

**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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
FRESHSTONE BRANDS INC.

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR**

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SECTION A - INTRODUCTION

1. On June 9, 2026, Freshstone Brands Inc. (the “**Applicant**”) sought and obtained from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) providing for, *inter alia*, a stay of proceedings in favour of the Applicant until June 18, 2026, (the “**Stay Period**”) and appointing Deloitte Restructuring Inc. as monitor (in such capacity, the “**Monitor**”). The proceedings commenced by the Applicant under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. In connection with the application for the Initial Order, the Monitor (then the Proposed Monitor), filed a pre-filing report, a copy of which is attached hereto as **Appendix A** for ease of reference.
3. The Initial Order also approved, *inter alia*:
 - (a) The DIP Facility Loan Agreement dated as of June 8, 2026, (the “**DIP Credit Agreement**”) between the Applicant, as borrower, and Garrington Financial Services Inc. (in such capacity, the “**DIP Lender**”), pursuant to which the DIP Lender has agreed to advance up to \$7 million to the Applicant, subject to the terms and conditions of the DIP Credit Agreement. Pursuant to the Initial Order, the Applicant may only draw up to \$1.6 million under the DIP Credit Agreement, pending further Order of the Court;
 - (b) The DIP Lender’s Charge, as defined in the Initial Order;
 - (c) The Administration Charge, as defined in the Initial Order, in an initial amount not to exceed \$250,000; and
 - (d) The Directors’ Charge, as defined in the Initial Order, in an initial amount not to exceed \$1,750,000.

4. The purpose of this, the First Report of the Monitor (the “**Report**”) is to provide information and the Monitor’s recommendations to the Court on the following:
 - (a) The Applicant’s request for the issuance of an amended and restated initial order (the “**ARIO**”) which would, *inter alia*,
 - (i) Increase the amount the Applicant may borrow under the DIP Credit Agreement to a maximum principal amount of \$7 million, subject to the conditions of the DIP Credit Agreement;
 - (ii) Increase the maximum amount of the Directors’ Charge to \$2 million;
 - (iii) Add the Sale Advisor, as defined below, as a beneficiary of the Administration Charge and increase the maximum amount of the Administration Charge to \$650,000; and
 - (iv) Extend the Stay Period to October 16, 2026 (the “**Stay Extension**”);
 - (b) The Applicant’s request for an Order (the “**SISP Order**”), *inter alia*:

- (i) Approving the implementation of a sale and investor solicitation process (the “SISP”) in accordance with the procedures (the “SISP Procedures”) attached hereto as **Appendix B**, in which the Applicant will use the Subscription Agreement (as defined below) as the “stalking horse bid” and pursuant to which the Applicant will seek Superior Offers by the Bid Deadline (each as defined in the SISP Procedures). If one or more Superior Offers is received, an auction will be conducted in accordance with the SISP Procedures to determine the highest and best offer available, all in order to maximize recoveries for the benefit of the stakeholders of the Applicant;
- (ii) Approving, *nunc pro tunc*, the execution of the agreement dated as of June 12, 2026 (the “**Subscription Agreement**”), between the Applicant, as Issuer, and Mr. Frank Burdzy¹, as the Investor (in such capacity the “**Stalking Horse Bidder**”), and authorizing the use the Subscription Agreement as the “stalking horse bid” in the SISP;
- (iii) Granting in favour of the Stalking Horse Bidder a charge over the Property to secure the reimbursement of its reasonable, documented and out-of-pocket costs and expenses, up to a maximum amount of \$50,000, with such charge ranking subordinate to the Administration Charge, the DIP Lender’s Charge and Directors’ Charge

¹ As noted in the Pre-Filing Report, Mr. Burdzy is both a secured creditor and the Chief Executive Officer of the Applicant.

- (iv) Authorizing, *nunc pro tunc*, the Applicant to engage GlassRatner Advisory Canada Inc. (“**GR**”) as the Applicant’s sale advisor (in such capacity, the “**Sale Advisor**”) pursuant to the terms of an engagement agreement dated June 5, 2026 (the “**Sale Advisor Engagement Letter**”).

SECTION B - TERMS OF REFERENCE

- 5. In preparing this Report, the Monitor has relied upon unaudited financial information of the Applicant, the Applicant’s books and records, certain financial information prepared by the Applicant and discussions with various parties (the “**Information**”).
- 6. Except as otherwise described in this Report:
 - (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *CPA Canada Handbook*; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the *CPA Canada Handbook*.
- 7. The Monitor has prepared this Report in connection with the Applicant’s motion returnable on June 18, 2026 (the “**Comeback Hearing**”) and should not be relied on for any other purpose.
- 8. Future oriented financial information reported or relied on in preparing this Report is based on the assumptions of the management of the Applicant (“**Management**”) regarding future events; actual results may vary from forecast and such variations may be material.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian dollars**. Capitalized terms not otherwise defined herein have the meanings given to them in the affidavit of Mr. Frank Burdzy, Chief Executive Officer of the Applicant, sworn June 8, 2026, in support of the Initial Application (the “**Burdzy Initial Affidavit**”), the Pre-Filing Report or the Initial Order, as applicable.

SECTION C - EXECUTIVE SUMMARY

THE ARIO

10. The Monitor is of the view that:
- (a) The increase in the amount that may be borrowed under the DIP Credit Agreement is necessary and justified;
 - (b) No creditor will be materially prejudiced by the approval of the increase in the amount that may be borrowed under the DIP Credit Agreement or the consequent increase in the maximum amount of the DIP Lender’s Charge;
 - (c) The increased quantum of the proposed Directors’ Charge is reasonable in relation to the quantum of the estimated potential liability it is intended to secure;
 - (d) The increased quantum of the proposed Administration Charge is reasonable in the circumstances;
 - (e) The Applicant has acted, and is continuing to act, in good faith and with due diligence;
 - (f) Circumstances exist that make the Stay Extension appropriate, including that it is intended to provide the time necessary for the SISP to be conducted;
 - (g) Creditors would not be materially prejudiced by the Stay Extension;

- (h) The Monitor understands that the DIP Lender and the Noteholder, who is the Applicant's sole pre-filing secured creditor, are both supportive of the Stay Extension and the other relief sought in the ARIO, including the proposed increases in the limits of the Court-ordered Charges;
- (i) The relief requested by the Applicant is necessary, reasonable and justified.

11. Accordingly, the Monitor respectfully recommends that the Applicant's request for the ARIO be granted by the Court.

THE SISP ORDER

12. The Monitor is of the view that, in the circumstances:
- (a) The SISP provides for a broad, open, fair and transparent process with an appropriate level of independent oversight;
 - (b) The SISP should encourage and facilitate bidding by interested parties and that no aspect of the SISP should discourage parties from submitting Superior Offers;
 - (c) The SISP provides a reasonable opportunity for other bidders to submit Superior Offers;
 - (d) The auction process will provide the opportunity for all Auction Bidders, including the Stalking Horse Bidder, to further increase their offers, thereby ensuring that realizations are maximized for all stakeholders of the Applicant;
 - (e) The timelines of the SISP are reasonable; and
 - (f) The provisions of the SISP, including the potential Auction, are reasonable, appropriate and reasonably consistent with both market practice and with sales and investor solicitation processes approved by the Court in other CCAA cases.

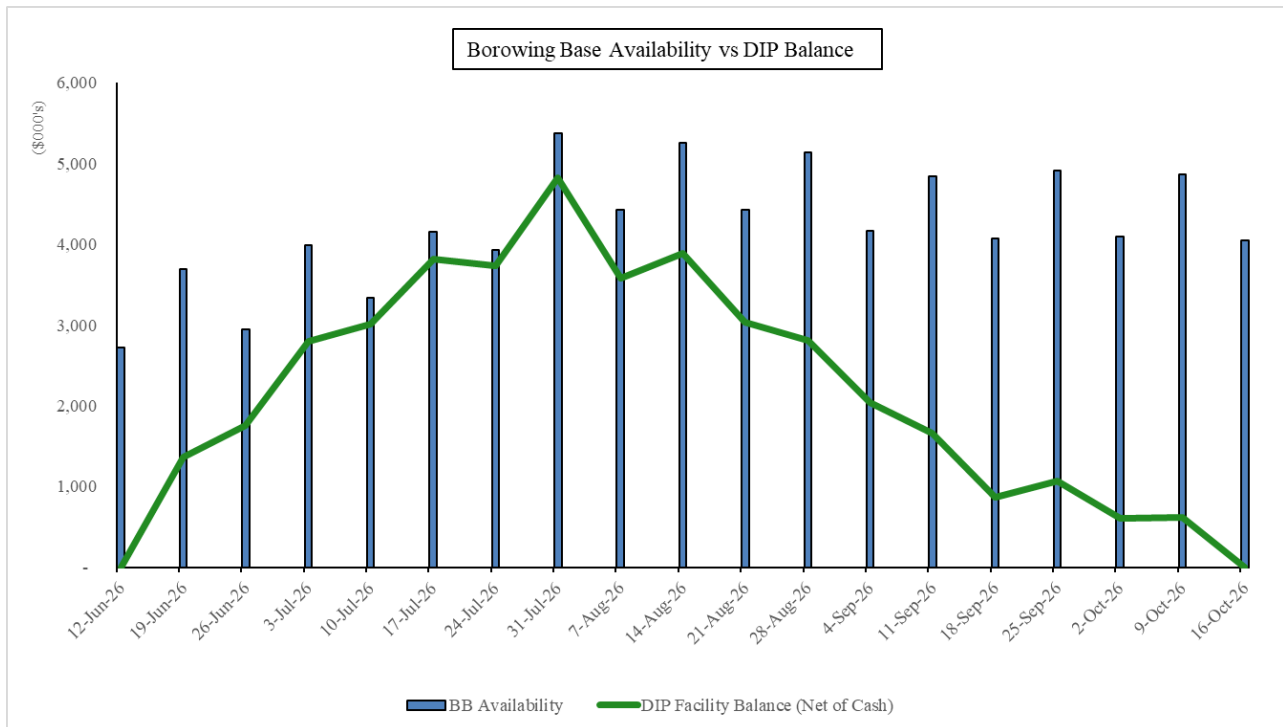
13. The Monitor is further of the view that:
 - (a) Undertaking the SISP is necessary, reasonable and justified in the circumstances;
 - (b) The use of a stalking horse bid and an auction process in the SISP is beneficial for the business and operations by demonstrating that there is a buyer that intends to continue operations as a going concern, while enabling the Applicant to maximize recoveries for its stakeholders;
 - (c) There would be no prejudice to any stakeholder from the use of the Subscription Agreement as the Stalking Horse Bid in the SISP;
 - (d) The Subscription Agreement is a reasonable and appropriate stalking horse bid for use in the SISP;
 - (e) No break-fee is payable under the Subscription Agreement and the Expense Reimbursement contemplated by the Subscription Agreement (and defined therein) is reasonable in the circumstances;
 - (f) The engagement of the Sale Advisor to assist the Applicant in the conduct of the SISP, under the supervision of the Monitor, is beneficial, and the terms of the Sale Advisor Engagement Letter are reasonable and justified in the circumstances.

14. Accordingly, the Monitor respectfully recommends that the Applicant's request for the SISP Order be granted.

SECTION D - APPLICANT’S REQUEST FOR THE ARIO

INCREASE IN AUTHORIZED BORROWING UNDER THE DIP CREDIT AGREEMENT

- 15. The DIP Credit Agreement was approved in the Initial Order with authorized borrowings limited to no more than \$1.6 million prior to the Comeback Hearing. The DIP Lender’s Charge was granted to secure the DIP Obligations under the DIP Credit Agreement.
- 16. As described in the Pre-Filing Report and as shown in the June 5 Forecast, additional financing is required to sustain operations and undertake the SISP in the CCAA Proceedings.
- 17. Based on the June 5 Forecast, the peak required borrowing is approximately \$5.0 million which is forecast to occur in the week ended July 31, 2026. The June 5 Forecast indicates, subject to its underlying assumptions, that the Borrowing Base under the DIP Credit Agreement should be sufficient to provide the required financing as shown on the following chart:



18. Based on the foregoing, the Monitor is of the view that the increase in the amount that may be borrowed under the DIP Credit Agreement is necessary and justified. The Monitor is also of the view that no creditor will be materially prejudiced by the approval of the increase in that amount or the consequent increase in the maximum amount of the DIP Lender's Charge.

INCREASE IN THE DIRECTORS' CHARGE

19. The Directors' Charge was discussed at paragraph 63 *et seq* of the Pre-Filing Report. The Applicant now seeks an increase in the Directors' Charge from \$1.75 million as granted in the Initial Order to \$2 million in the ARIO.
20. As described in the Pre-Filing Report, the quantum of the proposed Directors' Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could accrue during the CCAA Proceedings in respect of:
- (a) Wages and salaries; and
 - (b) Accrued vacation pay.
21. Also as described in the Pre-Filing Report, payroll is paid bi-weekly six days in arrears. The amount of the Directors' Charge used for the Initial Order assumed sixteen days of payroll being the maximum potential that could be outstanding during the initial ten-day stay period. The amount for the ARIO assumes one full payment cycle of fourteen days plus the six days arrears.
22. The beneficiaries of the Directors' Charge are the directors and officers of the Applicant. It is the Monitor's view that the continued support and service of the directors and officers during the CCAA Proceedings would be beneficial to the Applicant's efforts to preserve and maximize value for stakeholders. The Monitor has been informed that the directors and officers will not continue to serve unless the increase in the Directors' Charge is granted.

23. The Monitor notes that the directors and officers will only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the directors and officers are entitled to be indemnified pursuant to the provisions of the Initial Order. The existing insurance policies are set to expire May 1, 2027.

INCREASE IN THE ADMINISTRATION CHARGE

24. The maximum amount of the Administration Charge under the Initial Order is \$250,000. The proposed amount of the Administration Charge in the ARIO, is \$650,000. In addition to the normal increase in the Administration Charge reflecting the extension of the Stay Period, the increase accounts for the addition of the Sale Advisor as a beneficiary of the Administration Charge under the ARIO.
25. It is not uncommon for sale agents in CCAA proceedings to be included in the Administration Charge. The Monitor understands that the Noteholder, the beneficiaries of the Administration Charge, the beneficiaries of the Directors' Charge and the DIP Lender have no objection to this relief. The Monitor is of the view that the proposed inclusion of the Sale Advisor's fees in the Administration Charge is reasonable and appropriate in the circumstances if the execution of the Sale Advisor Engagement Letter is approved by the Court.
26. The Monitor has reviewed and considered the underlying assumptions upon which the Applicant has based the quantum of the proposed Administration Charge in the ARIO, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed quantum of the Administration Charge in the ARIO is reasonable and appropriate in the circumstances.

EXTENSION OF THE STAY PERIOD

27. The Stay Period currently expires on June 18, 2026. Additional time is required for the Applicant to undertake the SISP, if approved by the Court, or to determine the appropriate next steps if the Court declines to approve the SISP. An extension of the Stay Period is necessary to provide the stability needed during that time. Accordingly, the Applicant now seeks an extension of the Stay Period to October 16, 2026.
28. The June 5 Forecast demonstrates that, subject to the approval of the requested increase in the amount of authorized borrowing under the DIP Credit Agreement, the Applicant will have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period.
29. Based on the information currently available, the Monitor is of the view that creditors of the Applicant would not be materially prejudiced by the proposed extension of the Stay Period.
30. The Monitor is also of the view that the Applicant has acted, and is acting, in good faith and with due diligence.

MONITOR'S RECOMMENDATION

31. Based on the foregoing, the Monitor respectfully recommends that the Court grant the Applicant's request for the granting of the ARIO.

SECTION E - APPLICANT'S REQUEST FOR THE SISP ORDER

THE SISP

32. Capitalized terms used in this section of this Report and not otherwise defined are as defined in the SISP Procedures.

33. The Monitor was involved in the development of the SISP Procedures, which development was undertaken in light of the principles of section 36 of the CCAA and the leading decisions dealing with the sale of assets in court-supervised proceedings. In summary, the key elements of the SISP Procedures are as follows:
- (a) The Applicant will undertake the SISP with the assistance of the Sale Advisor and under the supervision of the Monitor;
 - (b) The SISP is a two-phase process providing for the submission of non-binding letters of intent (“**LOI**”) by 5:00 p.m. (Toronto Time) on August 14, 2026 (the “**LOI Deadline**”) and the submission of binding Qualified Bids by September 29, 2026 (the “**Bid Deadline**”);
 - (c) Prospective Bidders will be provided with the Teaser Letter and, upon request, a form of Confidentiality Agreement;
 - (d) Prospective Bidders that sign an acceptable form of Confidentiality Agreement will be provided access to the Data Room to conduct due diligence;
 - (e) The Applicant with the assistance of the Sale Advisor and under the supervision of the Monitor, shall review each LOI to determine whether the Prospective Bidders is a Qualified Phase I Bidder;
 - (f) If there are no Qualified Phase I Bidders, the Stalking Horse Bid will be declared the Successful Bid and the Applicant shall seek Court approval of the Stalking Horse Bid;
 - (g) If there are determined to be Qualified Phase I Bidders, they will be provided the opportunity to complete due diligence and submit a Qualified Bid by the Bid Deadline;

- (h) If no Qualified Bid other than the Stalking Horse Bid is received, the Stalking Horse Bid will be deemed to be the Successful Bid and the Applicant shall seek Court approval of the Stalking Horse Bid;
- (i) If one or more Qualified Bids other than the Stalking Horse Bid is received, the Auction will be conducted to determine the Successful Bid;
- (j) If conducted, the Auction will be conducted in rounds. Any bidder that does not submit an Overbid in a round, other than the Auction Bidder that had submitted the Opening Bid for that round, will be eliminated from the Auction. Each Overbid must provide for consideration of not less than that of the Opening Bid for that round, plus the Overbid Amount; and
- (k) Following determination of the Successful Bid at the Auction, the Applicant shall seek Court approval of the Successful Bid.

THE SUBSCRIPTION AGREEMENT

- 34. Capitalized terms in this section of this Report not otherwise defined have the meanings ascribed to them in the Subscription Agreement, a copy of which is attached hereto as **Appendix C**. A summary of the Subscription Agreement follows; readers should refer directly to the Subscription Agreement for a complete understanding of its terms.
- 35. The Investor under the Subscription Agreement is Mr. Frank Burdzy. As described in the Burdzy Initial Affidavit, Mr. Burdzy, in his capacity as Noteholder², is a secured creditor of the Applicant and is its Chief Executive Officer.

² As described in the Pre-Filing Report, the Monitor has been provided the independent Security Opinion which, subject to the customary assumptions, qualifications and limitations, concludes that the Noteholder has a valid security interest in the personal property of the Applicant which has been properly perfected by registration.

36. The Subscription Agreement is a “credit bid” which contemplates the Investor becoming the sole shareholder of the Applicant on closing through a “reverse vesting order” or “RVO” structure. The Investor wishes for the RVO structure to be used in order to preserve significant tax attributes in the Applicant and to avoid the potential delays in dealing with assigning contracts and either transferring or obtaining new permits and/or licences.
37. The Subscription Price for the Subscription Shares to be issued to the Investor on Closing is an amount equal to the aggregate of:
- (a) The Credit Bid Amount, being an amount equal to the outstanding amount of the Credit Bid Notes;
 - (b) An amount equal to the Priority Payables;
 - (c) An amount equal to the Administrative Reserve Amount; and
 - (d) The amount of the Retained Liabilities, including for certainty the Retained Note and an amount equal to the Cure Costs.
38. The Subscription Price shall be paid and satisfied in full at Closing as follows:
- (a) The Credit Bid Amount shall be satisfied by way of a credit against, set-off of and in satisfaction of the Credit Bid Notes;
 - (b) The outstanding DIP Obligations, the Priority Payables, the Administrative Reserve Amount and the Known Cure Costs will be paid in cash; and
 - (c) The Retained Liabilities, including any Cure Costs that are not Known Cure Costs, shall be retained and discharged in accordance with their terms.
39. Pursuant to the Subscription Agreement, all contracts and agreements would be retained other than the Excluded Contracts.

40. Excluded Liabilities under the Subscription Agreement consist of all Liabilities of the Issuer other than the Retained Liabilities.
41. Retained Liabilities are:
- (a) All Liabilities arising under the Retained Contracts to the extent first arising and relating to the period on or after the Closing Time, and any Cure Costs under such Retained Contracts;
 - (b) All Liabilities to the extent first arising out of the operation of the Retained Assets for the periods on and after the Closing Time;
 - (c) All Liabilities of the Issuer relating to Retained Employees and/or the Retained Employee Plans;
 - (d) Any Liabilities arising after the granting of the Initial Order, other than any such Liabilities to be paid in cash on Closing;
 - (e) Any unremitted employee source deductions, vacation pay and other employee priority claims as at the Closing Time;
 - (f) Any unremitted GST/HST as at the Closing Time;
 - (g) The Retained Note; and
 - (h) Other liabilities secured by deemed trusts and statutory priority claims existing as at the Closing Time.

42. The Subscription Agreement does not provide for any “break-fee” or similar fee, but does provide for the Expense Reimbursement to reimburse the reasonable, documented, out-of-pocket costs and expenses of the Investor related to negotiating the Subscription Agreement up to a maximum amount of \$50,000. The Expense Reimbursement is payable only from the proceeds of the closing of a transaction under the SISP where the Subscription Agreement is not the Successful Bid.
43. The Applicant will retain the Retained Assets and Retained Liabilities. On Closing, the Excluded Assets will be transferred to ResidualCo. 1 and the Excluded Liabilities and the Excluded Contracts will be transferred to ResidualCo. 2 pursuant to the Reverse Vesting Order.
44. The Subscription Agreement contains a limited number of representations and warranties typical for a transaction of this nature.
45. The Target Closing Date is five Business Days immediately following the date upon which the Court grants the Reverse Vesting Order, or such other date as the Parties and the Monitor may mutually agree in writing, with the Outside Date being November 27, 2026.
46. The obligation of the Investor to complete the transactions contemplated by the Subscription Agreement is subject to the satisfaction or waiver of the following conditions:
 - (a) The Subscription Agreement, as may be amended in accordance with the SISP Procedures, shall have been declared the Successful Bid in accordance with the SISP Procedures;
 - (b) The Reverse Vesting Order shall have been issued by the Court and shall not have been vacated, set aside or stayed, and shall be final, definitive and executory;

- (c) During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has the effect of making any of the Transactions contemplated by the Subscription Agreement illegal or otherwise prohibiting, preventing or restraining their consummation;
 - (d) The steps scheduled to occur prior to the Closing Time in the Closing Sequence shall have occurred in accordance with the terms thereof and the Reverse Vesting Order;
 - (e) The Issuer shall have executed and delivered to the Investor at the Closing all the documents that are to be executed by the Issuer; and
 - (f) Each of the representations and warranties of the Issuer shall be true and correct in all material respects as of the Closing Date.
47. The obligation of the Applicant to complete the transactions contemplated by the Subscription Agreement is subject to the satisfaction or waiver of the following conditions:
- (a) The Subscription Agreement, as may be amended in accordance with the SISP Procedures, shall have been designated as the Successful Bid in accordance with the SISP Procedures;
 - (b) The Reverse Vesting Order shall have been issued and entered by the Court and shall not have been vacated, set aside or stayed, and shall be final, definitive and executory;

- (c) During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final and non-appealable Order or Law which has the effect of making any of the transactions contemplated by the Subscription Agreement illegal or otherwise prohibiting, preventing or restraining their consummation;
 - (d) The Investor shall have executed and delivered to the Issuer at the Closing all the documents and payments that are to be made by the Investor;
 - (e) Each of the representations and warranties of the Investor shall be true and correct in all material respects as of the Closing Date; and
 - (f) The Investor shall have performed in all material respects all covenants, obligations and agreements contained in the Subscription Agreement required to be performed by the Investor on or before the Closing.
48. The Subscription Agreement may be terminated on or prior to the Closing Date:
- (a) By the mutual written agreement of the Issuer, with the consent of the Monitor, and the Investor;
 - (b) By the Investor or the Issuer if the Subscription Agreement is not the Successful Bid;
 - (c) By the Investor or the Issuer: (i) upon the dismissal of the CCAA Proceedings; (ii) upon denial of the Reverse Vesting Order (provided that such decision has not been appealed by the Issuer or the Investor and the period to file any such appeal has expired); (iii) if the transactions contemplated by this Agreement are not completed by the Outside Date; or (iv) if it is required under any Order of a court of competent jurisdiction, including the Court;

- (d) By the Investor, if the Reverse Vesting Order has, without the Investor's prior written consent, been stayed, vacated or materially varied and the period to appeal such stay, vacating or variation has expired, or by written notice from the Investor to the Issuer in accordance with Section 8.7 of the Subscription Agreement;
- (e) By written notice from the Investor to the Issuer if there has been a material breach by the Issuer of any representation, warranty or covenant which is not curable (and has rendered satisfaction of a condition in Section 10.1 impossible) or, if curable, has not been cured within ten (10) Business Days following written notice; or
- (f) By written notice from the Issuer to the Investor if there has been a material breach by the Investor of any representation, warranty or covenant which is not curable (and has rendered satisfaction of a condition in Section 10.2 impossible) or, if curable, has not been cured within ten (10) Business Days following written notice.

