



**Supplement to the 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**

July 12, 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

SUPPLEMENT TO THE SECOND REPORT OF KSV
RESTRUCTURING INC. AS INFORMATION OFFICER

JULY 12, 2024

1.0 Introduction

1. This report (the "Supplemental Report") supplements the Information Officer's second report to Court dated June 27, 2024 (the "Second Report").
2. Since the filing of the Second Report, the Chapter 11 Debtors, together with the Prepetition and DIP Secured Parties and the Purchaser, have been working to close the Sale Transaction. The Information Officer understands that the Sale Transaction closed on July 5, 2024¹.
3. To facilitate the closing of the Sale Transaction, the Chapter 11 Debtors agreed to certain non-material changes to the Purchase Agreement pertaining to the inventory being purchased by the Purchaser and certain adjustments to the calculation of the purchase price. The Chapter 11 Debtors also agreed to seek approval from the US Court of certain minor modifications to the Plan.
4. On July 11, 2024, the U.S. Court entered the *Findings of Fact, Conclusions of Law and Order Granting Emergency Joint Motion of the Debtors and Prepetition and DIP Secured Parties for an Order (I) Approving Limited Modifications to the Confirmed Plan Pursuant to 11 U.S.C. § 1127(b); and (II) Granting Related Relief* (the "Plan Modification Order").

¹ The Information Officer delivered the Information Officer's Vesting Certificate on July 10, 2024.

5. Defined terms in this Supplemental Report have the meaning provided to them in the Second Report, unless otherwise defined herein. This Supplemental Report is subject to the same scope and terms of reference as set out in the Second Report.

1.1 Purpose of this Supplemental Report

1. The purpose of this Supplemental Report is to provide the Information Officer's recommendation on the relief being sought at a motion returnable July 15, 2024 for, *inter alia*, recognition by the Canadian Court of the Plan Modification Order.

2.0 Conclusion and Recommendation

1. The Information Officer has reviewed and considered the amendments to the Plan. Given (i) the limited nature of the modifications, (ii) that there were no objections to the Plan Modification Order filed in the Chapter 11 Proceedings, and (iii) the Committee's concerns were resolved through the negotiation of additional minor modifications to the Plan, the Information Officer does not believe that there will be any adverse consequences as a result of the Canadian Court recognizing the Plan Modification Order. The Information Officer understands that the amendments to the Plan approved pursuant to the Plan Modification Order will not impact the recoveries of Canadian creditors under the Plan.
2. Based on the foregoing, and for the reasons the Information Officer supported recognition of the Plan Confirmation Order as set out in the Second Report, the Information Officer respectfully recommends that this Court recognize the Plan Modification Order.

* * *

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**

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

**SUPPLEMENT TO THE SECOND REPORT OF
KSV RESTRUCTURING INC. AS
INFORMATION OFFICER
JULY 12, 2024**

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