PPSA searches conducted against Solowave Design Holdings Limited, Solowave International Inc., Solowave Design Inc., and Solowave Design LP; in Ontario and Alberta; meeting with V. Gauthier to discuss review of forbearance agreement and receive additional instructions;
2024-04-25	4.10	Ursula Kenkel	Reviewing corporate searches; drafting corporate search summary; flagging any deficiencies in searches; attending meeting with A. Misurka; attending to communications with A. Misurka;
2024-04-25	2.70	Alexandra Misurka	Email correspondence with U. Kenkel providing precedent to review for drafting of search and PPSA summary; reviewed general security agreement between Solowave Design Holdings Limited, Solowave International Inc., Solowave Design Inc., Solowave Design LP, and GB Funding, LLC; email correspondence with U. Kenkel answering questions regarding review of corporate and PPSA searches; reviewed general security agreement and prepared summary of review;
2024-04-26	1.60	Ursula Kenkel	Reviewing corporate searches; drafting corporate search

**Terms: payment due within 30 days of invoice date**  
**Interest at the rate of 5.3% per annum will be charged on all amounts not paid within 30 days of invoice date**  
**Errors and omissions excluded**

June 14, 2024  
 INVOICE: 20287824

			summary; flagging deficiencies in search summary; summarizing and drafting suggested courses of actions for deficiencies; sending completed summary to A. Misurka for review;
2024-04-26	2.50	Alexandra Misurka	Reviewed general security agreement against forbearance agreement; reviewed perfection certificate provided for Solowave Design Holdings Limited, Solowave International Inc., Solowave Design Inc., and Solowave Design LP;
2024-04-29	0.40	Virginie Gauthier	Correspondence on file re update on outstanding matters and timeline; provide advice re security opinion;
2024-04-29	1.10	Alexandra Misurka	Reviewed patent security agreement and trademark security agreement against general security agreement and perfection certificate of Canadian guarantors; email correspondence with U. Kenkel regarding corporate search and PPSA summary; email correspondence with V. Gauthier regarding questions based on review of security documents received;
2024-04-29	4.40	Alexandra Misurka	Reviewed corporate search and PPSA search results received; reviewed corporate search and PPSA search summary prepared by U. Kenkel; prepared first draft of security review opinion;
2024-04-30	0.20	Virginie Gauthier	Call with D. Sieradzki to catch up on file;
2024-04-30	5.40	Alexandra Misurka	Drafted security review opinion based on review of forbearance agreement, credit agreement, general security agreement, patent security agreement, trademark security agreement, and perfection certificate; edited and finalized security review opinion; email correspondence circulating first draft of security review opinion to V. Gauthier;
2024-05-01	3.00	Virginie Gauthier	Review security opinion and provide detailed comments; review of security documents and registrations;
2024-05-02	0.30	Virginie Gauthier	Attendance to matters re security opinion;
2024-05-02	2.80	Alexandra Misurka	Revised security opinion based on comments and feedback received from V. Gauthier; email correspondence with V. Gauthier regarding outstanding questions; edited final draft of security opinion; email correspondence with V. Gauthier circulating final draft of security opinion;
2024-05-03	0.20	Virginie Gauthier	Email to clients re update on security opinion;
2024-05-03	0.60	Virginie Gauthier	Further review and revisions of security opinion;
2024-05-03	0.30	Alexandra Misurka	Revised security opinion to include additional definitions; email correspondence regarding revised security opinion; email correspondence circulating forbearance agreement, general security agreement, and Canadian perfection certificate to S. Kroeger and S. Gabor;
2024-05-06	6.50	Virginie Gauthier	Review several Chapter 11 motion materials and transaction documents in preparation for recognition proceedings; correspondence on file and comment on documents;

Terms: payment due within 30 days of invoice date  
 Interest at the rate of 6.3% per annum will be charged on all amounts not paid within 30 days of invoice date  
 Errors and omissions excluded