THE SALE ADVISOR ENGAGEMENT LETTER

- 49. A copy of the Sale Advisor Engagement Letter is attached hereto as **Appendix D** for ease of reference.
- 50. As described in the Pre-Filing Report, the Applicant had retained GR to assist in seeking new financing options and GR assisted the Applicant in sourcing DIP financing options. As a result, GR is familiar with the personnel, business and operations of the Applicant and are a logical party to act as the Sale Advisor.

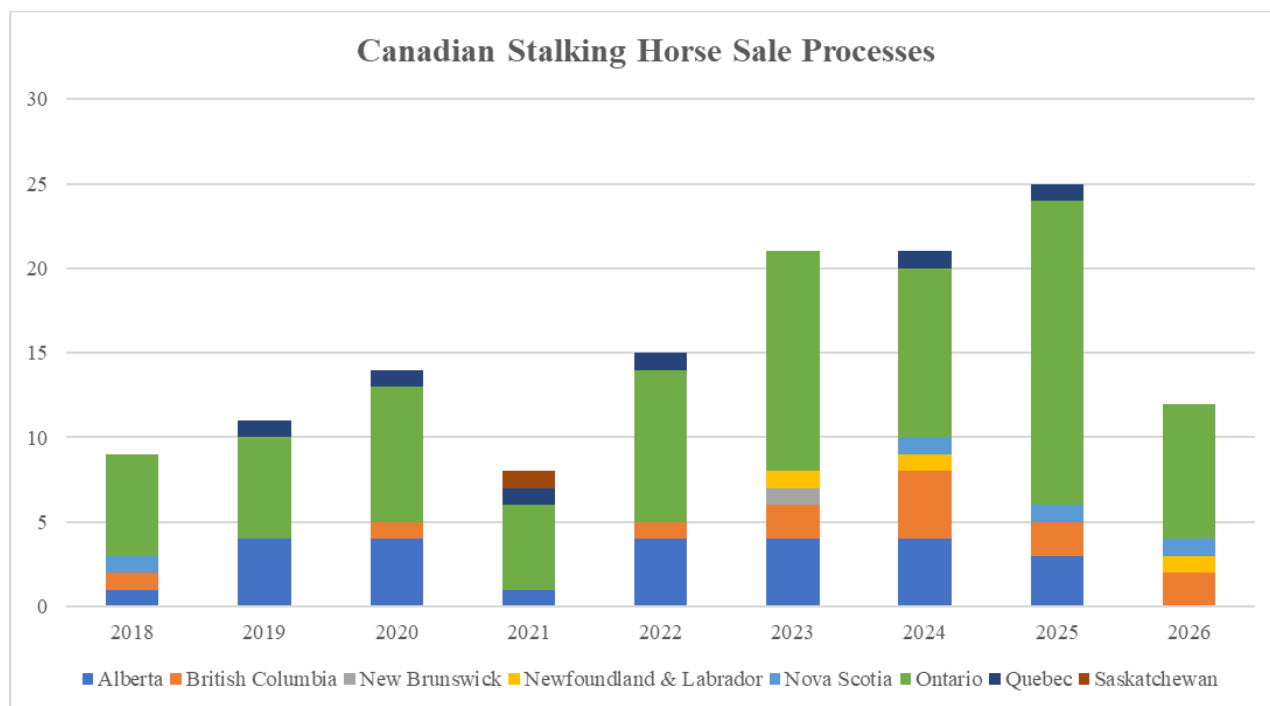
51. The Sale Advisor Engagement Letter provides for a success fee (the “**Success Fee**”) payable, on completion of a transaction, of (i) \$175,000 in the event only the first phase of the SISP is undertaken (i.e. that there are no Qualified Phase I Bidders other than the Stalking Horse Bidder at the LOI Deadline); and (ii) an additional amount of \$75,000, for a total of \$250,000, in the event that the second phase of the SISP is undertaken (i.e. there are Qualified Phase I Bidders other than the Stalking Horse Bidder at the LOI Deadline). No additional work fees are payable under the Sale Advisor Engagement Letter. In addition to the Success Fee, the Sale Advisor will be entitled to reimbursement for all reasonable out of pocket expenses relating to the engagement.
52. The Subscription Agreement sets a “floor price” for a transaction, but the Subscription Price depends on various items, including the outstanding amounts of the DIP Obligations, the Priority Payables, the Cure Costs, the Notes and the Retained Liabilities at Closing, none of which can be known with certainty until Closing. However, given that the outstanding amount of the Notes is more than \$10 million, the Success Fee will certainly be less than 2.5% of the Subscription Price. Given that the Success Fee is fixed, the effective fee percentage falls as the Subscription Price increases over \$10 million and could therefore be substantially less than 2.5%, depending on the ultimate value of the Successful Bid following the SISP.
53. Fee arrangements of sales agents approved in CCAA proceedings are often approved under seal. Consequently, it is difficult to obtain accurate market data on such fees. However, based on its experience, the Monitor is of the view that the Success Fee is within market parameters and is reasonable in the circumstances.

THE MONITOR’S COMMENTS AND RECOMMENDATIONS

54. The SISP Procedures contemplate a comprehensive and transparent marketing process to provide any interested party an opportunity to submit a Superior Offer. The DIP Credit Agreement requires that the Applicant obtains the SISP Order and undertakes the SISP.

55. The Monitor is of the view that it is reasonable and justified for the Applicant, with the assistance of the Sale Advisor and under the supervision of the Monitor, to undertake the SISP to allow any interested parties to submit Superior Offers. The LOI Deadline and the Bid Deadline provide an adequate opportunity for interested parties to conduct due diligence and submit LOIs and Qualified Bids.
56. The concept of conducting an auction following the Bid Deadline and the benefits of having a stalking horse bid are well recognized by CCAA courts. Those benefits include:
- (a) Setting a “floor price” for the business and assets, enabling interested parties to understand from the start of a SISP the value that they must be able to beat in order to become the Successful Bidder;
 - (b) Providing certainty of a going-concern solution for the operations through a transaction that can be closed if there are no Superior Offers, thereby helping maintain stability and operations during the proceedings; and
 - (c) Streamlining the bidding process as the Subscription Agreement provides a template for competing bidders to use for the submission of Superior Offers.
57. The use of a stalking horse bid in a sales process is now commonplace in Canadian insolvency cases. Since March of 2018 to May 2026, the courts across the country have approved such sale processes in 136 cases³:

³ Source: Insolvency Insider Break Fee Tracker



58. The Monitor is of the view that, in the circumstances of these CCAA Proceedings:
- (a) The SISP provides for a broad, open, fair and transparent process with an appropriate level of independent oversight;
 - (b) The SISP should encourage and facilitate bidding by interested parties and that no aspect of the SISP should discourage parties from submitting Superior Offers;
 - (c) The SISP provides a reasonable opportunity for other bidders to submit Superior Offers;
 - (d) If applicable, the Auction process will provide the opportunity for all Auction Bidders, including the Stalking Horse Bidder, to further increase their offers, thereby ensuring that realizations are maximized for all stakeholders of the Applicant;

- (e) The timelines of the SISP are reasonable; and
- (f) The provisions of the SISP, including the potential Auction, are reasonable, appropriate and reasonably consistent with both market practice and with sales and investor solicitation processes approved by the Court in other CCAA cases.

59. The Monitor is further of the view that:

- (a) Undertaking the SISP is necessary, reasonable and justified in the circumstances;
- (b) The use of a stalking horse bid and an auction process in the SISP is beneficial for the business and operations and will enable the Applicant to maximize recoveries for its stakeholders;
- (c) There would be no material prejudice to any stakeholder from the use of the Subscription Agreement as the Stalking Horse Bid in the SISP;
- (d) The Subscription Agreement would be a reasonable and appropriate stalking horse in the SISP; and
- (e) The Success Fee is within market parameters and is reasonable in the circumstances.

60. Accordingly, the Monitor respectfully recommends that the Applicant's request for the SISP Order be granted.

The Monitor respectfully submits to the Court this, its First Report.

Dated this 13th day of June, 2026.

Deloitte Restructuring Inc.
In its capacity as Monitor of
Freshstone Brands Inc.
and not in its personal or corporate capacity



Per: Nigel D. Meakin
Senior Vice President

APPENDIX A

The Pre-Filing Report

**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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
FRESHSTONE BRANDS INC.

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS PROPOSED MONITOR**

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SECTION A - INTRODUCTION

1. Deloitte Restructuring Inc. (“**Deloitte**” or the “**Proposed Monitor**”) has been informed that Freshstone Brands Inc. (the “**Applicant**”) intends to make an application under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an initial order (the “**Proposed Initial Order**”) granting, *inter alia*, a stay of proceedings in favour of the Applicant until June 19, 2026, (the “**Stay Period**”) and appointing Deloitte as monitor (in such capacity, the “**Monitor**”). The proceedings to be commenced by the Applicant under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. This pre-filing report of the Proposed Monitor (the “**Report**”) has been prepared to provide information to the Court for its consideration in respect of the relief sought by the Applicant in the Proposed Initial Order. The Proposed Monitor understands that, if the Proposed Initial Order is granted, the Applicant will be seeking an amended and restated initial order (the “**Proposed ARIO**”) at a subsequent hearing, to be scheduled with the supervising judge prior to the expiry of the Stay Period (the “**Comeback Hearing**”), providing for, *inter alia*, an extension of the Stay Period, approval of a sale and investor solicitation procedure (“**SISP**”) and increases in the Court-ordered charges. If appointed, the Monitor intends to file a further report in advance of the Comeback Hearing to provide information on the relief sought in the Proposed ARIO.
3. The purpose of this Report is to inform the Court on the following:
 - (a) The qualifications of Deloitte to act as Monitor and an overview of the involvement of Deloitte with the Applicant to date;
 - (b) The state of the business and affairs of the Applicant and the causes of its financial difficulty and insolvency;
 - (c) The proposed conduct of the CCAA Proceedings;

- (d) The independent opinion prepared by counsel¹ to the Proposed Monitor (the “**Security Opinion**”) on the validity and perfection of the security interests granted by the Applicant in connection with various promissory notes (collectively, the “**Notes**”) issued by the Applicant in favour of Mr. Frank Burdzy², as holder (in such capacity, the “**Noteholder**”).
- (e) The Applicant’s weekly cash flow forecast for the period June 8, 2026, to October 16, 2026 (the “**June 5 Forecast**”);
- (f) The Applicant’s request for a stay of proceedings and the Proposed Monitor’s recommendation thereon;
- (g) The Applicant’s request, and the Proposed Monitor’s recommendation thereon, for:
 - (i) Approval of the DIP Facility Loan Agreement (the “**DIP Credit Agreement**”) dated as of June 8, 2026, between the Applicant, as borrower, and Garrington Financial Services Inc. (in such capacity, the “**DIP Lender**”), pursuant to which the DIP Lender has agreed to advance up to \$7 million (the “**DIP Facility**”) to the Applicant, subject to the terms and conditions of the DIP Credit Agreement; and
 - (ii) A priority charge in favour of the DIP Lender on the assets, property and undertakings of the Applicant to the secure the obligations under the DIP Credit Agreement (the “**DIP Lender’s Charge**”);

¹ Including local agent counsel in Saskatchewan and Prince Edward Island.

² In addition to being the Noteholder, Mr. Burdzy is an investor in the Applicant, its Chief Executive Officer and a member of its board of directors.

- (h) The Applicant's request for approval of a charge in the amount of \$1,725,000 (the "**Directors' Charge**") securing the indemnification by the Applicant of its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the CCAA Proceedings, except to the extent that, with respect to any individual, the obligation or liability was incurred as a result of the individual's gross negligence or wilful misconduct, and the Proposed Monitor's recommendation thereon; and
- (i) The Applicant's request for approval of a charge in the amount of \$250,000 (the "**Administration Charge**") securing the fees and expenses of the Monitor, legal counsel to the Monitor (the "**Monitor's Counsel**") and legal counsel of the Applicant (the "**Applicant's Counsel**"), and the Proposed Monitor's recommendation thereon.

SECTION B - TERMS OF REFERENCE

- 4. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with various parties (the "**Information**").
- 5. Except as otherwise described in this Report:
 - (a) The Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *CPA Canada Handbook*; and

- (b) The Proposed Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the *CPA Canada Handbook*.
- 6. The Proposed Monitor has prepared this Report in connection with the application for the Proposed Initial Order filed by the Applicant (the “**Initial Application**”) and should not be relied on for any other purpose.
- 7. Future oriented financial information reported or relied on in preparing this Report is based on the assumptions of the management of the Applicant (“**Management**”) regarding future events; actual results may vary from forecast and such variations may be material.
- 8. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian dollars**. Capitalized terms not otherwise defined herein have the meanings given to them in the affidavit of Mr. Frank Burdzy, Chief Executive Officer of the Applicant, sworn June 8, 2026, in support of the Initial Application (the “**Burdzy Initial Affidavit**”).

SECTION C - EXECUTIVE SUMMARY

- 9. The Proposed Monitor is of the view that:
 - (a) Granting the relief requested in the Proposed Initial Order, including the stay of proceedings, will provide the Applicant with the best opportunity to preserve and maximize value for its stakeholders generally;
 - (b) The DIP Facility is necessary, the terms of the DIP Credit Agreement are reasonable and within market parameters, no better interim financing facility is currently available and no creditor will be materially prejudiced by the approval of the DIP Credit Agreement or the granting of the DIP Lender’s Charge;
 - (c) The quantum of the proposed Directors’ Charge is reasonable in relation to the quantum of the estimated potential liability;

- (d) The quantum of the proposed Administration Charge is reasonable in the circumstances; and
 - (e) The relief requested by the Applicant, including the stay of proceedings and the granting of the Directors' Charge and the Administration Charge, is necessary, reasonable and justified.
10. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Proposed Initial Order be granted by the Court.

SECTION D - DELOITTE

QUALIFICATIONS TO ACT

11. Deloitte is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. Deloitte has provided its consent to act as Monitor.
12. As set out in greater detail below, Deloitte has been acting as financial advisor to the Applicant and is familiar with its business and operations, certain of its personnel, the key issues and the key stakeholders in these CCAA Proceedings. The senior Deloitte representative with carriage of this matter is an experienced Chartered Insolvency and Restructuring Professional and a Licensed Insolvency Trustee, who has acted in restructurings and CCAA matters in Ontario and other provinces of Canada and as an authorized "foreign representative" in foreign jurisdictions. Between them, Deloitte and its affiliates also have extensive experience in the food industry.

DELOITTE'S INVOLVEMENT TO DATE

13. Deloitte was originally engaged as financial advisor to the Applicant pursuant to an engagement letter between Deloitte and the Applicant executed June 23, 2025 (the “**Deloitte Engagement Letter**”) and has been active in providing assistance and advice to the Applicant from that time. Deloitte’s role as financial advisor was to provide financial, strategic and restructuring advice. Recently the Deloitte Engagement Letter was amended to provide for Deloitte assisting the Applicant in preparing for a filing under the CCAA.
14. Deloitte has provided no accounting or auditing services to the Applicant. Fees payable to Deloitte pursuant to the Deloitte Engagement Letter are based on hours worked multiplied by normal hourly rates. Deloitte is not entitled to any success-based or other contingency-based fee.

SECTION E - APPLICANT’S BUSINESS & AFFAIRS AND CAUSES OF INSOLVENCY

15. The business and affairs of the Applicant and the causes of its insolvency are described in the Burdzy Initial Affidavit. The Proposed Monitor has reviewed the Burdzy Initial Affidavit and discussed the business and affairs of the Applicant and the causes of its insolvency with Management and is of the view that the Burdzy Initial Affidavit provides a fair summary thereof.

SECTION F - THE PROPOSED CONDUCT OF THE CCAA PROCEEDINGS

16. As described in the Burdzy Initial Affidavit, if the Proposed Initial Order is granted, the Applicant intends to:
 - (a) Continue its restructuring activities, including the rationalization of operations through the closure of four facilities located in Delisle, Saskatchewan; Kitchener, Ontario; and Charlottetown, Prince Edward Island (collectively, the “**Redundant Facilities**”);

- (b) Continue operations from its facilities located in Mississauga and Etobicoke, Ontario;
- (c) Move certain assets from the Redundant Facilities for continued use in the Mississauga or Etobicoke facilities;
- (d) Attempt to realize value from the other assets at the Redundant Facilities by auction, liquidation or otherwise; and
- (e) If approved by the Court, implement the SISP in order to obtain the highest and best offer for its remaining business and assets. It is currently contemplated that, subject to the approval of the Court, the deadlines under the SISP would be August 14, 2026, for letters of intent and September 25, 2026 for binding offers.

SECTION G - THE SECURITY OPINION

- 17. The Notes are secured by a general security agreement granted by the Applicant in favour of the Noteholder, dated as of May 8, 2026 (as amended from time to time, the “GSA”).
- 18. Subject to the assumptions, qualifications and limitations customary in rendering security opinions of this nature, the Security Opinion concludes that the GSA creates a valid security interest in favour of the Noteholder in the personal property of the Applicant to secure the payment and performance of the Obligations (as defined in the GSA) under the Notes, which has been properly perfected by registration.

SECTION H - THE JUNE 5 FORECAST

19. The June 5 Forecast, together with Management’s report on the cash-flow statement as required by section 10(2)(b) of the CCAA, is attached hereto as **Appendix A**. Excluding advances and repayments made under the DIP Facility, the June 5 Forecast shows a net cash outflow of approximately \$2.7 million for the period June 8, 2026, to October 16, 2026, and is summarized below:

	\$000
Receipts	37,045
Disbursements:	
Vendor payments	(26,555)
Payroll & benefits	(7,884)
Occupancy costs	(979)
Other operating expenses	(2,288)
DIP Lender fees & expenses	(250)
Professional fees (incl. HST)	(1,785)
Net Cash Inflow/(Outflow)	(2,696)
Beginning Cash Balance	2,950
Net Cash Inflow/(Outflow)	(2,696)
Ending Cash Balance	254

20. Section 23(1)(b) of the CCAA states that the Monitor shall:

“review the company’s cash-flow statement as to its reasonableness and file a report with the court on the monitor’s findings;”

21. Pursuant to section 23(1)(b) of the CCAA and in accordance with the *Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1*, the Proposed Monitor hereby reports as follows:

(a) The June 5 Forecast has been prepared by Management of the Applicant for the purpose described in Note 1, using the probable assumptions and the hypothetical assumptions set out in Notes 2 to 11, thereof;

- (b) The Proposed Monitor's review of the June 5 Forecast consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management and employees of the Applicant. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the June 5 Forecast. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the June 5 Forecast;
- (c) Based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
 - (i) The hypothetical assumptions are not consistent with the purpose of the June 5 Forecast;
 - (ii) As at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the June 5 Forecast, given the hypothetical assumptions; or
 - (iii) The June 5 Forecast does not reflect the probable and hypothetical assumptions;
- (d) Since the June 5 Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the June 5 Forecast will be achieved. The Proposed Monitor 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 Monitor in preparing this Report; and

- (e) The June 5 Forecast has been prepared solely for the purpose described in Note 1 to the June 5 Forecast and readers are cautioned that it may not be appropriate for other purposes.

SECTION I - THE STAY OF PROCEEDINGS

- 22. The Applicant is seeking a stay of proceedings in the standard form of the Ontario model initial order.
- 23. As described in the Burdzy Initial Affidavit, the need for the CCAA Proceedings is driven by the Applicant's cash flow and liquidity difficulties and the need to avail itself of the restructuring provisions of the CCAA.
- 24. In the Proposed Monitor's view, the stay of proceedings would provide the Applicant the opportunity to continue operations while completing its restructuring and the SISP, if approved by the Court, all in order to endeavour to preserve and maximize value for all stakeholders.
- 25. Absent the granting of the Proposed Initial Order and approval of the DIP Credit Agreement, the Applicant has insufficient funds to continue operations and pay its obligations as they become due. If the Proposed Initial Order is not granted and the DIP Credit Agreement is not approved, the Applicant will be forced to cease operations and its assets would be liquidated or abandoned.
- 26. In the Proposed Monitor's view, the granting of the stay of proceedings will provide the Applicant with the best opportunity to preserve and maximize value for its stakeholders generally.
- 27. Furthermore, the Proposed Monitor is of the view that the balance of potential prejudice of granting the stay versus the cessation of business and liquidation or abandonment of assets weighs in favour of the granting of the Proposed Initial Order.

28. Accordingly, the Proposed Monitor is of the view that the stay of proceedings is necessary and justified in the circumstances.

SECTION J - THE DIP CREDIT AGREEMENT AND DIP LENDER'S CHARGE

THE DIP CREDIT AGREEMENT

29. Unless otherwise defined, capitalized terms used in this section of this Report are as defined in the DIP Credit Agreement, a copy of which is attached hereto as **Appendix B**.
30. The DIP Lender is Garrington Financial Services Inc., part of Garrington Capital, an organization that specializes in providing alternative financing options for small and medium-sized businesses across Canada and the United States.
31. Subject to the terms and conditions of the DIP Credit Agreement, the DIP Lender has agreed to lend up to \$7 million to the Applicant to:
- (a) Fund the ordinary course working capital and other general corporate purposes of the Applicant;
 - (b) Fund the CCAA Proceedings, including, without limitation to pay the fees and expenses of the Monitor, Monitor's Counsel, Applicant's Counsel, Assistants (as defined in the Proposed Initial Order) and the sale advisor to the Applicant;
 - (c) Pay Permitted Fees and Expenses; and
 - (d) Pay amounts owing by the Applicant under any KERP³.
32. The DIP Facility is a revolving credit facility in a maximum aggregate principal amount at no time exceeding the lesser of

³ While the DIP Facility provides for a KERP to be implemented with Court approval, as at the date of this Report no determination has been made as to whether the Applicant will seek approval of a KERP.

- (a) \$7 million; and
 - (b) An amount equal to the Borrowing Base then in effect.
33. The Applicant may make requests for an Advance on a weekly basis, in accordance with the DIP Budget, provided that:
- (a) The amount of any requested Advance shall not exceed the amount of cash then projected to be required by the Borrower in the week immediately after the delivery of the applicable Borrowing Base Certificate, in accordance with the DIP Budget then in effect and approved by the DIP Lender, and taking into account cash on hand at the time; and
 - (b) The sum of the principal amounts of all Advances then outstanding that have not at such time been repaid, would not, after the making of any requested Advance, exceed the amount of the then existing Borrowing Base
34. The DIP Credit Agreement provides for the remittance of all collections of accounts receivable to the DIP Lender on a weekly basis.
35. The Applicant is required on a weekly basis to provide the Cash Flow Variance Report comparing the actual receipts and disbursements against the budgeted receipts and disbursements and providing an explanation for all material variances. An event of default occurs under the DIP Credit Agreement if the Applicant is not within the Permitted Variance for two consecutive one-week reporting periods, the Permitted Variance being an adverse variance from the DIP Budget of more than fifteen percent in respect of total receipts or total disbursements, excluding the fees and expenses of the DIP Lender.

36. The DIP Credit Agreement provides for a fee of \$70,000 payable to the DIP Lender on the date of the initial Advance and a monthly Collateral Monitoring Fee of \$5,000. The Advances outstanding will bear interest, calculated monthly and payable monthly in arrears cash on the Maturity Date, at the Prime Rate⁴ plus 10.55%.
37. The DIP Credit Agreement requires that the DIP Obligations be secured by the DIP Lender's Charge, with priority to all other Encumbrances, other than Permitted Priority Liens. The Permitted Priority Liens include the Administration Charge.
38. The DIP Obligations are repayable in full on the Maturity Date, being the earliest of:
 - (a) November 30, 2026, or such later date as agreed in writing by the DIP Lender;
 - (b) The completion of a sale or sales of all or substantially all of the Applicant's assets, property and undertaking, or of all or substantially all of the shares of the Applicant or of all or substantially all of the Applicant's business;
 - (c) The implementation of a plan of compromise or arrangement pursuant to the CCAA Proceedings;
 - (d) The date on which the stay in the Initial Order or the Amended and Restated Initial Order expires without being extended or on which the CCAA Proceedings is terminated or dismissed; and
 - (e) An Event of Default which has not been waived by the DIP Lender and in respect of which the DIP Lender has elected, in its sole discretion, to accelerate the DIP Obligations.

⁴ The Prime Rate is the greater of (i) the annual rate of interest announced by CIBC from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian dollars in Canada and (ii) 4.45% per annum. The Prime Rate is currently 4.45%.

