



SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

**ENDORSEMENT**

COURT FILE NO.: CL-26-00000265-0000 DATE: JUNE 9, 2026

NO. ON LIST: 2

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FRESHSTONE BRANDS INC.**

BEFORE: **JUSTICE W.D. BLACK**

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

Name of Person Appearing	Name of Party	Contact Info
Guy P. Martel Danny Vu	Counsel for Freshstone Brands Inc.	gmartel@stikeman.com ddvu@stikeman.com

**For Defendant, Respondent, Responding Party:**

Name of Person Appearing	Name of Party	Contact Info

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
George Benchetrit Alex Krancevic	Counsel for Frank Burdzy (Secured Creditor)	george@chaitons.com alexk@chaitons.com
Nigel Meakin Shane Connolly	Proposed Monitor	nmeakin@deloitte.ca shconnolly@deloitte.ca
Tiffany Sun	Counsel for Proposed Monitor	tsun@osler.com
Edmond Lamek	Counsel for DIP Lender	edmond.lamek@ca.dlapiper.com

## **ENDORSEMENT**

[1] Freshstone Brands Inc. (defined in its materials as “Freshstone” or the “Applicant”, and in this endorsement I will use these and other terms as defined in the materials) seeks creditor protection and other specified ancillary relief by way of an Initial Order under the CCAA.

[2] Freshstone is a leading Canadian manufacturer of prepared meals with extensive operations, concentrated in Ontario, and specializing in fresh, high-quality products for retail, foodservice and co-manufacturing channels.

[3] Freshstone has faced significant financial challenges in recent months. These are attributable to persistent inflationary pressures impacting raw material costs, labour expenses and supply-chain logistics, all of which have substantially increased operational costs. At the same time, the same inflationary conditions have led to reduced consumer demand. This combination of rising costs and declining sales has compressed Freshstone’s margins and has led to the material financial difficulties besetting the Applicant.

[4] In an effort to stabilize its operations and to respond to the financial challenges, Firestone has undertaken a comprehensive and rigorous market solicitation process with the assistance of Origin.

[5] As a result of this market solicitation effort, Firestone successfully completed the sale of Kitchen Partners, the proceeds of which enabled Freshstone to satisfy obligations to its then senior secured creditor, and to effect a material reduction in its total indebtedness.

[6] However, despite that, and given the ongoing inflationary market environment, Freshstone has been unable to restore financial stability and accordingly now seeks protection via these CCAA Proceedings in order to complete its restructuring by initiating, under the court’s supervision, a sale and investment process relative to its remaining business and assets.

[7] As a result in part of various business combinations over the last few years, Freshstone has grown into a portfolio of leading facilities and brands in the market sectors for private label and branded offerings of ready-to-go meals and meal kits, salads, entrees, and sides to supermarkets, club stores, convenience stores, co-man, and food-service customers in Canada and the United States. Details as to Freshstone’s various brands are set out in its materials.

[8] As set out in the affidavit of Frank Burdzy dated June 8, 2026, the Applicant has six primary facilities, four of which are in Ontario, one in PEI and one in Saskatchewan, and employs 338 (non-unionized) employees. Freshstone is current in the payment of wages to its employees and intends to remain so as this restructuring process unfolds.

[9] However, given its current plight, Freshstone has determined that it will have to close four of its facilities in the near term to streamline production, and has and will have to terminate its leases for such locations. It will also have to review and re-evaluate its number of employees.

[10] Freshstone receives most of its inputs from suppliers located in Canada (roughly 75%) and the United States (roughly 20%), as well as 5% of supplies from other countries. In 2025 Firestone had 37 significant suppliers accounting for approximately 48% of its supply needs.

[11] It has three primary sales channels – retail (about 48%), food service (about 47%) and co-packing and other (roughly 5%) – and a concentrated customer base in which six significant customers have accounted for approximately 66.3% of sales.

[12] The Applicant uses a centralized cash management system and maintains eight bank accounts with CIBC, two of which are maintained to collect receivables to be remitted to the purchaser of Kitchen Partners. The Applicant also holds 10 American Express credit cards.

[13] As at April 25, 2026, Firestone's assets had a book value of almost \$82 million. Following the Kitchen Partners Transaction the book value of its assets aggregated to approximately \$60 million.

[14] As of April 25, the book value of its liabilities totaled just over \$80 million. Following the Kitchen Partners Transaction, the book value of Freshstone's liabilities was about \$50 million.