June 14, 2024  
INVOICE: 20287824

2024-05-06	0.60	Alexandra Misurka	Email correspondence with V. Gauthier regarding revisions to security opinion; edited and revised security opinion; email correspondence with V. Gauthier circulating revised security opinion; email correspondence with D. Sieradzki and M. Ostling regarding drafting of notice of information officer;
2024-05-07	1.00	Virginie Gauthier	Conference call with clients to discuss security opinion and other matters related to the file; attend to matters related to Globe and Mail publication;
2024-05-07	2.60	Alexandra Misurka	Reviewed precedent notice of information officer; prepared first draft of notice of information officer; edited notice of information officer; circulated notice of information officer to V. Gauthier; edited and circulated first draft of notice of information officer to V. Gauthier; call with V. Gauthier, D. Sieradzki, and M. Ostling to discuss security opinion and next steps; prepared notes of meeting and circulated notes of meeting to V. Gauthier; revised registered address in security opinion;
2024-05-08	2.20	Virginie Gauthier	Correspondence on file; review documents provided by Osler and provide comments thereon;
2024-05-09	0.50	Virginie Gauthier	Review affidavit and provide comments thereon;
2024-05-09	0.80	Virginie Gauthier	Calls on file with respect to Coface;
2024-05-09	1.00	Virginie Gauthier	Review and provide detailed comments on the draft affidavit for the interim stay order;
2024-05-10	1.00	Virginie Gauthier	Prepare for and attendance at hearing;
2024-05-13	3.00	Virginie Gauthier	Review various US materials and provide detailed comments on first report of proposed information officer; correspondence on file;
2024-05-13	0.50	Alexandra Misurka	Email correspondence with V. Gauthier regarding revisions to notice of information officer; revised notice of information officer;
2024-05-14	2.50	Virginie Gauthier	Emails on file; call with M. Sheeley; review affidavit and factum; provide detailed comments on affidavit; review and revise information officer proposed report;
2024-05-15	2.50	Virginie Gauthier	Conference with Osler to discuss Coface; telephone call with D. Sieradzki to discuss same; correspondence on file; revise the report further to discussions re Coface; correspondence on file re same; review and sign off on newspaper notice; review and sign-off on affidavit; correspondence on file re interim DIP order;
2024-05-15	0.30	Alexandra Misurka	Email correspondence with V. Gauthier, D. Sieradzki, and M. Ostling circulating revised notice of information officer;
2024-05-16	1.00	Virginie Gauthier	Attendance to matters re service and filing of the proposed information officer to the court;
2024-05-17	1.20	Virginie Gauthier	Preparation for and attendance at hearing for recognition

Terms: payment due within 30 days of invoice date  
Interest at the rate of 5.3% per annum will be charged on all amounts not paid within 30 days of invoice date  
Errors and omissions excluded

June 14, 2024  
 INVOICE: 20287824

2024-05-17	0.30	Alexandra Misurka	order; correspondence on file re next hearing;
2024-05-27	0.90	Virginie Gauthier	Attended second hearing with Superior Court of Justice; Review various matters on file, draft order and previously filed report with a view to preparing for the next Court hearing and related matters;
2024-05-28	1.10	Alexandra Misurka	Prepared claims bar date notice in preparation for recognition proceedings;
2024-05-28	0.70	Katherine Yurkovich	Meeting with A. Misurka regarding claims procedure and review of recognition order with respect to questions re claims bar date;
2024-05-29	0.80	Alexandra Misurka	Email correspondence with V. Gauthier regarding outstanding questions on claims bar date notice; revised and edited claims bar date notice; email correspondence with V. Gauthier circulating claims bar date notice;

**Total Fees for Professional Services** **\$59,870.00**

**DISBURSEMENTS**

**Taxable Costs**

2024-05-17	Process Servers	\$60.00
	VENDOR: ProFile Legal Services Inc.; INVOICE#: 183142; DATE: 05/17/2024 - T1035820: Filing report of KVS restructuring Inc. as proposed information officer to civil portal - V. Gauthier	
	<b>Total Taxable Disbursements</b>	<b><u>\$60.00</u></b>

Terms: payment due within 30 days of invoice date  
 Interest at the rate of 5.3% per annum will be charged on all amounts not paid within 30 days of invoice date  
 Errors and omissions excluded



# Invoice

KSV Advisory Inc.  
ATTN: David Sieradzki  
Managing Director  
220 Bay Street  
Suite 1300, Box 20  
Toronto ON M5J 2W4

June 25, 2024  
INVOICE: 20292984

Our Matter: T1035820 / 239581  
RE: Recognition Proceedings of Solowave et al

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$10,351.00</b>	<b>\$1,345.63</b>
Total Fees	10,351.00	
Total Taxes	1,345.63	1,345.63
<b>Total Invoice</b>	<b>11,696.63</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$11,696.63</b>

**Important Notice: Please Read**

**Please make all payments by wire transfer or electronic funds transfer (EFT)**

Our complete banking details are on the remittance copy (last page) of this invoice. If you have any questions, please contact [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

Virginie Gauthier      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
1 First Canadian Place, 100 King Street West,  
Suite 1600, Toronto, Ontario, M5X 1G5, Canada  
GST/HST: 11936 4511 RT