39. The DIP Credit Agreement provides for the mandatory prepayment of the DIP Obligations from, *inter alia*, proceeds of the sale of assets of the Applicant outside the normal course of business, subject to the prior payment of any amount secured by the Permitted Priority Liens and the establishment of appropriate reserves, in each case as determined by the Monitor and the DIP Lender, acting reasonably, or as otherwise ordered by the Court. Any mandatory prepayment may be re-borrowed, subject to satisfaction of the terms of the DIP Credit Agreement.
40. Subject to the establishment of appropriate reserves for, *inter alia*, payment of any amount secured by the Permitted Priority Liens, as determined by the Monitor and the DIP Lender, acting reasonably, or as otherwise ordered by the Court, the Applicant may also make voluntary prepayments of the DIP Obligations at any time without premium or penalty. Any voluntary prepayment may be re-borrowed, subject to satisfaction of the terms of the DIP Credit Agreement.
41. The DIP Credit Agreement contains a broad indemnity in favour of the DIP Lender and each of its Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates (each, an “**Indemnified Party**”) from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities, except to the extent that they result from an Indemnified Party’s bad faith, gross negligence or wilful misconduct as determined by a court of competent jurisdiction. The indemnities granted under the DIP Credit Agreement will survive any termination of the DIP Facility.
42. The DIP Credit Agreement contains various other terms, conditions, affirmative covenants, negative covenants and events of default which are, in the Proposed Monitor’s view, customary for this type of financing, including the granting of the DIP Lender’s Charge.

THE PROPOSED MONITOR'S COMMENTS AND RECOMMENDATION

43. Section 11.2(4) of the CCAA, sets out certain factors that should be considered, among other things, in deciding whether to make an order granting an interim financing charge. These factors, and the Proposed Monitor's comments thereon, are addressed in turn below.

The period during which the company is expected to be subject to proceedings under the CCAA

44. As discussed earlier in this Report, the Applicant will seek approval of the SISP at the Comeback Hearing to be held prior to the expiry of the Stay Period.
45. If the SISP is approved in the form currently contemplated, the Bid Deadline would be September 25, 2026. Court approval of the Successful Bid would be sought as expeditiously as possible after determination of the Successful Bid. Accordingly, it is currently expected that closing of a transaction would occur before the outside Maturity Date under the DIP Credit Agreement of November 30, 2026.
46. Based on the June 5 Forecast, and subject to its underlying assumptions, and given the timing provided for in the SISP, it is believed by the Applicant and the Proposed Monitor that the DIP Credit Agreement provides sufficient liquidity to fund operations and the costs of the CCAA Proceedings to the closing of a transaction.

How the company's business and affairs are to be managed during the proceedings

47. The Proposed Monitor understands that provided that the Directors' Charge is granted, the Applicant's senior personnel and the Applicant's board of directors will remain in place to manage the business and affairs of the Applicant during the CCAA Proceedings. The aforementioned parties will also have the benefit of the expertise and experience of legal counsel and the Monitor throughout the CCAA Proceedings.

Whether the company's management has the confidence of its major creditors

48. The only secured creditor of the Applicant is the Noteholder, who is also the Chief Executive Officer of the Applicant. The Noteholder is also the largest creditor of the Applicant.
49. The major unsecured creditors of the Applicant are its suppliers and landlords. Given the sensitive and confidential nature of a potential CCAA filing, and in accordance with the usual practice, unsecured creditors were not consulted prior to the CCAA filing, but will receive statutory notice of the CCAA Proceedings.

Whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company

50. While section 11.2(4) of the CCAA refers to a “compromise or arrangement”, given the variety of ways in which successful going-concern outcomes are now structured in proceedings under the CCAA, including asset sales and “reverse vesting order” transactions, the Court has in the past taken a broader view of this factor and expanded it to consider these other approaches.
51. Without the DIP Facility, the Applicant would, in the very near future, exhaust its available liquidity resources and be unable to pay its obligations as they become due, continue operations, maintain its assets, undertake the SISP or complete any transaction. The Proposed Monitor is of the view that approval of the DIP Credit Agreement will enhance the prospects of the business and operations of the Applicant being preserved and a successful going-concern outcome being achieved.

The nature and value of the company's property

52. The Applicant's assets are described in Burdzy Initial Affidavit. The market value of the Applicant's property will be finally determined through the SISP.

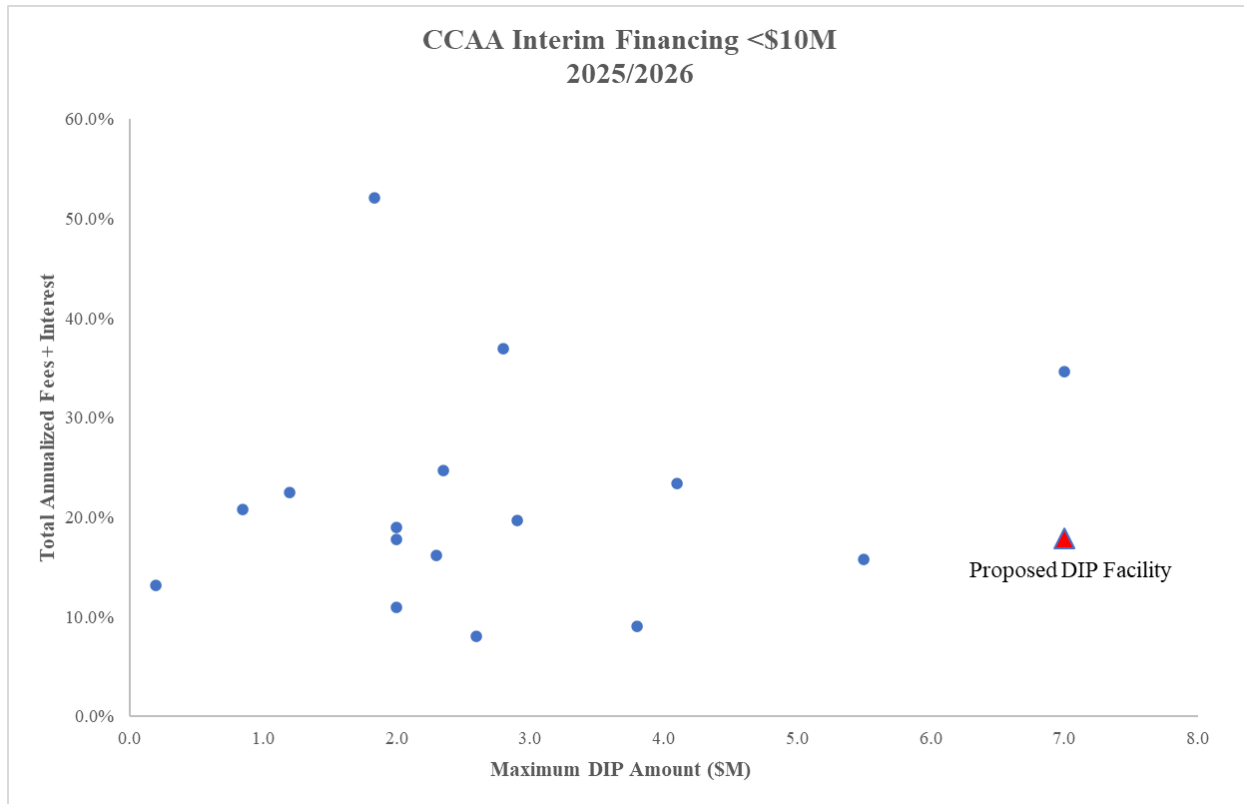
53. Nothing has come to the attention of the Proposed Monitor in respect of the nature of the Applicant's property that, in the Proposed Monitor's view, requires particular consideration in connection with the DIP Lender's Charge.

Whether any creditor would be materially prejudiced as a result of the proposed charge

54. The proposed DIP Facility would provide the Applicant the opportunity to effect its operational restructuring plan, to undertake the SISP and to complete a transaction with the Successful Bidder. Borrowings under the DIP Credit Agreement are limited to a maximum of \$7 million. The DIP Lender's Charge secures only the obligations under the DIP Credit Agreement. The DIP Credit Agreement is conditional on the DIP Lender's Charge being granted and the Applicant has no alternative funding options that would not require such a charge.
55. The Proposed Monitor is of the view that, in the circumstances of this case, no creditor would be materially prejudiced as a result of the proposed charge and that any potential detriment caused to the Applicant's creditors by the DIP Lender's Charge would be outweighed by the benefits that it creates.

Other potential considerations – Terms and Pricing

56. The Proposed Monitor has reviewed data on the terms of interim financings of a similar size approved by this Court in proceedings under the CCAA based on information publicly available. A summary of such data in respect of interim financings approved in the period from January 2025 to May 2026 is attached hereto as **Appendix C**.
57. Based on the information available, the Proposed Monitor has compared the cost of the fees and interest provided for in the DIP Facility to the costs of the fees and interest of those other interim financings. As illustrated in the chart below, the cost of the DIP Facility appears to be within market parameters in respect of interest and fees for interim financings of comparable size:



58. Based on the foregoing, the Proposed Monitor is of the view that the DIP Credit Agreement is in line with market in respect of its terms and costs. The Proposed Monitor is of the view that the DIP Credit Agreement represents the best alternative available in the circumstances that would provide access to financing within the necessary timeframe.

Other potential considerations – Alternatives Available

59. As stated in the Burdzy Initial Affidavit, the Applicant had retained GlassRatner Advisory Canada Inc. (“GR”) to assist in seeking new financing options. When it became apparent that a CCAA filing may become a necessary step, GR’s efforts turned to seeking DIP financing options. Ten potential parties were contacted. Six parties were not interested in the opportunity, and further discussions were held with four parties. Ultimately, two non-binding proposals were received (the “DIP Proposals”).

60. The DIP Proposals were considered by the Applicant, in consultation with its advisors and the Proposed Monitor, and it was determined that the DIP Proposal submitted by the DIP Lender was superior for a number of reasons, including cost, amount of available financing and potential speed of execution.
61. Accordingly, the Proposed Monitor is of the view that there is no better alternative to the DIP Credit Agreement available at this time.

The Proposed Monitor's Recommendation

62. Based on the foregoing, the Proposed Monitor respectfully recommends that the Court grant the Applicant's request for approval of the DIP Credit Agreement and the granting of the DIP Lender's Charge.

SECTION K - THE PROPOSED DIRECTORS' CHARGE

63. The Applicant is seeking the granting of the Directors' Charge ranking subordinate to the Administration Charge and the DIP Lender's Charge and 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 Person⁵, except for any Person with a properly perfected Encumbrance on the Property⁶ who did not receive notice of the Initial Application.

⁵ As defined in the Proposed Initial Order.

⁶ As defined in the Proposed Initial Order.

64. The beneficiaries of the Directors’ Charge, if granted, would be the directors and officers of the Applicant. It is the Proposed Monitor’s view that the continued support and service of the directors and officers during the CCAA Proceedings would be beneficial to the Applicant’s efforts to preserve and maximize value for stakeholders. The Proposed Monitor has been informed that the directors and officers will not continue to serve unless the Directors’ Charge is granted.
65. The quantum of the proposed Directors’ Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could accrue during the CCAA Proceedings in respect of:
- (a) Wages and salaries; and
 - (b) Accrued vacation pay.
66. While a Directors’ Charge would typically include an estimated amount for sales taxes, the Applicant is typically in a refund position for sales taxes. Consequently, no amount for sales taxes has been included. The estimated amounts that could be outstanding during the CCAA Proceedings, assuming payments are made in accordance with the June 5 Forecast, are summarized as follows:

	Proposed Initial Order	Proposed ARIO
	\$000	\$000
Wages and Salaries	1,060	1,325
Vacation Pay	654	654
Total	1,714	1,979
Proposed Charge	1,725	2,000

67. The amounts above are estimated based on the following assumptions:

- (a) Wages and salaries – Payroll is paid bi-weekly on a Friday and six days in arrears (i.e. to the preceding Saturday). The amount for the Proposed Initial Order assumes sixteen days of payroll being the maximum potential that could be outstanding during the initial ten-day stay period. The amount for the Proposed ARIO assumes one full payment cycle of fourteen days plus the six days arrears; and
 - (b) Vacation pay – The amount included is the Applicant’s current estimate of accrued vacation outstanding as at June 3, 2026.
68. The Proposed Monitor notes that the directors and officers will only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the directors and officers are entitled to be indemnified pursuant to the provisions of the Proposed Initial Order. The existing insurance policies were set to expire on June 9, 2026, and were recently renewed to for the period June 9, 2026, to May 1, 2027.
69. Accordingly, the Proposed Monitor respectfully recommends that the Applicant’s request for the Directors’ Charge be granted by the Court.

SECTION L - THE ADMINISTRATION CHARGE

70. The Applicant is seeking the granting of the Administration Charge in priority to all other Encumbrances in favour of any Person, except for any Person with a properly perfected Encumbrance on the Property who did not receive notice of the Initial Application.
71. The beneficiaries of the Administration Charge, if granted, would be the Monitor, the Monitor’s Counsel and the Applicant’s Counsel. The Proposed Monitor believes that it is appropriate that the proposed beneficiaries of the Administration Charge be afforded the benefit of a charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.

72. The proposed amounts of the Administration Charge are \$250,000 in the Proposed Initial Order, increasing to \$650,000 in the Proposed ARIO⁷. The Proposed Monitor has reviewed and considered the underlying assumptions upon which the Applicant has based the quantum of the proposed Administration Charge in the Proposed Initial Order, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed quantum of the Administration Charge in the Proposed Initial Order is reasonable and appropriate in the circumstances.
73. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Administration Charge be granted by the Court.

The Proposed Monitor respectfully submits to the Court this, its Pre-Filing Report.

Dated this 8th day of June, 2026.

Deloitte Restructuring Inc.
In its capacity as Proposed Monitor of
Freshstone Brands Inc.
and not in its personal or corporate capacity



Per: Nigel D. Meakin
Senior Vice President

⁷ In addition to the normal increase in the Administration Charge reflecting the extension of the Stay Period, the Proposed ARIO would add the sale advisor as a beneficiary of the Administration Charge.

APPENDIX A

The June 5 Forecast

Freshstone Brands Inc.
18-Week Cash-Flow Forecast
For the Period June 8, 2026 to October 16, 2026
(CAD, in \$000's, unaudited)

Cash Flow Week		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Forecast	
Week Ending	Notes	12-Jun-26	19-Jun-26	26-Jun-26	3-Jul-26	10-Jul-26	17-Jul-26	24-Jul-26	31-Jul-26	7-Aug-26	14-Aug-26	21-Aug-26	28-Aug-26	4-Sep-26	11-Sep-26	18-Sep-26	25-Sep-26	2-Oct-26	9-Oct-26	16-Oct-26	Total	
Receipts																						
Customer Receipts	3	1,458	1,203	1,256	1,371	1,343	1,471	1,517	1,507	2,484	2,356	2,269	2,372	2,353	2,347	2,222	1,962	2,084	2,167	2,103	35,845	
Other Receipts		-	-	-	300	-	-	-	300	-	-	-	-	-	300	-	-	-	-	300	1,200	
Total Receipts		1,458	1,203	1,256	1,671	1,343	1,471	1,517	1,507	2,784	2,356	2,269	2,372	2,353	2,647	2,222	1,962	2,084	2,167	2,403	37,045	
Operating Disbursements																						
Vendor Payments	4	(2,422)	(2,078)	(1,167)	(1,267)	(1,364)	(1,268)	(1,337)	(1,425)	(1,416)	(1,395)	(1,296)	(1,223)	(1,325)	(1,349)	(1,188)	(1,189)	(1,348)	(1,213)	(1,285)	(26,555)	
Payroll & Benefits	5	(1)	(909)	(1)	(957)	(1)	(722)	(1)	(927)	(7)	(892)	(1)	(875)	(7)	(870)	(1)	(861)	(7)	(843)	(1)	(7,884)	
Occupancy Costs	6	(200)	-	(73)	(143)	(96)	-	-	(169)	-	-	-	-	(169)	-	-	-	-	(130)	-	(979)	
Operating Expenses	7	(425)	(67)	(290)	(261)	(15)	(232)	(45)	(25)	(15)	(320)	(45)	(25)	(15)	(25)	(218)	(55)	(15)	(25)	(169)	(2,288)	
Total Operating Disbursements		(3,048)	(3,054)	(1,531)	(2,628)	(1,476)	(2,233)	(1,383)	(2,547)	(1,438)	(2,607)	(1,342)	(2,123)	(1,516)	(2,244)	(1,407)	(2,106)	(1,500)	(2,080)	(1,455)	(37,706)	
Operating Cash Flow		(1,590)	(1,851)	(275)	(956)	(133)	(752)	134	(1,040)	1,346	(251)	928	249	837	403	815	(144)	584	87	949	(661)	
Restructuring Costs																						
DIP Lender Fees & Interest	8	(70)	(15)	(20)	(15)	-	-	-	-	(60)	-	-	-	(46)	-	-	-	(24)	-	-	(250)	
Professional Fees - Restructuring	9	(660)	(125)	(100)	(75)	(75)	(50)	(50)	(50)	(50)	(75)	(25)	(25)	(25)	(25)	(25)	(50)	(100)	(100)	(75)	(1,785)	
Total Restructuring Costs		(730)	(140)	(120)	(90)	(75)	(50)	(50)	(50)	(110)	(75)	(75)	(25)	(71)	(25)	(25)	(50)	(124)	(100)	(75)	(2,035)	
Total Net Cash Flow		(2,320)	(1,991)	(395)	(1,047)	(208)	(802)	84	(1,090)	1,236	(301)	853	224	766	378	790	(194)	460	(13)	874	(2,696)	
Opening Cash Balance																						
Net Cash Flow		2,950	630	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	2,950
DIP Drawdown / (Repayment)	10	(2,320)	(1,991)	(395)	(1,047)	(208)	(802)	84	(1,090)	1,236	(301)	853	224	766	378	790	(194)	460	(13)	874	(2,696)	
Closing Cash Balance / (Deficit)		630	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	254	254
Borrowing Base Calculation																						
Opening DIP Facility Balance		-	-	1,561	1,956	3,003	3,211	4,013	3,928	5,018	3,782	4,083	3,230	3,006	2,240	1,862	1,072	1,266	806	819		
DIP Facility Draw / (Repayment)		-	1,561	395	1,047	208	802	(84)	1,090	(1,236)	301	(853)	(224)	(766)	(378)	(790)	194	(460)	13	(819)		
Ending DIP Facility Balance		-	1,561	1,956	3,003	3,211	4,013	3,928	5,018	3,782	4,083	3,230	3,006	2,240	1,862	1,072	1,266	806	819	-	-	
Borrowing Base Availability		2,717	3,694	2,948	3,988	3,336	4,149	3,930	5,376	4,432	5,259	4,421	5,138	4,165	4,840	4,076	4,913	4,096	4,871	4,045		
Excess Availability / (Shortfall)		2,717	2,133	991	985	126	136	2	358	650	1,177	1,191	2,132	1,925	2,978	3,004	3,646	3,290	4,051	4,045	4,045	

Notes

- (1) The cash flow forecast (the "Forecast") has been prepared by management for the purpose of estimating Freshstone Brands Inc.'s (the "Company") projected liquidity requirements for the period from June 8, 2026 to October 16, 2026 (the "Forecast Period"). The Forecast is presented in Canadian dollars.
- (2) Any amounts denominated in US dollars have been translated into Canadian dollars using a foreign exchange rate of 1.375.
- (3) Customer Receipts are based on past performance and anticipated customer orders. Customer receipts are expected to increase between Week 9 due to an increase in receipts pertaining to contracts with certain key customers.
- (4) Vendor Payments reflects estimated cash outflows related to the purchase and transportation of inventory necessary to support ongoing operations.
- (5) Payroll & Benefits includes salaries, wages, remittances, employee benefits and taxes for salaried and hourly employees across the Company's facilities.
- (6) Occupancy Costs reflects post-filing rent for the expected period of occupation of leased premises.
- (7) Operating Expenses includes other general operational expenses.
- (8) DIP Lender Fees & Interest encompasses interest, fees, and other financing charges under the DIP facility.
- (9) Professional Fees - Restructuring includes legal and financial advisors associated with the CCAA proceedings and are based on estimates provided by the advisors.
- (10) DIP Advances / Repayments reflect the Company's expected funding needs and capacity to repay amounts drawn under the DIP Facility, while maintaining a minimum cash balance of \$200,000 throughout the Forecast Period.
- (11) The forecast Borrowing Base Availability is pursuant to the terms of the DIP Agreement.

**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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
FRESHSTONE BRANDS INC. (the "Applicant")

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
PURSUANT TO PARAGRAPH 10(2)(B) OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended**

1. The Management of the Applicant has developed the assumptions and prepared the attached statement of projected cash flow for the Applicant as of the 5th day of June, 2026 for the 19 week period (the "**Forecast Period**") ending October 16, 2026 (the "**Forecast**").
2. The Forecast has been prepared for the purpose of determining the liquidity requirements of the Applicant during the Forecast Period.
3. The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the notes to the Forecast, and the probable assumptions are suitably supported and consistent with the plan of the Applicant and provide a reasonable basis for the Forecast.
4. Since the Forecast is based on assumptions regarding future events, actual results will vary from the information presented and variations may be material.
5. The Forecast has been prepared solely for the purposes described in the notes to the Forecast. Consequently, readers are cautioned that the Forecast may not be appropriate for other purposes.
6. The Applicant confirms that the Forecast and the underlying assumptions are the responsibility of the Applicant, and that all material information relevant to the Forecast and to the underlying assumptions has been made available to Deloitte Restructuring Inc., in its capacity as the Proposed Monitor for the Applicant.

Dated at Toronto, Ontario this 5th day of June, 2026.

FRESHSTONE BRANDS INC.

Per: 

Signature

Frank Burdzy

Name

CEO

Title

APPENDIX B

The DIP Credit Agreement

DIP FACILITY LOAN AGREEMENT

DATED AS OF JUNE 8, 2026

WHEREAS the Borrower (as defined below) has requested that the DIP Lender (as defined below) provide financing to fund certain of the Borrower's cash requirements during the pendency of the proceedings (the "**CCAA Proceedings**") to be commenced by the Borrower under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") in accordance with the terms and conditions set out herein;

AND WHEREAS the DIP Lender has agreed to provide the DIP Facility (as defined below) in accordance with the terms and subject to the conditions set out herein in connection with the CCAA Proceedings.

NOW THEREFORE in consideration of the foregoing and their respective representations, warranties, covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Defined Terms:** Capitalized terms that are not defined in the body of this Agreement have the meanings ascribed to them in Schedule A.
2. **Currency:** Unless otherwise stated, all monetary denominations shall be in lawful currency of Canada.
3. **Borrower:** Freshstone Brands Inc. (the "**Borrower**").
4. **DIP Lender:** Garrington Financial Services Inc. (the "**DIP Lender**").
5. **DIP Facility and Loan Amount:** Subject to the terms and conditions hereof, the DIP Lender agrees to provide to the Borrower a debtor-in-possession priority revolving credit facility (the "**DIP Facility**") in a maximum aggregate principal amount at no time exceeding the lesser of (i) **\$7,000,000 (seven million dollars)**, and (ii) an amount equal to the Borrowing Base then in effect.

The principal amount of any advance of the DIP Facility made in accordance with the terms of this Agreement (each an "**Advance**" and, collectively, the "**Advances**") that is repaid may be re-borrowed as a new Advance, subject to satisfaction of the terms of this Agreement.

6. **DIP Advances:** Each Advance shall be directly advanced to the Borrower upon satisfaction by the Borrower or waiver by the DIP Lender of the conditions precedent stated in Section 15 (only in the case of the initial Advance hereunder) and Section 16 (in the case of all Advances, including the initial Advance).
7. **Use of Proceeds:** The proceeds of the DIP Facility shall be used by the Borrower solely in accordance with, and subject to, the DIP Budget and the Court Orders: (a) to fund the ordinary course working capital and other general corporate purposes of the Borrower, (b) to fund the CCAA Proceedings, including, without limitation to pay the documented fees and expenses of the Monitor, counsel to the Monitor, counsel to the Borrower, Assistants (as defined in the Initial Order) and the sale advisor to the Borrower, (c) to pay Permitted Fees and Expenses, and (d) to pay amounts owing by the Borrower under the KERP. No proceeds may be used for any other purpose, except with the prior written approval of the DIP Lender (in its sole and absolute discretion). For greater certainty, the Borrower may not use proceeds of the DIP Facility to pay any pre-filing obligations without the

prior written consent of the DIP Lender, unless the payment of such obligations is included in the DIP Budget or is authorized under the Court Orders.

8. **Evidence of Indebtedness:** The DIP Lender shall maintain a register evidencing Advances and repayments under the DIP Facility and all other amounts owing from time to time hereunder. The DIP Lender's register constitutes, in the absence of manifest error, *prima facie* evidence of the Indebtedness of the Borrower to the DIP Lender pursuant to the DIP Facility.
9. **Interest:** The Advances from time to time outstanding shall bear interest at the Interest Rate.

All interest hereunder shall be computed on the basis of a year of 365 days and shall accrue daily and calculated and paid monthly in arrears (or at such time of any payment or prepayment as set out in this Agreement).

For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or fee to be paid under this Agreement is to be calculated on the basis of a period that is less than a calendar year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period that is less than a calendar year.