[15] As noted, following the Kitchen Partners Transaction, the Applicant was able to generate sufficient liquidity to fully repay its obligations under the Extinguished Credit Agreement but for the Continuing Obligations. As such, the Borrower Syndicated Security was released and discharged.

[16] At the Applicant's request, CIBC issued Letters of Credit for particular beneficiaries in 2021 and 2022.

[17] In response to the problems described above, the Applicant recently sought additional financing from various parties, including existing stakeholders, but was unable to obtain such additional liquidity. In the circumstances, in order to protect and maintain Freshstone's business and operations, Mr Burdzy, Freshstone's CEO and a member of its Board of Directors, agreed to provide Freshstone with additional secured financing from time to time.

[18] In that regard, starting in July of 2025, Mr. Burdzy advanced a series of loans to Freshstone, secured in each case by a Promissory Note, such that there are currently four Promissory Notes, under which the amounts due by the Applicant to Mr. Burdzy total \$10,149,133.47.

[19] As noted, Freshstone has recently undertaken an extensive market solicitation resulting in seven non-binding letters of intent, and in the Kitchen Partners Transaction.

[20] Based on the evidence before me, I am satisfied that:

- (a) The Applicant is a debtor company to which the CCAA applies, in that, among other factors, it is a company having assets and doing business in Canada against which there are claims exceeding \$5 million;
- (b) The Applicant is insolvent, in that, again among other factors, it is unable to meet its obligations as they become due and otherwise meets the expanded definition of "insolvent" promulgated by Farley J. in *Stelco Re*, 2004 CanLII 24933 (ON SC);
- (c) This court has jurisdiction over the Applicant, in that its head office and "chief place of business" are in Canada;
- (d) The relief sought at this initial hearing is limited to what is reasonably necessary pursuant to s. 11.001 of the CCAA for the initial stay period. It is clear that the Applicant has worked closely with its advisors and with the proposed Monitor Deloitte to limit the relief in this initial application to what is reasonably required;
- (e) Likewise, the Stay of Proceedings is necessary and appropriate, and in keeping with the purposes of the CCAA, broadly and liberally interpreted. I find that the initial stay will preserve the status quo

and will allow the Applicant some “breathing room” to continue to consult with stakeholders and devise an acceptable restructuring arrangement. I also find that it is appropriate to extend the Stay of Proceedings to the Applicant’s D & Os under ss. 11.02 and 11.03 of the CCAA;

- (f) That Deloitte should be appointed as Monitor under s. 11.7 of the CCAA. Deloitte is a trustee under the BIA, has consented to act as Monitor, and, having read Deloitte’s pre-filing report, it is evident that Deloitte is already engaged in considering and investigating productive avenues for the Applicant to pursue;
- (g) The Administrative Charge should be granted as a super-priority charge in the proposed initial maximum amount of \$250,000 to secure the fees and disbursements initially incurred and to be incurred by counsel for the Applicant, Deloitte, and counsel for Deloitte in connection with their respective services. The Administrative Charge and the initial amounts are well warranted given the complexity of the business and the role these advisors will play, and I note that the secured creditor, Mr. Burdzy, supports this charge and the other charges;
- (h) The Directors’ Charge is also appropriate and necessary in the circumstances, and the initial amount of the charge, and its ranking behind the Administrative Charge and the DIP Charge but in priority to other encumbrances is also appropriate. This is a reasonable step to ensure the continued participation of the D&Os in the restructuring process, and the jurisdiction to grant this charge is found in s. 11.51 of the CCAA;
- (i) The DIP Credit Agreement and the DIP Lender’s Charge should be granted. They are essential in order to allow the continued operation of the Applicant, and to carry out the necessary restructuring steps contemplated (as described in the Burdzy affidavit) including the implementation of the SISF. I also find that the initial amount of up to \$1,600,000 during the initial Stay Period is reasonable and necessary, and appropriate under s. 11.2 of the CCAA. Again I note that the only secured creditor, Mr. Burdzy, supports the DIP funding and charge.

[21] In all of the circumstances, I am granting the Initial Order Sought, and have signed the form of order provided.

[22] The comeback hearing has been scheduled for June 18, 2026, at 2:00 p.m.



W.D. BLACK J.

**RELEASE DATE: JUNE 11, 2026**