T +1 (416) 862 7525  
[www.gowlingwlg.com](http://www.gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

June 25, 2024  
 INVOICE: 20292984

**KSV Advisory Inc.**  
**Our Matter: T1035820**  
**Recognition Proceedings of Solowave et al**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
2024-06-04	3.10	Virginie Gauthier	Review various first day orders in the US; correspondence on file; review Canadian court documents and provide advice re same;
2024-06-09	0.90	Virginie Gauthier	Prepare notice of claims bar date to be published in Globe and Mail; correspondence from and to potential counsel (E Golden) to Canadian stakeholder;
2024-06-10	0.60	Virginie Gauthier	Correspondence on file; further work on draft notice;
2024-06-10	0.20	Alexandra Misurka	Email correspondence with V. Gauthier regarding claims bar date notice and blackline comparison of claims bar date notice;
2024-06-11	0.20	Virginie Gauthier	Receive and respond to correspondence on file;
2024-06-13	0.20	Virginie Gauthier	Correspondence on file;
2024-06-14	0.20	Virginie Gauthier	Correspondence on file;
2024-06-16	1.30	Virginie Gauthier	Review affidavit and court order and provide comments on same; correspondence on file; revise and circulate revised claims bar notice;
2024-06-17	1.30	Virginie Gauthier	Correspondence on file; revise report of the Monitor; review revised materials of Osler; further correspondence on file;
2024-06-18	0.40	Virginie Gauthier	Review revised report and arrange for service of same;
2024-06-19	0.70	Virginie Gauthier	Correspondence on file and prepare for the hearing; attendance at hearing; correspondence from party on service list and correspondence to Osler re same;
2024-06-22	0.40	Virginie Gauthier	Review revised US order and correspondence on file in anticipation of filing report of information officer;

**Total Fees for Professional Services**

**\$10,351.00**



THIS IS EXHIBIT "B"  
TO THE FEE AFFIDAVIT OF  
EMMANUELLE VIRGINIE GAUTHIER SWORN BEFORE ME  
THIS 25<sup>th</sup> DAY OF JUNE, 2024



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A commissioner for taking affidavits

## SUMMARY OF INVOICES

<b>APPLICATION OF KIDKRAFT, INC. UNDER SECTION 46 OF THE <i>COMPANIES' CREDITORS ARRANGEMENT ACT</i>, R.S.C. 1985, c. C-36, AS AMENDED</b>
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<b>Gowling WLG (Canada) LLP Invoices dated June 14 , 2024 and June 25, 2024 covering the period of April 22, 2024 to June 24, 2024</b>
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Invoice #	Date	Legal Fees (\$CAD)	Costs (\$CAD)	Total Fees and Costs (\$CAD)	HST (\$CAD)	Total Invoice Amount (\$CAD)
20287824	June 14, 2024	59,870.00	60.00	59,930.00	7,790.90	67,720.90
20292984	June 25, 2024	10,351.00	0.00	10,351.00	1,345.63	11,696.63
<b>Totals</b>		<b>\$70,221.00</b>	<b>\$60.00</b>	<b>\$70,281.00</b>	<b>\$9,136.53</b>	<b>\$79,417.53</b>

THIS IS EXHIBIT "C"  
TO THE FEE AFFIDAVIT OF  
EMMANUELLE VIRGINIE GAUTHIER SWORN BEFORE ME  
THIS 25<sup>th</sup> DAY OF JUNE, 2024



---

A commissioner for taking affidavits

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing Rate (\$/hour)</u>	<u>Hours Worked</u>
Gauthier, Virginie	1998 Ontario 1996 Quebec	\$1,100	43.50
Misurka, Alexandra	2021	\$650	30.80
Kenkel, Ursula	Student	\$385	6.20
Yurkovich, Katherine	2020	\$675	2.00
		<b>Total</b>	82.50

<b>Blended Rate</b> (excluding expenses / disbursements and HST) \$70,221.00 ÷ 82.50 hours =	\$851.16
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**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

**FEE AFFIDAVIT OF  
EMMANUELLE VIRGINIE GAUTHIER  
(Sworn June 25, 2024)**

**GOWLING WLG (CANADA) LLP**  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto, ON M5X 1G5  
Fax: 416-862-7661

Virginie Gauthier (LSO# 41097D)  
Tel: 416-369-7256  
Email: [Virginie.Gauthier@gowlingwlg.com](mailto:Virginie.Gauthier@gowlingwlg.com)

Lawyers for KSV Restructuring Inc. as Information Officer