10. **Closing Fee:** On the date on which the initial Advance hereunder is made, the Borrower shall pay to the DIP Lender a commitment fee in an amount equal to \$70,000 which shall be fully earned on such date, with such fee, together with the Permitted Fees and Expenses invoiced prior to such date to be retained by the DIP Lender from the initial Advance made hereunder. The \$25,000 deposit paid in connection with the term sheet associated with this Agreement shall be applied to partially cover the costs incurred by the DIP Lender in preparing term sheet, this Agreement and the due diligence associated therewith.
11. **Collateral Monitoring Fee:** The Borrower shall pay to the DIP Lender a fully earned and non-refundable collateral monitoring fee (the "**Collateral Monitoring Fee**"), payable in the amount of \$5,000 on the date of the initial Advance and thereafter in the amount of \$5,000 monthly in advance on the first Banking Day of each calendar month.
12. **DIP Lender's Fees and Expenses:** The Borrower shall be responsible for all reasonable costs and expenses of the DIP Lender (including all reasonable fees, expenses and disbursements of outside counsel) in connection with the DIP Facility, including the preparation of this Agreement, the administration of the DIP Facility, the enforcement of any of its rights and remedies available hereunder and in connection with the CCAA Proceedings (collectively, "**Permitted Fees and Expenses**"). The Permitted Fees and Expenses shall be paid by the Borrower within five (5) Banking Days of being invoiced therefor provided that certain Permitted Fees and Expenses incurred on or prior to the date of the initial Advance, shall be paid from such initial Advance and the Borrower hereby irrevocably directs the Lender to apply proceeds of such initial Advance to such Permitted Fees and Expenses.
13. **DIP Budget:** Attached hereto as Schedule B is a detailed cash flow forecast (as replaced from time to time by the Updated Cash Flow, in accordance with the terms of this Section 13, the "**DIP Budget**"), which the DIP Lender acknowledges and agrees has been reviewed and approved by the DIP Lender and is in form and substance satisfactory to the DIP Lender. On Friday of each week, commencing on Friday June 12, 2026, the Borrower, with the assistance of the Monitor, shall provide the DIP Lender with a variance report (collectively, the "**Cash Flow Variance Report**"), certified by a senior officer of the Borrower (which certification shall acknowledge and agree that

the DIP Lender is relying on such certification in determining whether to accept an Updated Cash Flow), showing on a line-by-line basis (a) the cumulative actual receipts and disbursements and (b) the cumulative variances from the amounts in the DIP Budget for the period from the start of the DIP Budget to the prior Friday and noting therein all variances on a line by line basis from the amounts in the DIP Budget, with reasonably detailed explanations for all material variances. In addition, concurrently with the Cash Flow Variance Report, the Borrower may, but is not obligated to, provide to the DIP Lender an updated cash flow forecast, which if provided shall be substantially in the form of the DIP Budget (the “**Updated Cash Flow**”). Within three (3) Banking Days of delivery of an Updated Cash Flow, the DIP Lender shall provide to the Borrower a written notice (the “**Cash Flow Notice**”) confirming to the Borrower whether or not the Updated Cash Flow has been accepted as satisfactory to the DIP Lender, acting reasonably. If the DIP Lender delivers a Cash Flow Notice in which it states that the Updated Cash Flow is not acceptable to it, it shall provide reasonably detailed reasons for such determination and the existing DIP Budget shall remain in effect until the Borrower has delivered a revised Updated Cash Flow acceptable to the DIP Lender, acting reasonably. If the DIP Lender does not deliver a Cash Flow Notice within three (3) Banking Days of delivery of an Updated Cash Flow, the Updated Cash Flow shall be deemed to be accepted as satisfactory to the DIP Lender. If the DIP Lender accepts or is deemed to accept the Updated Cash Flow in accordance with the above, the DIP Budget shall be substituted by the Updated Cash Flow and the Updated Cash Flow shall be deemed to be the effective DIP Budget for the purposes of this Agreement.

14. **Borrowing Base Certificate:** Attached hereto as Schedule C is the initial certificate reflecting the Borrowing Base (a “**Borrowing Base Certificate**”) as of Friday May 28, 2026. Prior to 2:00pm (Toronto time) on Tuesday of each week, commencing on Tuesday June 9, 2026, the Borrower, with the assistance of the Monitor, shall provide the DIP Lender with an updated Borrowing Base Certificate in substantially the same form as that of Schedule C with values as of the most recent Friday of the previous week, certified by a senior officer of the Borrower which shall thereafter be deemed to be the effective Borrowing Base Certificate for the purposes hereof.
15. **Conditions Precedent to the Initial Advance:** The DIP Lender’s agreement to make the initial Advance hereunder is subject to the satisfaction of the following conditions precedent:
 - (a) the Borrower shall have provided to the DIP Lender a draft copy of all material documents to be served and/or filed in connection with its application for the Initial Order at least two (2) Banking Days before the earlier of service and filing thereof to permit review by the DIP Lender and its legal advisors, unless it is not practical in the circumstances to provide a draft copy of such material documents in such timing in which case the Borrower shall provide the DIP Lender with a draft copy of such material documents as far in advance as the circumstances permit, which materials (including the proposed Initial Order and all other proposed Court Orders) shall be in form and substance acceptable to the DIP Lender, acting reasonably;
 - (b) the Court shall have issued the Initial Order by no later than 5:00 pm (Toronto time) on June 12, 2026; and
 - (c) unless consented to by the DIP Lender in writing, the Initial Order shall not have been amended, restated, modified or varied in a manner adverse to the DIP Lender or vacated, stayed, set aside, or be subject to an appeal or a motion seeking leave to appeal.
 - (d) the DIP Lender shall have received all fees and other amounts due and payable, including reimbursement or payment of all out-of-pocket expenses (including legal fees and

expenses) required to be reimbursed or paid by the Borrower hereunder, provided that, for greater certainty certain of such amounts shall be deducted from the initial Advance as set out in the direction entered into in connection therewith;

- (e) the DIP Lender shall have received corporate resolutions in respect of the Borrower authorizing the execution, delivery and performance of this Agreement; and
- (f) the Borrower shall have paid all statutory liens, trust and other government claims that are then due and owing, including, without limitation, source deductions that if unpaid would result in a lien, encumbrance or trust claim on the Collateral in priority or *pari passu* to the DIP Lender.

16. **Conditions Precedent to each Advance (including the Initial Advance):** The DIP Lender's agreement to make any Advance hereunder (including the initial Advance) is subject to the satisfaction of the following conditions precedent:

- (a) the Borrower shall have delivered to the DIP Lender an Advance notice in the form of Schedule D hereof no later than 12:00pm (Toronto time) one (1) Banking Day prior;
- (b) unless consented to by the DIP Lender in writing, the Initial Order or, from and after issuance thereof, the Amended and Restated Initial Order, shall not have been amended, restated, modified or varied in a manner adverse to the DIP Lender, or vacated, stayed, set aside, or be subject to an appeal or a motion seeking leave to appeal;
- (c) all representations and warranties contained in this Agreement shall be true and correct on the date of such requested Advance with the same effect as if made on and as of such date;
- (d) no Event of Default that has not been waived by the DIP Lender shall have occurred or be expected to occur as a result of the requested Advance;
- (e) there shall be no Encumbrance upon the Collateral ranking *pari passu* with or in priority to the DIP Charge, other than the Permitted Priority Liens;
- (f) there shall not have occurred any event or development that has had or could reasonably be expected to have a Material Adverse Effect on the Borrower, the Business or the Collateral, as determined by the DIP Lender in its reasonable discretion;
- (g) the operations of the Borrower shall comply in all material respects (as determined by the DIP Lender, in its reasonable discretion) with the DIP Budget;
- (h) the Borrower is diligently and in good faith continuing its restructuring efforts under the CCAA Proceedings;
- (i) the amount of any requested Advance shall not exceed the amount of cash then projected to be required by the Borrower in the week immediately after the delivery of the applicable Borrowing Base Certificate, in accordance with the DIP Budget then in effect and approved by the DIP Lender, and taking into account cash on hand at the time, and anticipated receivables; and

- (j) the sum of the principal amounts of all Advances then outstanding that have not at such time been repaid, would not, after the making of any requested Advance, exceed the amount of the then existing Borrowing Base.
17. **DIP Charge:** All obligations of the Borrower under or in connection with the DIP Facility and this Agreement, including without limitation, all principal and interest and the Permitted Fees and Expenses (collectively, the “**DIP Obligations**”) shall be secured by a Court-ordered priority charge as described in Section 18 below on the Collateral in favour of the DIP Lender (the “**DIP Charge**”).
18. **Priority of DIP Charge:** The DIP Charge shall have priority on the Collateral over any and all other Encumbrances, other than the Permitted Priority Liens (which, for greater certainty, includes the Administration Charge).
19. **Repayment and Maturity Date:** The DIP Facility shall terminate and all DIP Obligations owing to the DIP Lender shall be due and payable on the earliest of the following:
- (a) November 30, 2026 or such later date as agreed in writing by the DIP Lender;
 - (b) the completion of a sale or sales of all or substantially all of the Borrower’s assets, property and undertaking, or of all or substantially all of the shares of the Borrower or of all or substantially all of the Borrower’s business;
 - (c) the implementation of a plan of compromise or arrangement pursuant to the CCAA Proceedings;
 - (d) the date on which the stay in the Initial Order or the Amended and Restated Initial Order expires without being extended or on which the CCAA Proceedings is terminated or dismissed; and
 - (e) an Event of Default which has not been waived by the DIP Lender and in respect of which the DIP Lender has elected, in its sole discretion, to accelerate the DIP Obligations.

(such earliest date, the “**Maturity Date**”).

The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the Borrower, the DIP Lender and, in the case of any material amendments to the terms hereof, to which the Monitor agrees and the Court approves.

The DIP Lender’s commitment to make Advances under the DIP Facility shall expire on the Maturity Date and all then outstanding DIP Obligations shall be repayable as at the Maturity Date.

20. **Mandatory Prepayments:** Subject to the terms and conditions herein, and unless otherwise agreed upon with the DIP Lender, the Borrower, within three (3) Banking Days after the receipt of the proceeds described in Sections 20 (a) or (b) below, shall repay the DIP Obligations with the following amounts received after the date hereof, subject to the prior payment in respect of any amount secured by the Permitted Priority Liens and the establishment of appropriate reserves (in each case as determined by the Monitor and the DIP Lender each acting reasonably, or as otherwise ordered by the Court) in respect of any future amount that may become owing by the Borrower that would be secured by a Permitted Priority Lien or otherwise considered necessary for the completion

of the CCAA Proceedings (as determined by the Monitor and the DIP Lender, acting reasonably, or as otherwise ordered by the Court):

- (a) insurance proceeds (net of deductibles) or expropriation awards received by the Borrower or any Person on the Borrower's behalf, except any insurance proceeds relating to the directors and officers' insurance policy subscribed by the Borrower on behalf of its directors and officers; and
- (b) the net cash proceeds from: (i) the sale of any equity interests in the Borrower, (ii) the receipt of capital contributions by the Borrower, or (iii) the sale of assets of the Borrower outside of the normal course of business.

Any mandatory prepayment made hereunder may be re-borrowed, subject to satisfaction of the terms of this Agreement.

In addition, if at any time the principal amount of the Advances outstanding hereunder shall exceed the Borrowing Base then the Borrower shall, within two (2) Banking Days of notice thereof repay any such excess.

21. **Optional Prepayment:** The Borrower may, without premium or penalty, voluntarily repay or prepay any principal amount of the DIP Obligations, subject to the establishment of appropriate reserves for, *inter alia*, payment of any amount secured by the Permitted Priority Liens, as determined by the Monitor and the DIP Lender, acting reasonably, or as otherwise ordered by the Court. The Borrower shall give written notice to the DIP Lender of each voluntary prepayment not less than three (3) Banking Days prior to such voluntary prepayment. Such notice shall be irrevocable and shall specify:

- (a) the date on which the prepayment is to take place; and
- (b) the principal amount of the prepayment.

Any voluntary prepayment may be re-borrowed, subject to satisfaction of the terms of this Agreement.

22. **Payments:** All payments of DIP Obligations by the Borrower hereunder shall be made for value in the full amount due at or before 4:00 pm (Toronto time) on the day such amount is due by deposit or transfer thereof to an account designated by the DIP Lender. Payments received after such time shall be deemed to have been made on the next following Banking Day. If any payment is due on a day which is not a Banking Day, such payment shall be due on the next following Banking Day and interest shall accrue until but excluding the actual date of payment.

Each payment to be made by the Borrower shall be made in full without deduction, set-off or counterclaim of any kind or for any reason. All payments required hereunder shall be made in lawful currency of Canada.

All amounts received in repayment of DIP Obligations shall be applied as follows: (i) first, to outstanding Permitted Fees and Expenses (ii) second to outstanding interest hereunder; (iii) third, towards outstanding principal hereunder, and (iv) fourth toward other outstanding DIP Obligations.

23. **Cash Management:**

- (a) The Borrower shall, at its own expense, enforce, collect and receive all amounts owing on its accounts in the ordinary course of its business and any proceeds it so receives shall be subject to the terms hereof.
- (b) All cheques, cash receipts, credit card sales and receipts, all collections of accounts receivable and all other proceeds, notes, instruments or property received by the Borrower with respect to the Collateral shall be deposited into one or more bank accounts of the Borrower (the “**Collection Accounts**”) held with Canadian Imperial Bank of Commerce. The Collection Accounts shall be segregated accounts of the Borrower, and the Borrower shall not be permitted to withdraw any funds from the Collection Accounts, or permit the withdrawal of any funds from the Collections Accounts, other than (A) Excepted Funds (B) for the payment of ordinary course banking fees associated with such Collection Accounts and (C) for immediate remittance of such funds to the DIP Lender in accordance with the terms of this Agreement.
- (c) The Borrower shall open new bank account(s) with Canadian Imperial Bank of Commerce from which accounts all disbursements shall be paid (the “**Disbursement Accounts**”) and into which all Advances shall be deposited.
- (d) On Friday of each week, commencing with Friday June 12, 2026, the Borrower shall remit all funds in the Collection Accounts (other than Excepted Funds) to the DIP Lender in reduction of the DIP Obligations and repayment of the Advances to be applied in the following order: (i) first towards Permitted Fees and Expenses, (ii) second towards indemnity obligations then due and payable by the Borrower to the DIP Lender pursuant to the terms of this Agreement, (iii) third towards unpaid interest then due, (iv) fourth towards principal and (v) fifth towards any other DIP Obligations then due and payable. The Borrower shall be permitted to transfer at any time Excepted Funds to a Disbursement Account.

24. **Representations and Warranties:** The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement, that, subject to the granting of the Initial Order and the Amended and Restated Initial Order:

- (a) The Borrower is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business;
- (b) The transactions contemplated by this Agreement have been duly authorized, executed and delivered by or on behalf of the Borrower, and:
 - (i) are within the powers of the Borrower;
 - (ii) constitute legal, valid, binding and enforceable obligations of the Borrower;
 - (iii) do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected, other than breaches that are stayed by the Initial Order; and

- (iv) there is no requirement for the Borrower to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Governmental Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement;
- (c) The Business has been and will continue to be conducted in material compliance with applicable Law of each jurisdiction in which the Business has been or is being carried on, subject to the provisions of each Court Order made after the Filing Date;
- (d) The Borrower has obtained all Authorizations for the operation of the Business, which Authorizations remain, and after entering into the DIP Facility will remain, in full force and effect, and no proceedings have been commenced to revoke or amend any such Authorizations;
- (e) No expropriation or casualty event has occurred with respect to any of the Collateral;
- (f) No material pending litigation or proceeding exists against the Borrower or the Collateral, or seeking to enjoin or otherwise prevent or declare invalid or unlawful the occupancy, use, maintenance or operation of the assets or the conduct of the Business that has not been disclosed to the DIP Lender or that will not be stayed by the Initial Order;
- (g) The DIP Budget, any Updated Cash Flow, any Borrowing Base Certificate and any forward-looking statements, estimates, and pro forma financial information contained in this Agreement, certificate, document or statement furnished to the DIP Lender pursuant to this Agreement are based on good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, as certified by a senior officer of the Borrower;
- (h) The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles and risks as are customarily carried by companies engaged in similar businesses;
- (i) No Event of Default has occurred and is continuing that has not been waived by the DIP Lender;
- (j) The Borrower has filed in a timely fashion all required tax returns and reports (except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred) and paid all required taxes and remittances, including all employee source deductions (including income taxes, employment insurance and Canada pension plans), sales taxes (both federal and provincial), payroll taxes and workers compensation payments, and any taxes that are not yet due and payable or which are in dispute in which case appropriate reserves have been made;
- (k) No pension plan of the Borrower is a defined benefit pension plan, and all pension plans are established, registered, funded, invested, administered, operated and maintained under, and in compliance in all material respects with, all requirements of applicable Law;
- (l) Other than as a result of the CCAA Proceedings or as otherwise disclosed to the DIP Lender in writing prior to the date hereof, the Borrower is not in default under or with respect to any contract that is a Material Contract;

- (m) The Borrower has not entered into any material transaction or other written contractual relationship with any Affiliate or related party except as disclosed to the DIP Lender in writing prior to the date of this Agreement other than currently existing employment arrangements;
- (n) Any payments to shareholders, directors and senior executives of the Borrower or any Affiliate or related party, whether under contract or otherwise, including bonus payments, transaction payments, change of control payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement to the extent known and contemplated for future payments, have been included and specified in the DIP Budget;
- (o) The DIP Charge provisions in the Initial Order and the Amended and Restated Initial Order are effective to create, in favour of the DIP Lender, a legal, valid, binding, and enforceable perfected security interest in the Collateral and the proceeds and products thereof; No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the DIP Lender in connection with the negotiation of this Agreement, or delivered hereunder or thereunder (including any Borrowing Base Certificate), contained, contains or will contain any material misstatement of fact or omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not materially misleading;
- (p) The Borrower and each of its directors, officers, employees and agents is, and has conducted its business, in material compliance with all applicable anti-money laundering and anti-terrorist financing laws, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (collectively, “**AML Legislation**”), and no part of the proceeds of any Advance will be used, directly or indirectly, in violation of any AML Legislation;
- (q) The Borrower and each of its directors, officers, employees and, to its knowledge, agents is, and has conducted its business, in compliance in all material respects with all applicable anti-corruption laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *Criminal Code* (Canada) (collectively, “**Anti-Corruption Laws**”), and no part of the proceeds of any Advance will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage;
- (r) The Borrower and each of its directors, officers, employees and, to its knowledge, agents is, and has conducted its business, in compliance in all material respects with all applicable sanctions laws and regulations, including those administered by the Government of Canada, the Office of Foreign Assets Control of the U.S. Department of the Treasury, and the United Nations (collectively, “**Sanctions**”), and no Advance will be used to fund any operations in, finance or facilitate any investments, activities, business or transaction with any Person or in any country or territory that is the subject of Sanctions;
- (s) No tangible Collateral (other than Collateral in transit to customers in the ordinary course of business) with a book value in excess of \$200,000 is located at any location not listed on Schedule H hereto (in all cases subject to the terms of Section 26(ff));
- (t) All contracts to which the Borrower is a party that are material to the Business are set forth on Schedule G hereto (collectively, the “**Material Contracts**”). The Borrower has not

received any written notice of any intention by any party to any Material Contract to terminate, cancel, amend in a way that is negative to the interests of the Borrower (that is not stayed by the Initial Order or the Amended and Restated Initial Order or unless otherwise indicated in Schedule G), or not renew any Material Contract.

- (u) The Borrower does not own any real property; and
- (v) The Borrower owns, or is licensed to use (including pursuant to the license agreements listed on Schedule I hereto, which Schedule I lists all such license agreements existing as of the date of this Agreement), all Intellectual Property necessary to conduct its Business as currently conducted and as expected to be conducted during the CCAA Proceedings. For greater certainty, the Borrower is not party to, and has not in the twelve months prior to the date of this Agreement been party to any license agreements or use agreements (including in relation to any recipes uses in the business of the Borrower) with any related party, or entity or person who was at any time a related party to the Borrower, whether written, oral or otherwise. No claim has been asserted in writing and is pending by any Person challenging or questioning the use of any Intellectual Property by the Borrower or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any such claim. To the Borrower's knowledge, the use of any Intellectual Property by the Borrower does not infringe on the rights of any Person.

25. **Affirmative Covenants:** The Borrower agrees and covenants to perform and do each of the following until the DIP Obligations are permanently and indefeasibly repaid in full and the DIP Facility is cancelled, except as otherwise agreed in writing by the DIP Lender:

- (a) Provide to the DIP Lender a draft copy of all material documents to be served and/or filed in connection with any application or motion brought by the Borrower for a court order (including the Amended and Restated Initial Order) at least five (5) Banking Days before the earlier of service and filing thereof to permit review by the DIP Lender and its legal advisors, unless it is not practical in the circumstances to provide a draft copy of such material documents in such timing in which case the Borrower shall provide the DIP Lender with a draft copy of such material documents as far in advance as the circumstances permit, which materials (including the proposed Amended and Restated Initial Order and all other proposed Court Orders) shall be in form and substance acceptable to the DIP Lender, acting reasonably;
- (b) Obtain from the Court which shall issue the Amended and Restated Initial Order in form and substance satisfactory to the DIP Lender, acting reasonably, by no later than 5:00 pm (Toronto time) on June 22, 2026;
- (c) Except to the extent served on the service list established in the CCAA Proceedings, provide to the DIP Lender, promptly upon receipt, a copy of any materials filed by third parties in connection with any application or motion to the Court or another court in respect of the CCAA Proceedings;
- (d) Comply in all material respects with the provisions of applicable Law, subject to the provisions of the Court Orders, including, without limitation, the Initial Order and, from and after issuance thereof, the Amended and Restated Initial Order;

- (e) Comply at all times with the DIP Budget, provided the Borrower shall be permitted to experience variation from the DIP Budget provided that such actual results are not outside of the Permitted Variance in any two consecutive one week measurement periods;
- (f) Deliver to the DIP Lender Cash Flow Variance Reports in accordance with Section 13 and such other information from time to time as is reasonably requested by the DIP Lender, unless such information is deemed privileged or confidential by the Borrower with the concurrence of the Monitor;
- (g) Deliver to the DIP Lender a Borrowing Base Certificate in accordance with Section 14;
- (h) Subject to disclosure restrictions set forth in a Court Order or pursuant to applicable Law, keep the DIP Lender apprised on a timely basis and as reasonably requested by the DIP Lender of all material developments with respect to the CCAA Proceedings, the Collateral and the Business and affairs of the Borrower;
- (i) Notify the DIP Lender forthwith of the occurrence of any Default or Event of Default or any event or circumstance that would constitute an Event of Default or material adverse change from the DIP Budget or any Updated Cash Flow;
- (j) Preserve, renew, maintain and keep in full force and effect its corporate existence and its Authorizations required in respect of the Business or any of the Collateral;
- (k) Maintain in full force all policies and contracts of insurance that are now in effect (or renewals thereof) under which the Borrower, the Business or any of the Collateral is insured, and furnish to the DIP Lender, on written request, confirmation that such insurance is carried, paid and current;
- (l) Pay when due all applicable Taxes and other amounts that are Priority Payables, permitting and licensing fees and other amounts necessary to preserve the Collateral to avoid any Encumbrance thereon;
- (m) Pay when due all principal, interest and Permitted Fees and Expenses payable by the Borrower under this Agreement;
- (n) Use commercially reasonable efforts to maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear excepted) all properties used or useful in the Business and make or cause to be made all appropriate repairs, renewals and replacements thereof;
- (o) Preserve, renew and keep in full force its corporate existence, and its contracts and permits that are material to the ongoing Business of the Borrower;
- (p) Promptly, upon becoming aware thereof, provide details of the following to the DIP Lender:
 - (i) any pending (or threatened in writing) litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which is not stayed by the Initial Order or the Amended and Restated Initial Order and that may have a Material Adverse Effect, and

- (ii) any material existing (or threatened in writing) default or dispute with respect to any contract or permit that is material to the ongoing Business of the Borrower, other than a monetary default.
- (q) Comply in all material respects with all AML Legislation, Anti-Corruption Laws and Sanctions at all times, and conduct its business in such a way and maintain adequate policies, procedures and controls to ensure that it and each of its directors, officers, employees and, to the extent it can, agents is in compliance with all AML Legislation, Anti-Corruption Laws and Sanctions, and that the representations and warranties set out in the foregoing paragraphs relating thereto are true and correct at all times;
- (r) Promptly give notice to the DIP Lender of any material breach of or non-compliance with any AML Legislation, Anti-Corruption Laws or Sanctions by the Borrower or any of its directors, officers, employees or agents;
- (s) Permit the DIP Lender, on reasonable notice, and for the account of the Borrower to conduct one (1) field exam and one (1) inventory appraisal shortly after the initial Advance under this Agreement (the “**Initial Exam/Appraisal**”). Thereafter, during the continuance of an Event of Default the DIP Lender may conduct any field exams and inventory appraisals as and when it considers appropriate in its sole and absolute discretion, and for the account of the Borrower. The costs to the Borrower of any field exam or inventory appraisal work conducted after the completion of the Initial Exam/Appraisal and in respect of field exams and inventory appraisals and related follow-up work associated therewith occurring outside of the occurrence of an Event of Default shall be capped at \$50,000 for the life of this Agreement. Field exams and inventory appraisal activities occurring when no Event of Default is continuing shall be conducted with reasonable prior notice and so long as the same does not unduly disrupt the business and operations of the Borrower. During any field exam and inventory appraisal activities the Borrower shall permit the DIP Lender to visit, or have any agent or service provider of the DIP Lender inspect, appraise and conduct field examinations of any or all of the Collateral and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss its business operations, properties and financial and other conditions with its officers, employees and its independent public accountants, subject to solicitor-client privilege, all Court Orders, applicable privacy laws and applicable confidentiality obligations;
- (t) As soon as available, but in any event not later than fifteen (15) days after the end of each calendar month, provide to the DIP Lender confirmation of payment of all Taxes owing by the Borrower to any Governmental Authority (including in respect of employee source deductions, sales taxes, payroll taxes, harmonized taxes) that, if unpaid, would or may have the benefit of an Encumbrance, lien or deemed trust claim ranking in priority to or *pari passu* with the DIP Charge;
- (u) Provide to the DIP Lender, on the last Banking Day of every other week, a status report and such other updated information relating to the conduct of the Business, the CCAA Proceedings, the sales process (if applicable) and such other information as may be reasonably requested by the DIP Lender, in form and substance reasonably acceptable to the DIP Lender;
- (v) The SISP Order shall have been issued and entered on or before 40 days after the issuance of the Initial Order, or such other date as agreed to by the DIP Lender; and

- (w) Maintain the patenting and registration of all material Intellectual Property (other than recipes) owned by it with the appropriate Governmental Authority and promptly apply to patent or register, as the case may be, all new material Intellectual Property (other than recipes) developed by the Borrower and notify the DIP Lender in writing five (5) Banking Days prior to filing any such new material patent or registration.
26. **Negative Covenants:** Except as may be reasonably necessary or required under the CCAA Proceedings, by Court Order or by Law, the Borrower covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender:
- (a) Seek any Court Order that may adversely impact the DIP Lender;
 - (b) Use any Advance other than in accordance with the permitted uses hereunder (including, without limitation, under the DIP Budget) and the Court Orders;
 - (c) Except as contemplated by this Agreement or any Court Order, and except as otherwise required by Law, make any payment of any Indebtedness or obligations existing as at the Filing Date (the “**Pre-Existing Debt**”), other than in accordance with the DIP Budget;
 - (d) Create, incur or permit to exist any Indebtedness, other than: (i) in accordance with the DIP Budget; (ii) Pre-Existing Debt, and (iii) accounts payable in the ordinary course of Business;
 - (e) Except for Permitted Encumbrances, create or permit to exist any Encumbrance or provide or seek or support a motion by another Person to provide any Encumbrance, upon any of the Collateral;
 - (f) Present for acceptance by any creditors or approval by the Court any plan of compromise or arrangement or take any other action which contemplates or may result in a compromise or other impairment of the obligations to the DIP Lender or the DIP Obligations, or the rights of the DIP Lender under or in respect of this Agreement;
 - (g) Enter into or present for approval by the court any sale or other transaction involving all or substantially all of the Collateral, business or all or substantially all of the shares of the Borrower, which does not provide for the payment in full in cash upon closing of the DIP Obligations;
 - (h) Change its jurisdiction of incorporation, chief executive office or registered office;
 - (i) Enter into, or amend, any transaction or series of related transactions with any Affiliate, unless in connection with a Court-approved sale or other transaction involving all or substantially all of the Collateral, business or all or substantially all of the shares of the Borrower, which does not provide for the payment in full in cash upon closing of the DIP Obligations;
 - (j) Change its name, fiscal year end or accounting policies or amalgamate, consolidate with, merge into, dissolve or enter into any similar transaction with any other Person or permit a change of control of the Borrower, unless required in connection with a Court-approved sale or other transaction involving all or substantially all of the Collateral, business or all or substantially all of the shares of the Borrower;

- (k) Enter any restrictive covenants or agreements which might affect the value or liquidity of any Collateral;
- (l) Except in the ordinary course of business, move any of the Collateral outside of the Province of Ontario;
- (m) Create or acquire any new subsidiary, or otherwise make an investment in another person, except if contemplated by the DIP Budget or unless in connection with a Court-approved sale or other transaction involving all or substantially all of the Collateral, business or all or substantially all of the shares of the Borrower;
- (n) Purchase or redeem its shares or units or otherwise reduce its capital;
- (o) Cause, consent to, or permit any early termination, or material amendment or waiver of any terms or conditions of or obligations under any Material Contract or permit that is material to the ongoing Business or restructuring efforts of the Borrower;
- (p) Transfer, sell, lease, assign or otherwise dispose of any of the property, assets or undertaking of the Borrower except for: (i) the sale of assets in the ordinary course of business, or (ii) in accordance with the Initial Order, the Amended and Restated Initial Order, the SISP Order or any other Court Order to be rendered by the Court;
- (q) Cease (or threaten in writing to cease) to carry on the Business of the Borrower as currently being conducted or modify or alter in any material manner the nature and type of its operations, Business or the manner in which such business is conducted except as contemplated in the DIP Budget;
- (r) Declare or pay any dividends, or distributions to shareholders, or repay any shareholders' loans, interest thereon or share capital of the Borrower;
- (s) Make or give any financial assurances, in the form of bonds, letters of credit, financial guarantees or otherwise to any Person or Governmental Authority;
- (t) Enter into any arrangement with any Person whereby the Borrower shall sell or otherwise transfer any property owned by the Borrower and thereafter rent or lease such property or any other Person to whom funds have been or are to be advanced on the security of such property;
- (u) Enter into, renew, amend, modify or assume any employment, consulting, management, service or analogous agreement or arrangement with any director, senior or executive officer or senior management of the Borrower or any related party, or make any payment to any such Person in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) as consented to by the Monitor and approved by the Court on prior notice to the DIP Lender, (ii) as consented to by the DIP Lender, or (iii) as set out in the DIP Budget;
- (v) Enter into or be a party to any transaction including any purchase, sale, lease, license or exchange of property, the rendering of any service or the payment of any management, advisory or similar fee, with any Person who is not at arm's length, other than (i) as consented to by the Monitor and approved by the Court on prior notice to the DIP Lender, or (ii) as consented to by the DIP Lender;

- (w) Apply for, or consent to, any new order, or amendment or modification to an existing order materially adversely affecting the DIP Lender, issued in the CCAA Proceedings;
- (x) Seek or apply to stay, reverse, appeal, vacate, discharge, terminate or amend the Initial Order or the Amended and Restated Initial Order or the Monitor's role as monitor thereunder;
- (y) File or support the confirmation of any plan of compromise or arrangement or liquidation other than an Acceptable Plan of Arrangement without the prior written consent of the DIP Lender;
- (z) Open or maintain any operating accounts, deposit accounts, securities accounts or other investment property accounts with any Person other than with a financial institution designated by the DIP Lender, except as required for the Collection Accounts and Disbursement Accounts established in accordance with this Agreement;
- (aa) Enter into, or be a party to, hedging arrangements of any kind;
- (bb) Create, incur, assume, or permit to exist any consensual limitation or restriction on the ability of the Borrower to (i) make any payment to the DIP Lender or perform or observe any of its covenants or agreements under this Agreement, or (ii) grant any Encumbrance on any of its assets in favour of the DIP Lender;
- (cc) Incur aggregate capital expenditures in any calendar month in excess of the amounts set out in the DIP Budget for such month;
- (dd) Establish, or make any amendments or changes to, any pension plan or benefit plan of the Borrower, or establish, maintain, participate in or contribute to any defined benefit pension plan;
- (ee) Change its articles, by-laws or other constating documents in any way that would have a material adverse effect on the DIP Lender or its rights under this Agreement; and
- (ff) Without providing the DIP Lender with at least thirty (30) days prior written notice, and providing an updated Schedule H hereto, change the location of any of its tangible personal property forming part of the Collateral other than (i) moving Collateral from one location on Schedule H to another location on Schedule H, and (ii) in connection with the sale or disposition of equipment by any liquidator which takes possession of same in accordance with the CCAA Proceedings.

27. **Events of Default:** The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (each an “**Event of Default**”):

- (a) Failure of the Borrower to pay (i) any principal amount owing under this Agreement when due, whether at stated maturity, by acceleration, or otherwise; or (ii) any interest, fee or other amount payable hereunder when due and payable;
- (b) Failure of the Borrower to perform or comply with any term or covenant of this Agreement;
- (c) Failure of the Borrower to pay or remit any amounts that constitute Priority Payables as they become due from time to time;

- (d) The Initial Order or the Amended and Restated Initial Order is amended, restated or otherwise varied in a manner adverse to the DIP Lender without the consent of the DIP Lender or any Court Order is issued, dismissed, stayed, reversed, vacated, amended or restated and such issuance, dismissal, stay, reversal, vacation, amendment or restatement adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender under this Agreement, as determined by the DIP Lender, acting reasonably, including any Court Order:
 - (i) terminating, lifting or amending the stay imposed by the Court Orders or otherwise in the CCAA Proceedings;
 - (ii) issuing a bankruptcy order against the Borrower;
 - (iii) granting an appeal of the Initial Order or the Amended and Restated Initial Order;
 - (iv) granting or declaring that any other claim or Encumbrance ranks equal or in priority status to the DIP Charge, except as permitted hereunder; or
 - (v) staying, reversing, vacating or otherwise modifying this Agreement, the DIP Charge or materially prejudicially affecting the DIP Lender or the Collateral;
- (e) The appointment of a receiver and manager, receiver, interim receiver or similar official or any process of any court becomes enforceable against the Borrower or any of its property, any of its property or seized or levied upon, or a creditor takes possession of any property of the Borrower, other than if consented to by the DIP Lender in advance in writing;
- (f) Any violation or breach of any Court Order by the Borrower;
- (g) Subject to the Amended and Restated Initial Order and any other Court Order, or the prior written consent of the DIP Lender, the Borrower ceases to carry on or maintain its Business or its assets in the ordinary course of the Business;
- (h) Any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of the Borrower herein or any amendment or modification hereof or thereof proves to be incorrect or misleading in any material respect on or as of the date made or deemed made;
- (i) Any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another Person, supported or otherwise consented to by the Borrower, seeking the invalidation, subordination or other challenge of the terms of the DIP Facility, the DIP Charge or this Agreement;
- (j) The Borrower ceases (or threatens in writing to cease) to carry on business in the ordinary course;
- (k) If any Court Order contravenes or is inconsistent with this Agreement which materially and adversely affects the interests of the DIP Lender, or which is not in form and substance acceptable to the DIP Lender, as determined by the DIP Lender, acting reasonably;

- (l) Except as stayed by the Initial Order, a default under, termination, or revocation or cancellation of, any Material Contract or permit that, in the opinion of the DIP Lender, acting reasonably, is material to the Business.
- (m) If a proceeding is commenced or consented to by the Borrower challenging the validity, priority, perfection or enforceability of this Agreement;
- (n) Any Encumbrance, lien or security interest created under the Initial Order, the Amended and Restated Initial Order shall cease to be, or shall be asserted by the Borrower not to be, a valid and perfected encumbrance, lien or security interest with the priority required hereunder;
- (o) An order of the Court shall be entered granting any person an Encumbrance which is *pari passu* with or senior to the DIP Charge, or the Borrower takes any action seeking or supporting the grant of any such Encumbrance, in each case except as expressly granted or permitted under the Initial Order, the Amended and Restated Initial Order or with the consent of the DIP Lender;
- (p) Payment by the Borrower of Pre-Existing Debt other than (i) as permitted by the Initial Order, the Amended and Restated Initial Order or any other Court Order, (ii) as otherwise permitted by this Agreement, or (iii) as otherwise ordered by the Court and agreed in writing by the DIP Lender in its sole discretion;
- (q) The filing by Borrower of any plan of compromise or arrangement or liquidation that is not an Acceptable Plan of Arrangement or the failure to oppose the confirmation of any plan of compromise or arrangement or liquidation other than an Acceptable Plan of Arrangement, in each case without the prior written consent of the DIP Lender;
- (r) If the Borrower, without the consent of the DIP Lender, seeks to obtain a “critical supplier charge” or similar protection pursuant to the CCAA in favour of any party, seeks to continue the CCAA Proceedings under the jurisdiction of a court other than the Court, or seeks to initiate any restructuring proceedings other than the CCAA Proceedings in any court or jurisdiction;
- (s) If any encumbrancer takes possession of any portion of the Business or Collateral;
- (t) The occurrence of a Material Adverse Effect;
- (u) Any Change of Control occurs, where “Change of Control” means an event whereby any Person or group of persons acting jointly or in concert acquires ownership, directly or indirectly, beneficially or of record, of equity interests in the capital of the Borrower which have or represent more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower, or succeeds in having a sufficient number of nominees elected to the board of directors of the Borrower that such nominees will constitute a majority of the board of directors of the Borrower, in each case unless such change of control occurs in connection with a Court-approved sale or other transaction involving all or substantially all of the Collateral, business or all or substantially all of the shares of the Borrower which provides for the payment in full in cash of the DIP Obligations;

- (v) The Borrower or any of its directors, officers, employees or agents is in breach of or non-compliant with any applicable anti-money laundering, anti-terrorist financing or anti-corruption laws, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Corruption of Foreign Public Officials Act* (Canada) and the *Criminal Code* (Canada), or any applicable sanctions laws or regulations administered by any Sanctions authority; or
 - (w) The Cash Flow Variance Report discloses that the Borrower is not within the Permitted Variance in respect of any two consecutive one week reporting periods.
28. **Remedies:** Upon the occurrence of an Event of Default which is continuing, the DIP Lender may, in its sole discretion, upon prior written notice to the Borrower and the Monitor, elect to terminate the DIP Lender's commitment to make further Advances to the Borrower and set-off, consolidate or accelerate all amounts outstanding under the DIP Facility and declare such amounts to be immediately due and payable without any applicable periods of grace. Upon the occurrence of an Event of Default, the DIP Lender may, subject to the Initial Order or, once issued, the Amended and Restated Initial Order, upon five (5) days' prior written notice to the Borrower and the Monitor:
- (a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral;
 - (b) apply for a Court Order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings to realize on the Collateral;
 - (c) apply to the Court to exercise any other powers and rights of a secured creditor;
 - (d) exercise all such other rights and remedies available to the DIP Lender under this Agreement, the Court Orders and applicable Law; and/or
 - (e) apply to the Court for an order for the appointment of a trustee in bankruptcy of the Borrower.
29. **Saving:** The DIP Lender shall have no obligation to the Borrower to pursue any specific remedy, to realize on any Collateral securing the DIP Obligations, or to allow any of its Collateral to be sold, dealt with or otherwise disposed of.
30. **Participating in Sale or Restructuring Process:** Notwithstanding any other term of this Agreement (but subject to provisions in this Agreement requiring notice to be provided by the Borrower to the DIP Lender of the occurrence of any Default or Event of Default), the Borrower and the Monitor shall not be required to disclose any information to the DIP Lender that the Borrower or the Monitor believes, acting reasonably, could impact the Borrower's sale or restructuring efforts, unless and until such time as the DIP Lender confirms in writing to the Borrower and the Monitor that it will not bid in excess of the aggregate amount of the debt owing by the Borrower under this Agreement and is not and will not and will not be providing financing to any potential buyer of the business or assets of the Borrower.
31. **Further Assurances:** The Borrower shall, at its own expense, from time to time do, execute and deliver, or cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits and reports) as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement.

32. Withholdings and Tax Indemnity:

- (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction or withholding for any Taxes, except where required by applicable Law. If the Borrower is required by applicable Law to deduct or withhold any Taxes from such payments, then:
 - (i) if such tax is an Indemnified Tax, the amount payable by the Borrower shall be increased so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts payable under this Section 32), the DIP Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made; and
 - (ii) the Borrower shall make such deductions and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.
- (b) In addition, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.
- (c) Promptly after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority (but in any event within thirty (30) days after the date of such payment), the Borrower shall deliver to the DIP Lender the original or certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the relevant return reporting such payment or other evidence of such payment reasonably satisfactory to the DIP Lender.
- (d) The Borrower shall indemnify the DIP Lender and reimburse, within ten days after demand therefor, the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed on or attributable to amounts payable hereunder) levied, imposed or assessed (and whether or not paid directly by) against the DIP Lender together with any penalties, interest and expenses arising in connection therewith and with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate from the DIP Lender as to the amount of such payment or liability delivered to the Borrower shall be conclusive absent manifest error.
- (e) If the Borrower fails to pay to the relevant Governmental Authority when due any Taxes that it was required to deduct, withhold or pay under Section 32 in respect of any payment to or for the benefit of the DIP Lender under this Agreement, or fails to promptly furnish the DIP Lender with the documentation referred to in Section 32(c), the Borrower shall forthwith on demand indemnify the DIP Lender on a full indemnity after-Taxes basis from and against the full amount of any Taxes, losses and expenses which the DIP Lender may suffer or incur as a result of such failure.
- (f) If the DIP Lender determines, in its absolute discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 32, it shall, following repayment in full of the DIP Obligations, pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 32 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the DIP Lender, and without interest (other

than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the DIP Lender, agrees to repay the amount paid over to the Borrower (plus any interest, penalties or other charges imposed by the relevant Governmental Authority) to the DIP Lender in the event the DIP Lender is required to repay such refund to such Governmental Authority. Notwithstanding the foregoing, the DIP Lender shall not be under any obligation to arrange its tax affairs in any particular manner or be required to make available its tax returns or any other information relating to its taxes that it deems confidential to the Borrower or any other Person.

- (g) The Borrower's obligations under this Section 32 shall survive, without limitation, the termination of this Agreement and the permanent repayment of the outstanding credit and all other amounts payable hereunder.
33. **Indemnity:** The Borrower agrees to indemnify and hold harmless the DIP Lender and each of its Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates (each, an "**Indemnified Party**") from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities (including the fees, disbursements and other charges of counsel of any Indemnified Party), incurred in connection with the financing contemplated hereby or the use of proceeds of the DIP Facility and, upon demand, to pay and reimburse for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim, except to the extent they result from an Indemnified Party's bad faith, gross negligence or willful misconduct as determined by a court of competent jurisdiction. The indemnities granted under this Agreement shall survive any termination of the DIP Facility.
34. **Illegality:** If, after the date of this Agreement, the DIP Lender determines that the adoption of, or change to, any applicable Law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof, now or hereafter makes it unlawful for the DIP Lender to make, fund or maintain an Advance under the DIP Facility or to give effect to its obligations in respect of the DIP Facility or any Advance thereunder, the DIP Lender may, by written notice to the Borrower, declare its obligations under this Agreement with respect to the DIP Facility to be terminated, whereupon the same shall forthwith terminate, and the Borrower shall, within the time required by such law (or at the end of such longer period as the DIP Lender at its discretion has agreed) repay all Advances outstanding under the DIP Facility together with accrued interest, all Permitted Fees and Expenses and all other amounts owing hereunder.
35. **Entire Agreement:** This Agreement constitute the entire agreement between the parties related to the subject matter hereof and, as the definitive documents, supersede all prior correspondence, agreements, negotiations, discussions and understandings with respect to the subject matter hereof.
36. **Amendments and Waivers:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder shall operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this Agreement. A waiver, amendment, release or modification of this Agreement shall not be established by conduct, custom or course of dealing and shall occur, if applicable, solely by an instrument in writing duly executed by the DIP Lender, in the case of a waiver or release, and the parties hereto, in the case of an amendment or other modification.

37. **Severability:** Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.
38. **No Third-Party Beneficiary:** No Person, other than the Borrower and the DIP Lender, is entitled to rely upon this Agreement, and the parties expressly agree that this Agreement does not confer any rights upon any Person not a signatory hereto.
39. **Press Releases:** The Borrower shall not issue any press release naming the DIP Lender without its prior approval, unless the Borrower is required to do so by applicable Law, in which case the Borrower shall consult with the DIP Lender prior to making such disclosure; provided, however, that the consent of the DIP Lender will not be required prior to making such disclosure. If such advance consultation is not reasonably practicable or legally permitted, to the extent permitted by applicable Law, the Borrower shall provide the DIP Lender with a copy of any written disclosure made by the Borrower as soon as practicable thereafter.
40. **Counterparts:** This Agreement may be executed in any number of counterparts and delivered by e-mail, including in PDF format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.
41. **Notices:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the Person set forth below:

**In the case of the DIP Lender:
Garrington Financial Services Inc.**

Attention: Rick Coles
E-mail: rcoles@garringtonfs.com

With a copy to:

DLA PIPER (CANADA) LLP

Attention: James Padwick and Edmond Lamek
Email: james.padwick@ca.dlapiper.com; edmond.lamek@ca.dlapiper.com

In the case of the Borrower:

Freshstone Brands Inc.

Attention: Frank Burdzy and Leigh Wilson
Email: fburdzy@homestyleselectionslp.com;
lnewton@homestyleselectionslp.com

With a copy to:

Stikeman Elliott LLP

Attention: Serge Levy/Guy Martel/Danny Vu

Email: sergelevy@stikeman.com /gmartel@stikeman.com/ddvu@stikeman.com

In either case, with a copy to the Monitor:

Deloitte Restructuring Inc.

Attention: Nigel Meakin/Shane Connolly
Email: nmeakin@deloitte.ca/sconnolly@deloitte.ca

With a copy to:

Osler, Hoskin & Harcourt LLP

Attention: Marc Wasserman/Tiffany Sun
Email: mwasserman@osler.com/tsun@osler.com

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 pm local time or on a day other than a Banking Day, in which case the notice shall be deemed to be received the next Banking Day.

42. **English Language:** The parties hereto confirm that this Agreement and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*
43. **Assignments:** The Borrower shall not be permitted to assign any rights or obligations hereunder or without the prior written consent of the DIP Lender. Following the issuance of the Initial Order and the funding of the initial Advance to the Borrower, the DIP Lender may, subject to approval by the Court, assign or otherwise grant participations in the DIP Facility and its rights and obligations under this Agreement, in whole or in part, provided that (i) so long as no Event of Default is continuing, the Borrower has consented thereto, and (ii) any assignment without recourse to the DIP Lender shall be subject to the DIP Lender providing the Monitor with reasonable evidence in form and substance satisfactory to the Monitor, acting reasonably, that the assignee has the financial capacity to fulfil its obligations hereunder. Upon the issuance of the SISP Order (and provided that no Event of Default is continuing), the DIP Lender may only assign its rights and obligations under this Agreement, in whole or in part, or otherwise grant participation rights in this Agreement to a party or parties approved by the Monitor in writing, acting reasonably, or otherwise approved by the Court.
44. **Interpretation:** In this Agreement, words signifying the singular include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. References in this Agreement to a Section or Schedule are to be construed as references to a Section or Schedule of or to this Agreement unless the context requires otherwise. Subject to any limitations set forth herein, references to contracts, agreements or instruments are deemed to include all amendments, supplements, restatements or replacements to or of such contracts, agreements or instruments. References to a Person includes that Person’s successors and permitted assigns.

45. **Rule of Construction:** This Agreement has been negotiated by each party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.
46. **Time of Essence:** Time is of the essence in all respects of this Agreement.
47. **Governing Law and Jurisdiction:** This Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The parties hereby attorn and submit to the non-exclusive jurisdiction of the Court.

[remainder of page left intentionally blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

GARRINGTON FINANCIAL SERVICES INC.

Signed by:
Per: Tammy Kemp
344D98CD75544B6...
Name: Tammy Kemp
Title: President

FRESHSTONE BRANDS INC.

Per: Frank Burdzy
Name: Frank Burdzy
Title: CEO

SCHEDULE A DEFINITIONS

“**Acceptable Plan of Arrangement**” means a Plan of Arrangement that provides for the payment in full in cash of the DIP Obligations upon the effective date of such Acceptable Plan of Arrangement;

“**Administration Charge**” means the super-priority charge to be granted by the Court in an amount not exceeding \$650,000 securing the fees and expenses of: (i) the Borrower’s counsel in respect of the CCAA Proceedings, (ii) the Monitor, (iii) the Monitor’s counsel, and (iv) the sale advisor to the Company, if appointed;

“**Advance**” means the principal amount of any advance made in accordance with the terms and conditions of this Agreement;

“**Affiliate**” of any Person means, at the time such determination is made, any other Person controlling, controlled by or under common control with such first Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of such Person, whether through the ownership of voting securities or otherwise;

“**Agreement**” means this DIP Facility Loan Agreement, including all Schedules, as it may be modified, amended, revised, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter;

“**Amended and Restated Initial Order**” means an order of the Court to be issued in the CCAA Proceedings substantially in the form attached hereto as Schedule F or otherwise in form and substance acceptable to the DIP Lender, acting reasonably;

“**Authorization**” means, with respect to any Person, any order, permit, approval, consent, waiver, licence (including, without limitation, any of the foregoing relating to the Business) or similar authorization of any Governmental Authority related to the Borrower, the Collateral or the Business;

“**Banking Day**” means any day, other than Saturday and Sunday, on which banks generally are open for business in Toronto, Ontario;

“**Borrower**” has the meaning given to that term in Section 3;

“**Borrowing Base**” means the sum of:

- (a) 75% of the amount of Eligible Accounts Receivable, less the amount, if any, of the Dilution Reserve, plus
- (b) The lesser of (A) \$1,000,000, and (B) twenty-five percent (25%) of the book value of Eligible Inventory (as recorded in accordance with Accounting Standards for Private Enterprises),
minus
- (c) a reserve for Permitted Priority Liens, (provided that only an amount of \$250,000 attributable to the Administration Charge shall form part thereof).

For greater certainty, the Borrowing Base shall be determined by Lender (including the eligibility of accounts and inventory) based on the most recent Borrowing Base Certificate delivered to the DIP Lender in accordance with Section 14;

“**Borrowing Base Certificate**” has the meaning given to that term in Section 14;

“**Business**” means the business, operations, properties, assets, prospects or condition (financial or otherwise) of the Borrower, taken as a whole;

“**Cash Flow Variance Report**” has the meaning given to that term in Section 13;

“**CCAA**” has the meaning given to that term in the recitals;

“**CCAA Proceedings**” has the meaning given to that term in the recitals;

“**Collateral**” means all present and after-acquired assets, property and undertakings of the Borrower;

“**Copyrights**” means all copyrights in any original work of authorship fixed in any tangible medium of expression, all registrations and applications for registration of any such copyrights in Canada, the United States or any other country, and all proceeds of the foregoing, including license royalties and proceeds of infringement suits, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all renewals and extensions thereof;

“**Court**” has the meaning given to that term in the recitals;

“**Court Order**” means an order of the Court granted in the context of the CCAA Proceedings, including the Initial Order as amended and restated by the Amended and Restated Initial Order;

“**Default**” shall mean the occurrence of any Event of Default or event which, with the passage of time or notice or both, would, unless cured or waived, become an Event of Default;

“**Dilution Factors**” means, without duplication, with respect to any period, the aggregate amount of all deductions, credit memos, returns, adjustments, allowances, bad debt write-offs, charge-offs and other non-cash credits and account adjustments which are recorded to reduce Eligible Accounts Receivable in a manner consistent with current and historical accounting practices of the Borrower;

“**Dilution Ratio**” means, for any relevant period of determination selected by the DIP Lender and the Borrower, the amount (expressed as a percentage) equal to (a) the aggregate amount of the applicable Dilution Factors for such period with respect to the Eligible Accounts Receivable of the Borrower divided by (b) the aggregate amount of sales comprising such relevant Eligible Accounts Receivable for such period of the Borrower;

“**Dilution Reserve**” means, at any time of determination, an amount sufficient to reduce the advance rate against Eligible Accounts Receivable, as applicable, by one (1) percentage point for each percentage point by which the applicable Dilution Ratio exceeds seven and one-half percent (7.5%); provided, that, no reserves shall be imposed on the first two and one-half percent (2.5%) of dilution of Eligible Accounts Receivable;

“**DIP Budget**” has the meaning given to that term in Section 13;

“**DIP Charge**” has the meaning given to that term in Section 17;

“**DIP Facility**” has the meaning given to that term in Section 5;

“**DIP Lender**” has the meaning given to that term in Section 4;

“**DIP Obligations**” has the meaning given to that term in Section 17;

“**Directors’ Charge**” means a Court-ordered priority charge securing an indemnity in favour of the directors and officers of the Borrower, which (i) shall be in an amount not to exceed \$1,725,000 following the issuance of the Initial Order, increased to an amount not to exceed \$2,000,000 following the issuance of the Amended and Restated Initial Order and (ii) shall rank behind the Administration Charge and the DIP Charge;

“Eligible Accounts Receivable” means any and all accounts, claims and receivables owing to or created by the Borrower in the ordinary course of business, which arise out of the Borrower’s sale of goods or rendition of services or which are otherwise owing to the Borrower, in each case which are not excluded as ineligible by virtue of one or more of the following excluding criteria: (i) any account receivable which is outstanding more than sixty (60) days after the invoice date; (ii) accounts owing by an account debtor to the extent that twenty-five percent (25%) of the total outstanding accounts owing from such account debtor are aged more than sixty (60) days from invoice date; (iii) the amount of all holdbacks, contra accounts, rights of set-off, or other amounts for which the account debtor is entitled to offset, deduct, or reduce payment by reason of any claim, liability or obligation owed by the Borrower to such account debtor; (iv) any account receivable that arises with respect to goods that are delivered on a bill-and-hold, pre-paid, progress bill or cash on delivery bases; (v) any intercompany accounts receivable; (vi) any account receivable due from an account debtor that is not organized under the laws of Canada or any province or territory thereof or the United States or any state thereof or the District of Columbia, in each case, unless covered by credit insurance satisfactory to the DIP Lender and preapproved in writing by the DIP Lender; (vii) accounts with respect to an account debtor whose Eligible Accounts Receivable owing to the Borrower exceeds 20% of all Eligible Accounts Receivable (unless otherwise agreed to by the DIP Lender in writing), to the extent of the obligations owing by such account debtor in excess of such percentage; (viii) any account receivable upon which the Borrower’s right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever, or as to which the Borrower is not able to bring suit or otherwise enforce its remedies against the account debtor through judicial process; (ix) any account receivable with respect to which an invoice has not been sent to the account debtor; (x) any account receivable that is the obligation of an account debtor that is a federal, provincial or state government or a political subdivision thereof or any department, agency or instrumentality thereof, unless such account receivable is subject to the Federal Assignment of Claims Act or similar provincial or state legislation, if applicable, and the DIP Lender has agreed to the inclusion of such account receivable in writing; (xi) any account receivable that is the obligation of an account debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due, or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; (xii) any account receivable as to which the DIP Lender’s interest therein is not secured by the DIP Charge (in priority to all others, other than in respect of amounts secured by the Administration Charge and Priority Payables); (xiii) any account receivable as to which any of the Borrower’s representations or warranties pertaining to accounts receivable are untrue; and (xiv) any account receivable that represents interest payments, late or finance charges, or service charges owing to the Borrower;

“Eligible Inventory” means as at the date of determination, all Inventory (as such term is defined in the PPSA) of the Borrower that: (a) is not subject to any Encumbrance other than Permitted Encumbrances or Encumbrances in favour of the DIP Lender; (b) is located on premises owned, operated or leased by the Borrower, or in a contract warehouse or with a bailee, and referenced in Schedule H (unless inventory at such location has an aggregate book value of the less than \$200,000) (c) is not in transit (d) is of good and merchantable quality, free from any defects and is not obsolete, unsalable, perished, expired, designated by any food inspection agency or other regulator as being unfit for sale or otherwise not in legal compliance, unfit for further processing or of substandard quality, in the DIP Lender’s good faith credit judgment; (e) does not consist of: (i) discontinued items, (ii) slow-moving or excess items, or (iii) used items held for resale; (f) consists of raw materials or finished goods; (g) meets all standards imposed by any Governmental Authority, including with respect to its production, acquisition or importation; (h) is not placed by the Borrower on consignment or held by the Borrower on consignment from another Person; and (i) is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third parties that would restrict the DIP Lender’s ability to dispose of such inventory;

“Encumbrance” means any encumbrance, lien, trust (including any deemed, statutory or constructive trust), charge, hypothec, pledge, mortgage, title retention agreement, or security interest of any nature, adverse claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity interest), right of pre-emption or privilege, statutory preference of every kind and nature whatsoever (including any construction trust or lien arising pursuant to the *Construction Act*, R.S.O

1990 c. C. 30 or similar legislation of any provision or territory) or otherwise, in each case whether contractual, statutory or otherwise, and including any contract to create any of the foregoing;

“**Event of Default**” has the meaning given to that term in Section 27;

“**Excepted Funds**” means (i) the cash on hand on the Filing Date (provided that such amounts are transferred to the Disbursement Account on the Filing Date or as soon as possible thereafter when such Disbursement Account is fully operational), (ii) amounts collected in respect of HST and other tax refunds, government receivables, and other non-ordinary course receipts that do not require a mandatory prepayment pursuant to the terms of this Agreement, and (iii) all amounts remaining in the Collection Account on Friday of each week, commencing with Friday June 12, 2026, following the Borrower’s compliance with its obligations under Section 23(d) such that then existing DIP Obligations have been reduced to \$0;

“**Excluded Taxes**” means with respect to the DIP Lender or any other recipient of any payment to be made by or on account of any DIP Obligations, (a) Taxes imposed on income, net profits, and franchise taxes imposed (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or conducts business, in which its principal office is located or in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits taxes or any similar tax imposed by a jurisdiction described in (a), (c) Taxes imposed on amounts paid or credited to the DIP Lender as a result of the DIP Lender (i) not dealing at arm’s length (within the meaning of the Income Tax Act (Canada)) with the Borrower, or (ii) being a “specified shareholder” (as defined in subsection 18(5) of the Income Tax Act (Canada)) of the Borrower or not dealing at arm’s length with such a specified shareholder for purposes of the Income Tax Act (Canada), except, in the case of clause (i) or (ii) above, where the non-arm’s length relationship arose, or the DIP Lender was a specified shareholder or was not dealing at arm’s length with a specified shareholder, solely as a result of the DIP Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under or enforced this Agreement;

“**Filing Date**” means the date the Initial Order is issued by the Court;

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, body, board, tribunal or dispute settlement panel or other law or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

“**Indebtedness**” of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, including by way of overdraft and drafts or orders accepted as representing extensions of credit, (b) all obligations of such Person evidenced by bonds, debentures, the face amount of all bankers’ acceptances, letters of credit, letters of guarantee and similar instruments, notes, letters of credit or other similar instruments, including obligations under any arrangement providing for the leasing of any property, which property has been or is to be sold or transferred in contemplation of such leasing, (c) all obligations of such Person to pay the deferred purchase price of property or services, (d) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles (or other applicable accounting standards) consistently applied in Canada and/or the United States, (e) all indebtedness, liabilities and obligations secured by an Encumbrance on any asset of such Person, whether or not the same is otherwise indebtedness, liabilities or obligations of such Person, which, for greater certainty will not include rent paid or payable by such Person in the ordinary course, (f) all indebtedness, liabilities and obligations of others which is, directly or indirectly, guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire, (g) all indebtedness, liabilities and obligations in respect of financial instruments which are classified as a liability on the balance sheet of such Person, (h) all obligations of such Person to otherwise assure a creditor against loss, (i) all hedging obligations and (j) all obligations of such Person for trade accounts and contracts;

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement and (b) to the extent not otherwise described in (a), Other Taxes;

“**Initial Order**” means an order of the Court to be issued in the CCAA Proceedings substantially in the form attached hereto as Schedule E, or otherwise in form and substance acceptable to the DIP Lender, acting reasonably;

“**Intellectual Property**” means any and all Licenses, Patents, Copyrights, Trademarks, trade secrets and customer lists, in each case whether now owned or hereafter acquired by the Borrower, and for greater certainty, Intellectual Property shall include all recipes used by the Borrower in the conduct of its business;

“**Interest Rate**” means, the per annum rate equal to the Prime Rate plus 10.55%;

“**KERP**” means any Key Employee Retention Plan established by the Borrower and approved by the DIP Lender and the Court in the context of the CCAA Proceedings, under which the Borrower would make payments to those key employees designated under the KERP;

“**Law**” means any federal, provincial, county, territorial, district, municipal, local, foreign, supranational or international, law, statute, ordinance, regulation, by-law, rule, code, treaty or rule of common law or otherwise of, or any order, judgment, injunction, decree or similar authority enacted, issued, promulgated, enforced or entered by, any Governmental Authority;

“**License**” means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by the Borrower;

“**Material Adverse Effect**” means any new event, circumstance, development, change, occurrence or effect that, individually or in the aggregate, (a) has had or could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of the Borrower, (b) materially impairs the ability of the Borrower to perform its obligations under this Agreement, or (c) materially impairs the validity, enforceability or priority of the DIP Charge or the rights and remedies of the DIP Lender under this Agreement, as determined by the DIP Lender in its sole discretion;

“**Material Contract**” means those contracts listed on Schedule G;

“**Maturity Date**” has the meaning given to that term in Section 19;

“**Monitor**” means Deloitte Restructuring Inc., as the Court-appointed monitor of the Borrower in the CCAA Proceedings, if and when so appointed;

“**Other Connection Taxes**” means, with respect to the DIP Lender and any other recipient of any payment to be made by or on account of any DIP Obligations, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing the Tax (other than a connection arising from the execution, delivery, enforcement of, or performance under, receipt of payments under, or perfected a security interest under this Agreement);

“**Other Taxes**” means any and all present or future stamp, recording, filing, documentary or similar taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or performance under or otherwise with respect to this Agreement (other than Excluded Taxes and Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 43));

“**Patents**” means all patents and letters patent of Canada, the United States or any other country, all registrations and recordings thereof, and all applications for patents and letters patent, including all reissues, continuations, continuations-in-part or extensions thereof;

“**Permitted Encumbrance**” means (i) Permitted Priority Liens, (ii) the DIP Charge, (iii) the Directors’ Charge, (iv) validly perfected Encumbrances existing prior to the date hereof as in effect on the date hereof; and (v) inchoate statutory Encumbrances arising before or after the date of the Initial Order, subject to the obligation to pay all such amounts as and when due;

“**Permitted Fees and Expenses**” has the meaning given to that term in Section 12;

“**Permitted Priority Liens**” means (i) the Administration Charge, (ii) reserved, (iii) if applicable, Encumbrances in favour of secured parties that did not receive notice of the application for the Initial Order, provided that if, upon application by the Borrower, the Court enters a further order providing that the DIP Charge shall rank in priority to such secured parties’ Encumbrances, such Encumbrances shall no longer constitute Permitted Priority Liens, (iv) any amounts payable by the Borrower for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the Excise Tax Act (Canada) (net of input credits), income tax and workers compensation claims, in the case of this item, and (v) solely to the extent such amounts are given priority by Law and only to the extent that the priority of such amounts have not been subordinated to the DIP Charge granted by the Court;

“**Permitted Variance**” means: as it pertains to income of the Borrower, negative variance from the DIP Budget of up to fifteen percent (15%), and as it pertains to expenses of the Borrower, adverse variance from the DIP Budget of up to fifteen percent (15%), in each case in respect of subject one week period. For certainty, such variance shall be calculated as the difference, in a subject one week period, expressed as a percentage, between (A) the actual result of the Borrower for the subject period (and as it pertains to expenses, excluding the fees and expenses of the DIP Lender) and (B) the equivalent budgeted amount (excluding, as it pertains to expenses, the fees and expenses of the DIP Lender) for the subject period;

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“**Pre-Existing Debt**” has the meaning given to that term in Section 26(c);

“**Prime Rate**” means, at any time of determination, the greater of (i) the annual rate of interest announced by CIBC from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian dollars in Canada and (ii) 4.45% per annum. For greater certainty the interest rate referred to in part (i), as of the Closing Date is 4.45% per annum;

“**Priority Payables**” means harmonized sales tax, sales Tax and any amount payable or accrued by the Borrower which is secured by an Encumbrance (other than the Administration Charge) which ranks or is capable of ranking prior to or *pari passu* with the DIP Charge, including amounts accrued or owing for wages, vacation pay, termination pay (only where it is a priority payable), employee deductions, Taxes, or employer pension contributions, and other statutory or other claims that, in each case, have or may have priority over, or rank *pari passu* with, the DIP Charge (other than the Administration Charge);

“**SISP Order**” means an Order of the Court approving the conduct by the Borrower of a sale and investment solicitation process within the CCAA Proceedings;

“**Tax**” and “**Taxes**” means any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, imposed, levied, collected, withheld, or assessed by any Governmental Authority, and whether disputed or not;

“Trademarks” means all trademarks (registered, common law or otherwise), trade names, corporate names, company names, business names, fictitious business names, trade dress, trade styles, service marks, logos, certification marks, distinguishing guises, designs, and all other names and slogans embodying business or product goodwill or indicia of origin, registrations and applications for registration in Canada, the United States or any other country, and all renewals thereof; and

“Updated Cash Flow” has the meaning given to that term in Section 13.

**SCHEDULE B
DIP BUDGET**

(See attached.)

Freshstone Brands Inc.
 18-Week Cash-Flow Forecast
 For the Period June 8, 2026 to October 16, 2026
 (CAD, in \$000's, unaudited)

Cash Flow Week	Notes	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Forecast
Week Ending		12-Jun-26	19-Jun-26	26-Jun-26	3-Jul-26	10-Jul-26	17-Jul-26	24-Jul-26	31-Jul-26	7-Aug-26	14-Aug-26	21-Aug-26	28-Aug-26	4-Sep-26	11-Sep-26	18-Sep-26	25-Sep-26	2-Oct-26	9-Oct-26	16-Oct-26	Total
Receipts																					
Customer Receipts	3	1,458	1,203	1,256	1,371	1,343	1,471	1,517	1,507	2,484	2,356	2,269	2,372	2,353	2,347	2,222	1,962	2,084	2,167	2,103	35,845
Other Receipts		-	-	-	300	-	-	-	300	-	-	-	-	-	300	-	-	-	-	300	1,200
Total Receipts		1,458	1,203	1,256	1,671	1,343	1,471	1,517	1,507	2,784	2,356	2,269	2,372	2,353	2,647	2,222	1,962	2,084	2,167	2,403	37,045
Operating Disbursements																					
Vendor Payments	4	(2,422)	(2,078)	(1,167)	(1,267)	(1,364)	(1,268)	(1,337)	(1,425)	(1,416)	(1,395)	(1,296)	(1,223)	(1,325)	(1,349)	(1,188)	(1,189)	(1,348)	(1,213)	(1,285)	(26,555)
Payroll & Benefits	5	(1)	(909)	(1)	(957)	(1)	(722)	(1)	(927)	(7)	(892)	(1)	(875)	(7)	(870)	(1)	(861)	(7)	(843)	(1)	(7,884)
Occupancy Costs	6	(200)	-	(73)	(143)	(96)	-	-	(169)	-	-	-	-	(169)	-	-	-	(130)	-	-	(979)
Operating Expenses	7	(425)	(67)	(290)	(261)	(15)	(232)	(45)	(25)	(15)	(320)	(45)	(25)	(15)	(25)	(218)	(55)	(15)	(25)	(169)	(2,288)
Total Operating Disbursements		(3,048)	(3,054)	(1,531)	(2,628)	(1,476)	(2,233)	(1,383)	(2,547)	(1,438)	(2,607)	(1,342)	(2,123)	(1,516)	(2,244)	(1,407)	(2,106)	(1,500)	(2,080)	(1,455)	(37,706)
Operating Cash Flow		(1,590)	(1,851)	(275)	(956)	(133)	(752)	134	(1,040)	1,346	(251)	928	249	837	403	815	(144)	584	87	949	(661)
Restructuring Costs																					
DIP Lender Fees & Interest	8	(70)	(15)	(20)	(15)	-	-	-	-	(60)	-	-	-	(46)	-	-	-	(24)	-	-	(250)
Professional Fees - Restructuring	9	(660)	(125)	(100)	(75)	(75)	(50)	(50)	(50)	(50)	(75)	(25)	(25)	(25)	(25)	(25)	(50)	(100)	(100)	(75)	(1,785)
Total Restructuring Costs		(730)	(140)	(120)	(90)	(75)	(50)	(50)	(50)	(110)	(50)	(75)	(25)	(71)	(25)	(25)	(50)	(124)	(100)	(75)	(2,035)
Total Net Cash Flow		(2,320)	(1,991)	(395)	(1,047)	(208)	(802)	84	(1,090)	1,236	(301)	853	224	766	378	790	(194)	460	(13)	874	(2,696)
Opening Cash Balance																					
Net Cash Flow		2,950	630	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	2,950
DIP Drawdown / (Repayment)	10	(2,320)	(1,991)	(395)	(1,047)	(208)	(802)	84	(1,090)	1,236	(301)	853	224	766	378	790	(194)	460	(13)	874	(2,696)
Closing Cash Balance / (Deficit)		630	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	254
Borrowing Base Calculation																					
Opening DIP Facility Balance		-	-	1,561	1,956	3,003	3,211	4,013	3,928	5,018	3,782	4,083	3,230	3,006	2,240	1,862	1,072	1,266	806	819	
DIP Facility Draw / (Repayment)		-	1,561	395	1,047	208	802	(84)	1,090	(1,236)	301	(853)	(224)	(766)	(378)	(790)	194	(460)	13	(819)	
Ending DIP Facility Balance		-	1,561	1,956	3,003	3,211	4,013	3,928	5,018	3,782	4,083	3,230	3,006	2,240	1,862	1,072	1,266	806	819	-	
Borrowing Base Availability		2,717	3,694	2,948	3,988	3,336	4,149	3,930	5,376	4,432	5,259	4,421	5,138	4,165	4,840	4,076	4,913	4,096	4,871	4,045	
Excess Availability / (Shortfall)		2,717	2,133	991	985	126	136	2	358	650	1,177	1,191	2,132	1,925	2,978	3,004	3,646	3,290	4,051	4,045	

Notes

(1) The cash flow forecast (the "Forecast") has been prepared by management for the purpose of estimating Freshstone Brands Inc.'s (the "Company") projected liquidity requirements for the period from June 8, 2026 to October 16, 2026 (the "Forecast Period"). The Forecast is presented in Canadian dollars.

(2) Any amounts denominated in US dollars have been translated into Canadian dollars using a foreign exchange rate of 1.375.

(3) Customer Receipts are based on past performance and anticipated customer orders. Customer receipts are expected to increase between Week 9 due to an increase in receipts pertaining to contracts with certain key customers.

(4) Vendor Payments reflects estimated cash outflows related to the purchase and transportation of inventory necessary to support ongoing operations.

(5) Payroll & Benefits includes salaries, wages, remittances, employee benefits and taxes for salaried and hourly employees across the Company's facilities.

(6) Occupancy Costs reflects post-filing rent for the expected period of occupation of leased premises.

(7) Operating Expenses includes other general operational expenses.

(8) DIP Lender Fees & Interest encompasses interest, fees, and other financing charges under the DIP facility.

(9) Professional Fees - Restructuring includes legal and financial advisors associated with the CCAA proceedings and are based on estimates provided by the advisors.

(10) DIP Advances / Repayments reflect the Company's expected funding needs and capacity to repay amounts drawn under the DIP Facility, while maintaining a minimum cash balance of \$200,000 throughout the Forecast Period.

(11) The forecast Borrowing Base Availability is pursuant to the terms of the DIP Agreement.

**SCHEDULE C
BORROWING BASE CERTIFICATE**

(See attached.)

Freshstone Brands Inc.

Borrowing Base Certificate (CAD '000) #

xx

2026-05-26

A) Collateral Type	Accounts Receivable (AR)	Inventory
Beginning Balance		Beginning Balance
Plus Sales		Plus Purchases
Less Credit		Less COGS
+/- Adjustments		+/- Adjustments
Less Collections		
Less Discounts		
Total Accounts Receivable & Inventory	2026-05-26	
B) AR INELIGIBLES		
Past Due accounts (> 60 days)		
Credit Balances (>60 days)		
Cross-aging (>20% past due)		
Prebilled Invoices		
Contra		
Foreign		
Concentration (25% limit)		
Other		
C) INVENTORY INELIGIBLES		
Dead Stock		0
Packaging		0
WIP		
Other		
Total Ineligibles	<u>0</u>	<u>0</u>
Eligible Collateral	<u>0</u>	<u>0</u>
Net Account Receivable at 75%	75%	0
Net Inventory advance at 25%	25%	0
D) ABL Revolver - Credit Limit Availability + Draw Calculation		
Maximum Credit Limit Attributed to Eligible AR	Lesser of: 7,000,000	0
Maximum Credit Limit Attributed to Eligible Inventory	Lesser of: 1,000,000	0
Total Borrowing Base		<u>0</u>

E) RESERVES		
Less Dilution Reserve (xxx.x%) (to be adjusted periodically)		
Closing Costs		
Admin Charge		
Other		
Total Reserves		<u>0</u>
Maximum Available	Limit	7,000,000
Current Loan Outstanding		
Beginning Balance		0
Add: Advances		0
Add: Interest & Fees		0
Less: Collections Received - Draw Down against DACA Account		0
In-transit cash previous BBC		
Collections in DACA Account/Cash In-Transit +/-		
Unapplied AR Collections		
Adjustments +/-		
Fees / Expenses		
Ending Balance		<u>0</u>

Borrowing Base Excess (Shortfall):	0
Excess available for borrowing:	0
Requested Advance: (please input as a negative figure)	0
Less Wire fee	-25
Surplus after today's advance:	-25

The above noted accounts ("RECEIVABLES") and inventory or any other named collateral are subject to all the terms and conditions set forth in that [certain Loan and Security Agreement](#), as amended from time to time, between [Garrington Financial Services Inc.](#) ("Garrington") and Borrower, dated as of [xxxxx, 2026](#) (the "Loan Agreement," and all other security or other agreements and documents executed in connection therewith, the "Facility Agreements"). Each of the undersigned and the Borrower hereby certify to NELI that each RECEIVABLE represents a valid and bona fide sale, that the goods, merchandise and/or services represented by the RECEIVABLE have been validly delivered and/or completely rendered and that as at the date hereof, we have no notice or knowledge written or otherwise, of any dispute relating to each RECEIVABLE or a previous or subsequent RECEIVABLE with respect to any customer, which would give rise to refusal by such customer to pay the RECEIVABLE on its due date as indicated herein, and the RECEIVABLE, inventory or any other named collateral identified herein complies with all other lending eligibility requirements contained in the Loan Agreement and the other Facility Agreements.

We acknowledge and confirm that no oral agreement has been reached between us, which would vary or modify in any way, in respect of each such RECEIVABLE, or inventory or any other collateral or any of the terms or conditions of our Loan Agreement or any other Facility Agreement.

We represent and warrant to Garrington that the information set out and certified in this Statement and on any accompanying reports is true, correct and complete in all respects and acknowledge that Garrington is relying upon these representations and warranties to fund and continue funding. By executing this Statement, the undersigned and Borrower hereby ratify, confirm, and affirm all terms, conditions and provisions of the Loan Agreement and each other Facility Agreement, and further certify that on this day no default or "Event of Default" (as defined in the Loan Agreement) has occurred and is continuing and Borrower is in full compliance with the terms of the Loan Agreement.

SIGNATURE OF:

2026-05-26

xxxxx
update address

**SCHEDULE D
FORM OF ADVANCE NOTICE**

TO: GARRINGTON FINANCIAL SERVICES INC. (the “DIP Lender”)

AND TO: DELOITTE RESTRUCTURING INC. (the “Monitor”)

FROM: FRESHSTONE BRANDS INC. (the “Borrower”)

This Advance Notice is delivered to you in accordance with the DIP Facility Loan Agreement made as of June 8, 2026 (the “**DIP Loan Agreement**”) between the DIP Lender and Borrower. Capitalized terms that are not defined herein shall have the meanings ascribed to them in the DIP Loan Agreement.

The Borrower hereby requests the Advance as follows:

- a) date of Advance _____
- b) amount of Advance _____

The Borrower hereby certifies that as of the date of this Advance Notice:

- 1) the representations and warranties contained in the DIP Loan Agreement are true and correct and that all covenants have been fully complied with in all respects;
- 2) no Event of Default that has not been waived or cured has occurred or is expected to occur after giving effect to the Advance.

The Borrower hereby certifies that the Advance shall be used in accordance with terms of the DIP Loan Agreement, the DIP Budget and the Court Orders.

DATED the _____ day of _____, 2026.

FRESHSTONE BRANDS INC.

Per: _____
Name:
Title:

**SCHEDULE E
INITIAL ORDER**

**SCHEDULE F
AMENDED AND RESTATED INITIAL ORDER**

**SCHEDULE G
MATERIAL CONTRACTS**

Tiffany Gate leased plant:
195 Steinway Blvd, Etobicoke, ON M9W 6H6

Mississauga leased plant:
1335 Fewster Dr, Mississauga, ON L4W 1A2

Property and General Liability, AVIVA Insurance Company of Canada, Policy No. 81787238
Effective: May 1, 2026 to May 1, 2027

Equipment Breakdown, The Sovereign General Insurance Company, Policy No. S4001950813
Effective: May 1, 2026 to May 1, 2027

Cyber Liability, Travelers Insurance Company of Canada, Policy No. 1000008791
Effective: May 1, 2026 to May 1, 2027

Product Recall, certain Lloyd's Underwriters at Lloyd's, Policy No. CMO0340803052
Effective: May 1, 2026 to May 1, 2027

Crime Coverage - 3 Year Term Billed Annually expires 2027, Liberty Mutual Canada, Policy No.
CMCGABJ1FG006
Effective: May 1, 2026 to May 1, 2027

**SCHEDULE H
LOCATIONS**

Tiffany Gate leased plant:
195 Steinway Blvd, Etobicoke, ON M9W 6H6

Mississauga leased plant:
1335 Fewster Dr, Mississauga, ON L4W 1A2

Kitchener leased DC:
1604 Victoria St N, Kitchener, ON N2B 3E2

Albion leased Warehouse:
1801 Albion Rd, Etobicoke, ON M9W 5S7

Charlottetown leased plant:
23 4 St, Charlottetown, PE C1E 2B4

Delisle leased plant
500 Valleyview Dr, Delisle, SK S0L 0P0

Kitchener leased plant:
1326 Victoria St N, Kitchener, ON N2B 3E2

Trenton Cold Storage (third party):
178 Stockdale Road, Trenton, ON, K8V 5P6

Approved Cold Storage (third party)
5100 Harvester Rd, Burlington, ON, L7L 4X4

Shaan Warehouse (third party)
60 Armstrong AVE, Georgetown, ON, L7G 4R9

**SCHEDULE I
LICENSES TO USE INTELLECTUAL PROPERTY**

None.

APPENDIX C

**Interim Financings Approved in the period
from January 2025 to May 2026**

Court Approved DIPs in Ontario CCAAs from 1/1/25 - 11/5/26

Debtor	Filing Date	DIP Commitment	Fees	Interest Rate
XTM Inc. (CSE:PAID) and Everyday People Payments Inc.	February 27, 2026	2,300,000	Commitment fee of 2%	12.00%
Darwynn Ltd.	February 26, 2026	2,000,000	Commitment fee of 10,000	9.50%
Thentia Global Systems Inc. et al.	February 9, 2026	3,797,752	None	9.00%
Ayurcann Holdings Corp. and Ayurcann Inc.	January 30, 2026	2,000,000	Commitment Fee of \$40,000 (2%)	12.00%
Voxtur Analytics Corp. et al.	November 13, 2025	2,350,000	Commitment fee of 2.5%	12.00%
Mera Cannabis Corp. et al.	October 23, 2025	2,600,000	None	8.00%
AMCO Farms Inc. and AMCO Produce Inc.	August 22, 2025	4,100,000	Commitment fee of 3%	13.00%
The Second Cup Coffee Company Inc.	May 22, 2025	200,000	4,000 (equal to 2%)	9.00%
STS Renewables Ltd. et al.	May 15, 2025	2,900,000	Commitment fee of \$100,000	9.95%
Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc., and Hakim Optical Worldwide Lenses Inc.	May 15, 2025	2,800,000	Commitment fee of 3.5% of the Facility Amount	10.90%
Shaw-Almex Industries Limited and Shaw Almex Fusion, LLC	May 13, 2025	1,836,000	2% Maximum Loan Amount	10.00%
Earth Boring Co. Limited, Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Limited	April 17, 2025	5,500,000	Commitment fee of \$100,000, representing 1.8% of the maximum amount drawable on the DIP Facility; standby fee of 0.25% of the unused portion of the DIP Facility	9.45%
Synaptive Medical Inc.	March 19, 2025	7,000,000	Exit fee of \$350,000	15.00%
World Wide Carriers Ltd. et al	March 19, 2025	850,000	Commitment fee of \$25,000	9.95%
Joriki Inc.	January 28, 2025	1,200,000	Upfront fee of \$30,000	12.50%
2744364 Ontario Limited (o/a True North Cannabis Co.), 2668905 Ontario Inc. (o/a Bamboo Blaze), AND 2767888 Ontario Inc.	January 24, 2025	2,000,000	Commitment fee of 2% (\$40,000)	12.00%

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

Court File No.:

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

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

Proceeding commenced at Toronto

**PRE-FILING REPORT OF THE PROPOSED
MONITOR**

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

Marc Wasserman (LSO# 44066M)
Tel: (416) 862-4908
E-mail: mwasserman@osler.com

Tiffany Sun (LSO# 84440N)
Tel: (416) 862-4932
E-mail: tsun@osler.com

Lawyers for the Proposed Monitor

APPENDIX B

The SISP Procedures

SALE AND INVESTOR SOLICITATION PROCEDURES

FRESHSTONE BRANDS INC.

Recitals

- A. On June 9, 2026, Freshstone Brands Inc. (“**Freshstone**”) sought and obtained an initial order (as amended, supplemented or amended and restated from time to time, the “**Initial Order**”) under Freshstone’s proceedings commenced pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**” and the proceedings commenced thereby, the “**CCAA Proceedings**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), pursuant to which, among other things, Deloitte Restructuring Inc. was appointed as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”);
- B. On June 12, 2026, Freshstone and Mr. Frank Burdzy (in such capacity, the “**Stalking Horse Bidder**”) executed a Subscription Agreement (the “**Stalking Horse Bid**”) pursuant to which the Stalking Horse Bidder agreed, among other things: (i) to act as a “stalking horse bidder” in the context of a sale and investor solicitation process to be undertaken in the CCAA Proceedings, and (ii) if the Stalking Horse Bidder is determined to be the Successful Bidder (as defined herein), to subscribe for and purchase from Freshstone, the Subscription Shares (as defined in the Stalking Horse Bid), on the terms and conditions set out in the Stalking Horse Bid, with the existing equity interests being cancelled on closing such that Stalking Horse Bidder would become the sole shareholder of Freshstone (the “**Stalking Horse Transaction**”).
- C. Pursuant to an order of the Court dated June 18, 2026 (as it may be amended, restated or supplemented from time to time, the “**SISP Order**”), the Court authorized Freshstone, with the assistance of GlassRatner Advisory Canada, as sale advisor (the “**Sale Advisor**”), and under the supervision of the Monitor, to conduct and implement a sale and investor solicitation process in respect of Freshstone’ business and assets, in accordance with the procedures, terms and conditions set out herein (as such process may be amended, restated or supplemented pursuant to the terms herein, the “**SISP**”).

- D. The property that is available for sale pursuant to the SISP (collectively, the “**Property**”) is comprised of all property, assets and undertakings of Freshstone.
- E. This SISP describes, among other things:
- (a) the manner in which the opportunity to purchase some or all of the Property can be obtained;
 - (b) the manner in which Prospective Bidders may gain access to or continue to have access to due diligence materials concerning Freshstone and the Property and the timelines applicable thereto;
 - (c) the manner and timelines in which Prospective Bidders may submit an LOI for all or substantially all of the Property or any part thereof, and the required content of an LOI;
 - (d) the manner and timelines in which Qualified Phase I Bidders may submit a Qualified Bid and the required content of a Qualified Bid;
 - (e) the manner in which an Auction may be held in the event that more than one Qualified Bid is received in accordance with the SISP;
 - (f) the process and criteria for the ultimate selection of one or more Successful Bids; and
 - (g) the process for approval of one or more Successful Bids by the Court.
- F. The SISP Order, the SISP, and any other orders of the Court made in the CCAA Proceedings relating to the SISP shall exclusively govern the process for soliciting and selecting bids for the sale of some or all of the Property or any part thereof.
- G. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

1. All capitalized terms used herein shall have the meanings given to them in Appendix “A” hereto.

Conduct of the SISP

1. Conduct of SISP. The SISP will be carried out by Freshstone, with the assistance of, and in consultation with, the Sale Advisor and the Monitor. Freshstone, the Sale Advisor and the Monitor are fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to the SISP.
2. Advice and Directions. Either Freshstone or the Monitor may at any time seek advice and directions from the Court on notice to the Service List with respect to the conduct or any aspect of the SISP.
3. Consent to Jurisdiction of the Court. Each Qualified Phase I Bidder, upon being declared as such under the SISP, shall be deemed to have irrevocably and unconditionally attorned and submitted to the jurisdiction of the Court in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the SISP.
4. Primary SISP Responsibilities. In connection with the SISP, Freshstone’s primary responsibilities include:
 - (a) assisting the Sale Advisor with the preparation of a list of Prospective Bidders;
 - (b) assisting the Sale Advisor with preparing the Teaser Letter;
 - (c) assisting legal counsel with the preparation of the template form of confidentiality agreement to be executed by Prospective Bidders (such confidentiality agreement and any other form of confidentiality agreement executed by a Prospective Bidder in favour of Freshstone, the “**Confidentiality Agreement**”);
 - (d) establishing and managing an electronic data room with confidential information in respect of Freshstone and the Property (the “**Data Room**”);

- (e) assisting legal counsel with the preparation of the template Form of Subscription Agreement;
 - (f) assisting the Sale Advisor with managing all communications with Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders, prior to and after receipt of the LOIs and Qualified Bids. These communications shall include, without limitation, facilitating the delivery of all communications, contacting Prospective Bidders and providing them with the Teaser Letter and coordinating the execution of the Confidentiality Agreements by Prospective Bidders, managing the process of answering all reasonable inquiries from Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders and arranging for site visits by Prospective Bidders, Qualified Phase I Bidders and Qualified Bidders;
 - (g) negotiating with Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders;
 - (h) reviewing and considering the LOIs and Qualified Bids; and
 - (i) if applicable, conducting an Auction in accordance with the SISP.
5. Summary of Key Dates. A summary of the key dates relevant to the conduct of the SISP is included herein in Appendix “**B**”.

Sale and Investment Opportunities

6. Opportunity to Submit a Bid. Qualified Phase I Bidders will have the opportunity to submit a bid to purchase some or all of the Property substantially in the Form of Subscription Agreement (a “**Sale Proposal**”). Sale Proposals may be in respect of only a part or parts of the Property, and any such proposal will not be precluded from consideration as an acceptable LOI, Qualified Bid or Successful Bid.

“As is, Where is”

7. “As is, Where is” Basis. Any Sale Proposal shall be made on an “as is, where is” basis, without surviving representations or warranties of any kind, nature or description.

8. No Representations or Warranties. Freshstone, the Sale Advisor, the Monitor, and any of their respective employees, officers, directors, agents, advisors and other representatives are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder, Qualified Phase I Bidder, Qualified Bidder, Auction Bidder or Successful Bidder in connection with the Property or Freshstone. Freshstone, the Sale Advisor, the Monitor, and any of their respective employees, officers, directors, agents, advisors and other representatives, do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Qualified Phase I Bidder, Qualified Bidder, Auction Bidder or Successful Bidder, including any information contained in the Teaser Letter or Data Room.

Solicitation of Interest

9. Solicitation Materials. Freshstone, with the assistance of the Sale Advisor, and in consultation with the Monitor, have or will:
- (a) compile a listing (the “**Contact List**”) of prospective purchasers and investors (collectively, “**Prospective Bidders**”), which Contact List will include parties who in Freshstone’s reasonable business judgment may be interested in acquiring the Property or any part thereof;
 - (b) determine the appropriate advertising, if any, to be directed at Prospective Bidders, which may include newspaper, trade publication, internet or other advertising directed at Prospective Bidders;
 - (c) send to each Prospective Bidder a solicitation letter summarizing the acquisition opportunity with respect to the Property (the “**Teaser Letter**”);
 - (d) send to each Prospective Bidder upon request a form of Confidentiality Agreement. The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement, which is in form and

substance acceptable to Freshstone, in consultation with the Monitor, shall have access to the Data Room and other confidential information and management presentations, if available; and

- (e) provide to each Prospective Bidder who executes a Confidentiality Agreement a copy of this SISP and/or the Process Letter.
10. Restrictions on Access to Confidential Information. Freshstone reserves the right to limit any Prospective Bidder's or Qualified Phase I Bidder's access to any confidential information (including any information in the Data Room) and to customers and suppliers of Freshstone, where, in Freshstone's discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, or the value of the Property. Requests for additional information are to be made to the Sale Advisor.

Submission of Non-Binding Letters of Intent & Other Participation Requirements

11. LOI Deadline. Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Qualified Phase I Bidder, a Prospective Bidder must deliver to the Sale Advisor, with a copy to the Monitor (in each case, at the addresses set out in the Process Letter), so as to be received by the Sale Advisor not later than 5:00 p.m. (Toronto Time) on August 14, 2026, or such later date and/or time as Freshstone, in consultation with the Monitor, determines appropriate or as the Court may order (the "**LOI Deadline**"), the following:
- (a) an executed Confidentiality Agreement;
 - (b) a non-binding letter of intent (a "**LOI**") which complies with the requirements of paragraph 12 below;
 - (c) to the extent not provided in the LOI, a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and the contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction, and full disclosure of the direct and indirect owners of the Prospective Bidder and its principals; and

- (d) to the extent not provided in the LOI or the Confidentiality Agreement, a written acknowledgement of receipt of a copy of the SISP Order (including the SISP) and agreeing to accept and be bound by the provisions contained therein or herein.

12. Requirements for LOIs: An LOI in respect of a Sale Proposal must include:

- (a) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
- (b) the low and high range of the proposed subscription price for such Sale Proposal and an explanation of what contingencies and variables may influence where in the range the final subscription price will fall. For greater certainty, the low range of the proposed subscription price must exceed the Subscription Price of the Stalking Horse Bid;
- (c) details as to the form of consideration for the Sale Proposal;
- (d) an acknowledgment that the Sale Proposal will be made on an “as is, where is” basis;
- (e) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to retain and the Prospective Bidder’s proposed treatment of any related “cure costs” and a list of the contracts and leases to be excluded from the Sale Proposal;
- (f) a description of any liabilities and obligations to be assumed by the Prospective Bidder and the Prospective Bidder’s estimated value of such assumed liabilities, and which such liabilities and obligations it does not intend to assume;
- (g) a detailed description of any remaining due diligence required by the Prospective Bidder to be completed before making a Qualified Bid and an estimated timeline for the completion of such due diligence;
- (h) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

- (i) all material conditions to closing that the Prospective Bidder may wish to impose;
 - (j) the proposed target closing date and a timeline to closing with critical milestones;
 - (k) an indication as to whether the Prospective Bidder is intending to effect the Sale Proposal through a special purpose vehicle;
 - (l) any other terms and conditions which the Prospective Bidder believes are material to the transaction; and
 - (m) such other information reasonably requested by Freshstone or the Monitor.
13. Clarifications, Extensions and Waivers of LOIs. For greater certainty, Freshstone shall be entitled, either prior to or following the LOI Deadline, to seek to clarify the terms of an LOI or with respect to any of the other requirements of paragraph 12 above, and Freshstone, in consultation with the Monitor, may accept a revised, clarified LOI, provided that the initial LOI was received prior to the LOI Deadline. Freshstone may grant extensions to the LOI Deadline with the consent of the Monitor, and Freshstone shall comply with any other extensions of the LOI Deadline as may be ordered by the Court. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 12 and deem any non-compliant LOI to be a qualifying LOI.

Review of LOIs

14. LOI Criteria. Promptly following the LOI Deadline, Freshstone, in consultation with the Sale Advisor and the Monitor, will review and assess the LOIs and other materials submitted by Prospective Bidders, and in making such assessment will consider, among other things, the following (the “**LOI Criteria**”):
- (a) the subscription price and net value (including all assumed liabilities and other obligations to be performed by the Prospective Bidder) provided by such LOI;
 - (b) the evidence of the financial ability of the Prospective Bidder to consummate the

Sale Proposal;

- (c) the claims, if any, likely to be created against Freshstone by the transaction contemplated by the LOI, relative to alternatives available to Freshstone;
- (d) the nature and amount of debt and other liabilities and obligations to be assumed by the Prospective Bidder and which such liabilities and obligations it does not intend to assume;
- (e) the planned treatment of stakeholders, including lenders, trade creditors and shareholders; and
- (f) other factors affecting the speed, certainty and value of the Sale Proposal (including any remaining due diligence, regulatory approvals and other conditions required to close the Sale Proposal), including whether the Sale Proposal is reasonably likely to close on or before the target closing date indicated by the Prospective Bidder in its LOI.

Identification of Qualified Phase I Bidders

15. Determination of Qualified Phase I Bidders. Freshstone, in consultation with the Sale Advisor and the Monitor, shall apply the LOI Criteria and consider each LOI and the other materials submitted by a Prospective Bidder pursuant to paragraph 12 and determine whether it will be in the best interests of Freshstone to permit the Prospective Bidder to continue to participate in the SISP based upon the terms set out in the applicable LOI (any such Prospective Bidder, a “**Qualified Phase I Bidder**”). The determination by Freshstone as to whether a Prospective Bidder is a Qualified Phase I Bidder will be made as promptly as practicable after such Prospective Bidder has satisfied the requirements described in paragraph 12 (subject to any waiver thereof under paragraph 13), and any clarification that may be sought by Freshstone pursuant to paragraph 13. For greater certainty, an LOI may be in respect of only a part or parts of the Property.
16. Notification of Qualified Phase I Bidders. If it is determined by Freshstone, in consultation with the Sale Advisor and the Monitor, that a Prospective Bidder is a Qualified Phase I

Bidder, the Sale Advisor will promptly notify the Prospective Bidder of such determination, and such Qualified Phase I Bidder will thereafter be provided an opportunity to complete due diligence and submit a binding offer in respect of such Sale Proposal. Except as otherwise provided for herein, no LOIs will be considered pursuant to the SISP after the LOI Deadline. Prospective Bidders not identified as Qualified Phase I Bidders by Freshstone will no longer be able to participate in the SISP or continue to have access to any confidential information in connection therewith.

17. Stalking Horse Bid to be Successful Bid if no Suitable LOI. If at any point before or after the LOI Deadline Freshstone determines, in consultation with the Sale Advisor and the Monitor, that there are or will be no Qualified Phase I Bidders, the Stalking Horse Bid will be declared the Successful Bid and Freshstone shall as soon as reasonably practicable file a motion with the Court on notice to the Service List for approval of the Stalking Horse Bid.

Submissions of Binding Qualified Bids

18. Bid Deadline. Binding offers must be submitted in writing by a Qualified Phase I Bidder to the Sale Advisor, with a copy to the Monitor (in each case, at the address set out in the Process Letter) by September 29, 2026 (the “**Bid Deadline**”).

Requirements for Qualified Bid

19. Requirements for Qualified Bids. A Sale Proposal (other than the Stalking Horse Bid), will be considered a “**Qualified Bid**” only if (i) it is submitted by a Qualified Phase I Bidder on or before Bid Deadline, and (ii) the Sale Proposal complies with the following requirements:
 - (a) it is a Superior Proposal;
 - (b) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Phase I Bidder’s direct and indirect owners and their principals, and the complete terms of such participation;
 - (c) it fully discloses any connections or agreements with Freshstone or any of its affiliates, any other bidder participating in the SISP or any officer, manager,

- director, member or equity or security holder of Freshstone or any of its affiliates;
- (d) it contains evidence of authorization and approval from the Qualified Phase I Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;
 - (e) it includes a letter confirming that the Sale Proposal is a binding offer capable of acceptance by Freshstone, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;
 - (f) it includes (A) a duly authorized and executed subscription agreement based on the Form of Subscription Agreement; (B) all exhibits and schedules thereto, including a detailed description of the Property to be included and excluded from the proposed transaction, and such ancillary agreements as may be required by the Qualified Phase I Bidder with all exhibits and schedules thereto; and (C) a mark-up of the Form of Subscription Agreement showing all amendments and modifications made thereto;
 - (g) it includes a cash deposit in an amount equal to five percent (5%) of the cash subscription price contemplated therein, payable by wire transfer of immediately available funds (to a bank account specified by the Monitor) payable to the order of the Monitor, in trust, which will be dealt with in accordance with paragraphs 34 to 37, or such other form of deposit or amount as is acceptable to Freshstone and the Monitor (each, a "**Deposit**");
 - (h) it includes an acknowledgement and representation that the Qualified Phase I Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the applicable Property; (ii) has not relied upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including Freshstone, the Monitor and

their respective employees, officers, directors, agents, advisors and other representatives regarding the applicable Property, the proposed transaction, the SISP, or any liabilities and obligations to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the applicable Property, and (B) the nature and condition (environmental, financial and otherwise) of the applicable Property or Freshstone; (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to the applicable Property; and (iv) has been provided the opportunity to conduct any and all due diligence it deemed appropriate and is relying on its own due diligence and expertise and that of its own consultants, accountants, and legal and tax advisors in making its Qualified Bid;

- (i) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit-worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow Freshstone, in consultation with the Monitor, to make a reasonable determination as to the Qualified Phase I Bidder's (and its direct and indirect owners') financial and other capabilities to consummate the transaction contemplated by the Sale Proposal; if the Qualified Phase I Bidder is an entity newly formed for the purpose of the transaction, or if the Qualified Phase I Bidder intends to complete the sale transaction through a special purpose vehicle, (A) the direct and indirect equity holders or sponsors of such newly formed entity or special purpose vehicle must guarantee the special purpose vehicle's obligations under all definitive transaction documents, and (B) the Sale Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to Freshstone, in consultation with the Monitor, and names Freshstone as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (j) it shall not be conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Phase I Bidder;
 - (ii) obtaining any financing; or

- (iii) approval of the Qualified Bid by the Qualified Phase I Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable;
 - (k) it includes the anticipated time frame and any anticipated impediments for obtaining any regulatory or other approvals indicated in the executed purchase agreement as conditions to closing; and
 - (l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the applicable Target Closing Date;
 - (i) it does not request or entitle the Qualified Phase I Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and
 - (ii) it contains such other information reasonably requested by Freshstone or the Monitor.
20. Stalking Horse Bid Deemed to be Qualified Bid. Notwithstanding the requirements for a Qualified Bid detailed in paragraph 19 above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit other than as provided for in the Stalking Horse Bid.

Assessment of Qualified Bids

21. Review of Qualified Bids. Promptly following the Bid Deadline, Freshstone, in consultation with the Sale Advisor and Monitor, will review and assess the Qualified Bids, other than the Stalking Horse Bid, in respect of a Sale Proposal, and in making such assessment will consider, among other things, the following (the "**Sale Proposal Bid Criteria**"):
- (a) the subscription price and net value (including all assumed liabilities and other obligations to be performed by the Qualified Phase I Bidder) provided by such Qualified Bid;

- (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the Sale Proposal;
 - (c) the claims, if any, likely to be created against Freshstone by the transaction contemplated by the Sale Proposal, relative to alternatives available to Freshstone;
 - (d) the nature and amount of debt and other liabilities to be assumed or acquired by the Qualified Phase I Bidder;
 - (e) the counterparties to the Sale Proposal;
 - (f) the proposed revisions to the Form of Subscription Agreement and the terms of the proposed sale transaction documents;
 - (g) the assets included in or excluded from the Sale Proposal;
 - (h) the planned treatment of stakeholders, including lenders, trade creditors and shareholders; and
 - (i) other factors affecting the speed, certainty and value of the Sale Proposal (including any regulatory approvals and other conditions required to close the Sale Proposal by the applicable Target Closing Date), including the likelihood of closing the Sale Proposal on or before the applicable Target Closing Date.
22. Clarifications, Extensions and Waivers of Qualified Bids. For greater certainty, Freshstone shall be entitled either prior to or following the applicable Bid Deadline, to seek to clarify the terms of a Qualified Bid and Freshstone, in consultation with the Monitor, may accept a revised, clarified Qualified Bid, provided that the initial Qualified Bid was received prior to the applicable Bid Deadline. Freshstone may grant extensions to the Bid Deadline with respect to any Qualified Bid with the consent of the Monitor, and Freshstone shall comply with any other extensions of the Bid Deadline as may be ordered by the Court. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 19, as applicable, and deem any non-compliant bid to be a Qualified Bid.

23. Identification of Suitable Qualified Bids. Freshstone, in consultation with the Sale Advisor and Monitor, shall apply the Sale Proposal Bid Criteria and consider each Qualified Bid, other than the Stalking Horse Bid, upon its submission and determine whether it will be in the best interests of Freshstone to pursue a transaction on the terms set out in the applicable Qualified Bid. This determination by Freshstone will be made as promptly as practicable after the applicable Bid Deadline, and any clarification that may be sought by Freshstone pursuant to paragraph 22.
24. Stalking Horse Bid to be Successful Bid if no Qualified Bid other than the Stalking Horse Bid. If at any point before or after the applicable Bid Deadline Freshstone determines, in consultation with the Sale Advisor and the Monitor, that there are or will be no Qualified Bids other than the Stalking Horse Bid, or that it is appropriate to reject all Qualified Bids received (other than that submitted by the Stalking Horse Bidder) because none are in the best interests of Freshstone, the Stalking Horse Bid shall be deemed to be the Successful Bid, and Freshstone shall as soon as reasonably practicable file a motion with the Court on notice to the Service List for approval of the Stalking Horse Bid.
25. Next Steps if Qualified Bid(s) in addition to the Stalking Horse Bid. If, after consultation with the Sale Advisor and Monitor, Freshstone determines in its reasonable business judgment that one or more Qualified Bids in addition to the Stalking Horse Bid was received with respect to the Property that is in the best interests of Freshstone, then Freshstone shall conduct an auction (the “**Auction**”) to determine the highest and/or best Sale Proposal. In the event that an Auction is to be held, the Stalking Horse Bidder and all Qualified Phase I Bidders who submitted a Qualified Bid that Freshstone determines, in consultation with the Sale Advisor and the Monitor, entitles such Qualified Phase I Bidder to participate in the Auction (each, an “**Auction Bidder**”) will be promptly advised by the Sale Advisor of such determination. A Qualified Phase I Bidder not identified as an Auction Bidder will no longer be able to participate in the SISP or any Auction.
26. Discretion of Freshstone. Freshstone, upon consultation with the Sale Advisor and Monitor, and with the consent of the Monitor, where applicable, may at any time (including prior to or during an Auction), (a) reject any bid, other than the Stalking Horse Bid, that is (i)

inadequate or insufficient, (ii) not in conformity with the requirements of the CCAA, the SISP or any applicable orders of the Court, or (iii) contrary to the best interests of Freshstone; (b) in accordance with the terms hereof, accept bids not in conformity with the SISP to the extent that Freshstone determines, in its reasonable business judgment after consultation with the Sale Advisor and Monitor, that doing so would benefit Freshstone; (c) in accordance with the terms hereof, extend the LOI Deadline and/or Bid Deadlines, and/or change the date of an Auction; and/or (d) reject all bids, other than the Stalking Horse Bid. For greater certainty, Freshstone shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid shall be entirely in the discretion of Freshstone after consultation with the Sale Advisor and Monitor.

Auction

27. Place and Time. If the Auction is to be conducted pursuant to paragraph 28, the Auction shall commence on a date and time and at a place to be determined by Freshstone, in consultation with the Sale Advisor and the Monitor, or as fixed by the Court. Notice of the place, date and time of the Auction will be delivered to all Auction Bidders by the Sale Advisor not less than three (3) Business Days before the date of the Auction.
28. Procedures for the Auction. Any Auction shall be conducted according to the following procedures:
 - (a) Notice of Participation. At least one (1) Business Day prior to the Auction, each Auction Bidder who has been notified by the Sale Advisor or Freshstone that it has qualified as an Auction Bidder must inform Freshstone whether it intends to attend the Auction; provided that in the event an Auction Bidder elects not to attend the Auction, such Auction Bidder's Qualified Bid shall remain binding, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;
 - (b) Participation at the Auction. Freshstone and its advisors (including the Sale Advisor), with the oversight of the Monitor, shall direct and preside over the Auction. Only Auction Bidders that have provided notice in accordance with paragraph 28(a) will be eligible to participate in the Auction. Only the authorized

representatives (including legal counsel and other advisors) of each of the Auction Bidders, Freshstone, the Sale Advisor and the Monitor shall be permitted to attend the Auction. For the avoidance of doubt, the Stalking Horse Bidder shall be deemed to be an Auction Bidder.

- (c) Anti-Collusion. Each Auction Bidder shall be required to confirm that: (i) it has not engaged, and will not engage, in any collusion with respect to the bidding or any Sale Proposal, and if such Auction Bidder is a special purpose vehicle, each of the direct or indirect equity holders of such Auction Bidder shall be required to confirm that it has not engaged, and will not engage, in any collusion with respect to the bidding or any Sale Proposal, such confirmation, in each case, in form and substance satisfactory to Freshstone and the Monitor in their sole discretion; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid.
- (d) Rounds. Bidding at an Auction shall be conducted in rounds. In each round, an Auction Bidder may submit no more than one Overbid. If at the end of any round of bidding, an Auction Bidder (other than the Auction Bidder who submitted the Opening Bid for such round) did not submit an Overbid, then such Auction Bidder shall be barred from participating in any further round of bidding at the Auction. Any Auction Bidder who submits an Overbid in a round, as well as the Auction Bidder who submitted the Opening Bid for such round shall be entitled to participate in the next round of bidding at the Auction.
- (e) Determination of Opening Bids. Freshstone, in consultation with the Sale Advisor and Monitor, shall apply the Sale Proposal Bid Criteria to determine which Qualified Bid is the highest and/or best bid received by the Bid Deadline, which shall constitute the "Opening Bid" for the first round of an Auction. Freshstone, in consultation with the Monitor, shall follow the same process to determine the highest and/or best Overbid submitted in each round of an Auction, which shall constitute the "Opening Bid" for the following round. As soon as practicable prior to the start of the Auction, Freshstone shall distribute a copy of the Opening Bid for

the first round to all Auction Bidders eligible to participate in the applicable Auction.

- (f) Overbids. Subject to paragraph 28(g), all bids made at an Auction shall be Overbids and shall be made and received on an open, non-confidential basis and the identity of each Auction Bidder and all material terms of each Overbid shall be fully disclosed to all other Auction Bidders participating in the applicable round of the applicable Auction. The Sale Advisor shall maintain a transcript of the Opening Bids and all Overbids made and announced at an Auction.
- (g) Requirements for Overbids. A Sale Proposal submitted at an Auction will be considered an “**Overbid**” only if it complies with the following requirements:
 - (i) *Minimum Consideration*. The amount of the subscription price shall not be less than the subscription price or consideration of the Opening Bid of the applicable round of such Auction, plus an amount (the “**Minimum Overbid Increment**”) to be set by Freshstone, in consultation with the Sale Advisor and Monitor; and
 - (ii) *Qualified Bid Criteria*. Except as modified herein, an Overbid shall comply with all requirements for a Qualified Bid as set forth in paragraph 19 (including in respect of its binding and irrevocable nature, and being open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid); provided, however, that the Bid Deadline shall not apply and Overbids need not be accompanied by additional cash deposits during the Auction.
- (h) Determination and Announcing Highest Overbids. At the end of each round of bidding, Freshstone, in consultation with the Sale Advisor and Monitor, shall (i) review each Overbid made in such round, (ii) in its reasonable business judgement, identify the highest and/or best such Overbid in accordance with paragraph 28(e), and (iii) announce to all Auction Bidders entitled to participate in the next round of bidding the terms of the highest and/or best Overbid and the identity of the Auction

Bidder who submitted such Overbid. Such highest and/or best Overbid shall be the Opening Bid for the next round of such Auction.

- (i) Adjournments. Freshstone shall have the right, in its reasonable business judgment, and after consultation with the Sale Advisor and Monitor, to make one or more adjournments in an Auction to, among other things: (i) facilitate discussions between Freshstone, the Monitor and individual Auction Bidders; (ii) allow individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (iv) give Auction Bidders the opportunity to provide Freshstone with such additional evidence as it may require, in its reasonable business judgment and in consultation with the Sale Advisor and Monitor, to show that the Auction Bidder's bid complies with the requirements of an Overbid (including in respect of the required internal corporate or credit committee approvals and evidence of sufficient funding commitments or other financial capability to consummate the proposed transaction).
- (j) Closing the Auction. If, in any round of bidding, no new Overbid is made, such Auction shall be closed and Freshstone shall, in consultation with the Sale Advisor and Monitor, declare the last Opening Bid as the "**Successful Bid**" and the Auction Bidder submitting such Successful Bid the "**Successful Bidder**", and advise such Successful Bidder of such determination and all other applicable Auction Bidders that they are not a Successful Bidder. For greater certainty, the selection of a Successful Bid and a Successful Bidder shall not be deemed a rejection of any other Overbid or Qualified Bid and each Overbid and Qualified Bid shall remain binding, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid relating to the same Property.
- (k) Successful Bidder's Deposit. To the extent not already provided, the Successful Bidder (except in the case the Stalking Horse Bidder is the Successful Bidder) shall, within two (2) Business Days of the conclusion of the Auction, provide the Monitor with an additional Deposit to increase its original Deposit to equal five percent (5%)

of the total cash subscription price contemplated by the Successful Bid.

- (l) Clarifications of Overbids and Waivers. For greater certainty, Freshstone and the Monitor shall be entitled during the Auction, to discuss and clarify the terms of any and all Overbids and accept a revised, clarified Overbid, provided it is submitted before the end of the applicable round of bidding. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 28(g), and deem any non-compliant Overbid to be a qualifying Overbid.

- (m) Additional Procedures. Freshstone may, with the assistance of their advisors (including the Sale Advisor) and in consultation with the Monitor, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the SISP or the SISP Order; provided that no such rules may change the requirement that all Overbids shall be made and received on an open, non-confidential basis, and all Auction Bidders entitled to participate in a further round of bidding shall be entitled to be present for all such bidding.

Approval Motion

- 29. Application to Court. After a definitive agreement in respect of a Successful Bid has been finalized in accordance with the SISP, Freshstone shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing Freshstone to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid (the “**Approval Motion**”).

- 30. Closing Subject to Court Approval. The consummation of any transaction between a Successful Bidder and Freshstone is expressly conditional upon the approval of such Successful Bid by the Court at the Approval Motion. The presentation of a Successful Bid to the Court for approval does not obligate Freshstone to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. Freshstone will be deemed to have accepted a bid only when such bid has been approved by the Court

at the Approval Motion.

31. Scheduling of Approval Motion. The Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. The Approval Motion may be adjourned or rescheduled by Freshstone, with the consent of the Monitor, by an announcement of the adjourned date at the Approval Motion or by notice to the Service List and no further notice shall be required.
32. Deemed Rejection. All Qualified Bids and Overbids (other than the Successful Bid) will be deemed rejected at 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid.
33. Statutory Approvals. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Treatment of Deposit

34. Investment of Deposit. All Deposits will be held by the Monitor in a trust account. No interest shall accrue or be paid on any Deposit.
35. Application of Deposit. If there is a Successful Bid, the Deposit paid by a Successful Bidder whose bid is approved by the Court, will be released by the Monitor to Freshstone and applied to the subscription price to be paid, or investment to be made, by such Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement.
36. Return of Deposits. The Deposits of Qualified Phase I Bidders not selected as a Successful Bidder will be returned to such Qualified Phase I Bidders within ten (10) Business Days of the date of closing of the Successful Bid. If there is no Successful Bid, subject to the following paragraph 37, all Deposits will be returned to Qualified Phase I Bidders, within ten (10) Business Days of the date on which the SISP is terminated in accordance with the SISP.

37. Forfeit of Deposit. If (i) a Successful Bidder breaches any of its obligations under the terms of the SISP or any definitive transaction documentation, or (ii) a Qualified Phase I Bidder fails to complete the transaction contemplated by its Qualified Bid or Overbid if required by Freshstone to complete such transaction, then, in each case, such bidder's Deposit will be forfeited to Freshstone as liquidated damages and not as a penalty. Freshstone shall apply and use its share of any forfeited Deposit in a manner agreed upon by Freshstone and the Monitor.

Reservation of Rights and Conduct of the SISP

38. No Binding Agreement. The SISP does not, and will not be interpreted to, create any contractual or other legal relationship between Freshstone and any bidder, other than as specifically set forth in a Confidentiality Agreement and other definitive agreement that any such bidder may enter into with Freshstone.
39. Extension of Time Limits. Freshstone may from time to time extend any of the time limits set out in the SISP, as Freshstone determines appropriate, with the consent of the Monitor.

Miscellaneous

40. The SISP is solely for the benefit of Freshstone and nothing contained in the SISP Order or herein shall create any rights in any other person (including, without limitation, any Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the SISP Order.
41. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions within the Auction.
42. The Monitor will oversee the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the SISP Order, and is entitled to receive all information in relation to the SISP.

43. Any amendments to the SISP may only be made by Freshstone with the written consent of the Monitor, or by further order of the Court.

**APPENDIX “A”
DEFINED TERMS**

The following capitalized terms shall have the following meanings when used in the SISP:

- a. “**Approval Motion**” shall have the meaning given to it in paragraph 29;
- b. “**Auction**” shall have the meaning given to it in paragraph 25;
- c. “**Auction Bidder**” shall have the meaning given to it in paragraph 25;
- d. “**Bid Deadline**” shall have the meaning given to it in paragraph 18;
- e. “**Business Day**” shall mean any day other than (i) a Saturday or Sunday, or (ii) a day which is a statutory holiday in Toronto, Ontario;
- f. “**CCAA**” shall have the meaning given to it in Recital A;
- g. “**CCAA Proceedings**” means Freshstone’s proceedings under the CCAA commenced by the Initial Order, under Court file no. CL-26-00000265-0000;
- h. “**Confidentiality Agreement**” shall have the meaning given to it in paragraph 4(c);
- i. “**Contact List**” shall have the meaning given to it in paragraph 9(a);
- j. “**Court**” shall have the meaning given to it in Recital A;
- k. “**Data Room**” shall have the meaning given to it in paragraph 4(d);
- l. “**Deposit**” shall have the meaning given to it in paragraph 19(g);
- m. “**Form of Subscription Agreement**” means the form of subscription agreement to be provided to Qualified Phase I Bidders who submitted an LOI in respect of a Sale Proposal as part of the SISP, based on the form of the Stalking Horse Bid;
- n. “**Freshstone**” shall have the meaning given to it in Recital A;

- o. “**Initial Order**” shall have the meaning given to it in Recital A;
- p. “**Initial Overbid Amount**” means \$250,000;
- q. “**LOI**” shall have the meaning given to it in paragraph 11(b);
- r. “**LOI Criteria**” shall have the meaning given to it in paragraph 14;
- s. “**LOI Deadline**” shall have the meaning given to it in paragraph 11;
- t. “**Minimum Overbid Increment**” shall have the meaning given to it in paragraph 28(g)(i);
- u. “**Monitor**” shall have the meaning given to it in Recital A;
- v. “**Monitor’s Website**” means the Monitor’s website for the CCAA Proceedings located at <http://www.insolvencies.deloitte.ca/Freshstone>;
- w. “**Opening Bid**” shall have the meaning given to it in paragraph 28(e);
- x. “**Overbid**” shall have the meaning given to it in paragraph 28(g);
- y. “**Process Letter**” means a letter from the Sale Advisor to Prospective Bidders outlining, among other things, the SISP and the SISP timelines and which sets out the contact information for the Sale Advisor and the Monitor for the submission of any LOIs and Qualified Bids;
- z. “**Property**” shall have the meaning given to it in Recital D;
- aa. “**Prospective Bidders**” shall have the meaning given to it in paragraph 9(a), and “**Prospective Bidder**” shall mean any one of them;
- bb. “**Qualified Bid**” shall have the meaning given to it in paragraph 19, as applicable, and “**Qualified Bids**” means more than one of them;
- cc. “**Qualified Bidder**” shall mean a person who submits a Qualified Bid pursuant to the SISP and “**Qualified Bidders**” means more than one of them;

- dd. “**Qualified Phase I Bidder**” shall have the meaning given to it in paragraph 15, and “**Qualified Phase I Bidders**” means more than one of them;
- ee. “**Sale Advisor**” shall have the meaning given to it in the SISP Order;
- ff. “**Sale Proposal**” shall have the meaning given to it in paragraph 6;
- gg. “**Sale Proposal Bid Criteria**” shall have the meaning given to it in paragraph 21;
- hh. “**Service List**” means the service list in the CCAA Proceedings as posted on the Monitor’s Website, as it may be updated from time to time;
- ii. “**SISP**” shall have the meaning given to it in Recital B;
- jj. “**SISP Order**” shall have the meaning given to it in Recital B;
- kk. “**Successful Bid**” shall have the meaning given to it in paragraph 28(j);
- ll. “**Successful Bidder**” shall have the meaning given to it in paragraph 28(j);
- mm. “**Superior Proposal**” means a credible, reasonably certain and financially viable offer made by a Qualified Bidder that (i) provides for consideration in excess of the aggregate of the “**Subscription Price**” as defined in and contemplated by the Stalking Horse Transaction plus the Initial Overbid Amount, and (ii) Freshstone and the Monitor, each with the assistance of their legal advisors, consider to be better than the Stalking Horse Transaction;
- nn. “**Target Closing Date**” shall mean the date or dates determined by Freshstone, in consultation with the Sale Advisor and the Monitor, and such later date or dates as Freshstone, in consultation with the Sale Advisor and the Monitor, may determine from time to time; and
- oo. “**Teaser Letter**” shall have the meaning given to it in paragraph 9(c).

APPENDIX “B”
SUMMARY OF KEY DATES¹

EVENT
PHASE 1
<u>Qualified Phase I Bidders & LOI Deadline (By no later than August 14, 2026, at 5:00 p.m. (Toronto time))</u> LOI Deadline (for delivery of non-binding LOIs by Qualified Phase I Bidders in accordance with the SISP)
PHASE 2 (if suitable LOIs are received, which warrants to the continuation of the SISP onto Phase 2. If no suitable LOIs are received, Stalking Horse Bid shall be deemed to be the Successful Bid.)
<u>Bid Deadline (By no later than September 29, 2026, at 5:00 p.m. (Toronto time))</u> Bid Deadline (for delivery of binding offers by Qualified Phase I Bidders in accordance with the SISP)
<u>Closing – Successful Bid(s) (October 16, 2026)</u> Anticipated deadline for closing of Successful Bid(s)

¹ The dates or time limits indicated in the table may be extended by Freshstone, in consultation with the Sale Advisor and with the consent of the Monitor, as Freshstone deems necessary or appropriate, or by order of the Court.

APPENDIX C

The Subscription Agreement

SUBSCRIPTION AGREEMENT
(the “**Agreement**”)

entered into as of June 12, 2026

BETWEEN **FRESHSTONE BRANDS INC.**, a corporation governed by the *Canada Business Corporations Act*, having its registered office at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta

(the “**Issuer**”);

AND **FRANK BURDZY**, Chief Executive Officer of the Issuer, or an entity to be incorporated by him and designated prior to Closing

(the “**Investor**”);

(the Issuer and the Investor are collectively referred to as the “**Parties**” and each individually a “**Party**”).

PREAMBLE

WHEREAS the Issuer carries on the business, taken as a whole, consisting primarily of manufacturing prepared meals specializing in high-quality products for retail, foodservice and co-manufacturing channels (the “**Business**”);

WHEREAS pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated June 9, 2026 (as amended and restated, the “**Initial Order**”) in the file bearing number CL-26-00000265-0000 (the “**CCAA Proceedings**”), the Issuer obtained protection from its creditors under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”), and Deloitte Restructuring Inc. was appointed as monitor of the Issuer in the CCAA Proceedings (in such capacity, and not in its personal or corporate capacity, the “**Monitor**”);

WHEREAS within the CCAA Proceedings, the Issuer intends to seek an order from the Court (the “**SISP Order**”) that, among other things, authorizes the Issuer to conduct a sale and investment solicitation process (the “**SISP**”), under the oversight of the Monitor, in accordance with the sale and investment solicitation process procedures substantially in the form attached as Exhibit A to this Agreement (the “**SISP Procedures**”);

WHEREAS the Initial Order approved the DIP and granted the Administration Charge, the DIP Lender’s Charge and the Directors’ Charge (collectively, the “**Priority Court Charges**”);

WHEREAS the Investor is a secured creditor of the Issuer under the Notes (as defined below), which rank subordinate to the Priority Court Charges; and

WHEREAS the Investor has agreed to act as a “stalking horse bidder” and, if selected as or deemed to be the Successful Bidder (as defined below) in accordance with the SISP Procedures, to subscribe for the Subscription Shares (as defined below), and the Issuer has agreed to issue the Subscription Shares to the Investor, with the Excluded Assets being transferred to and vested in ResidualCo 1 (as defined below), and the Excluded Liabilities, the Excluded Contracts, the Excluded Employees and

the Excluded Employee Plans being transferred to and vested in ResidualCo 2 (as defined below), in each case pursuant to the Reverse Vesting Order (as defined below) and in accordance with the Closing Sequence (collectively, the “**Subscription Transaction**”), pursuant to and in accordance with the SISP and subject to the granting by the Court of a Reverse Vesting Order and upon the other terms and conditions set forth herein, a portion of the consideration being satisfied by way of a Credit Bid (as defined below).

NOW THEREFORE, in consideration of the foregoing and the respective covenants and agreements herein contained, the Issuer and the Investor agree as follows:

1 INTERPRETATION

1.1 Definitions

The following capitalized terms, whenever used in this Agreement, shall have the following meaning:

- 1.1.1 “**Accounts Receivable**” means all accounts receivable, trade accounts, notes receivable, book debts and other debts due or accruing due to the Issuer in connection with the Business, and the benefit of all security, guarantees and other collateral relating thereto;
- 1.1.2 “**Administration Charge**” means the administration charge granted by the Court in the CCAA Proceedings as security for the fees and disbursements of the Monitor, its counsel and the other professionals retained in connection with the CCAA Proceedings, as more particularly set out in the applicable Order of the Court;
- 1.1.3 “**Administrative Reserve Amount**” means an amount reasonably determined by the Monitor prior to Closing, in consultation with the Investor, to pay the estimated fees and expenses of (i) completing the CCAA Proceedings and (ii) the receivership, bankruptcy or wind-up of ResidualCo 1 and ResidualCo 2;
- 1.1.4 “**Agreement**” shall mean this Subscription Agreement, including its preamble and any schedule attached thereto, as may be amended in writing by the Parties;
- 1.1.5 “**Articles of Amendment**” means, to the extent required, articles of amendment or reorganization in respect of the Issuer’s authorized and issued capital to create a new class of common shares of the Issuer (which such shares shall be the Subscription Shares for purposes of this Agreement) and/or effecting such other changes to the articles of the Issuer in order to consummate the transactions contemplated hereby, such articles of amendment to be in form and substance satisfactory to the Investor;
- 1.1.6 “**Books and Records**” shall mean all books, records, files, papers, books of account and other financial data in the possession of and reasonably available to the Issuer, including manuals and data, sales and advertising materials, sales and purchase data, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and all records, data and information stored electronically, digitally or on computer-related media, and all Tax records and returns and books and records pertaining thereto, minute books, share ledgers, organizational documents, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Issuer as a Person;

- 1.1.7 “**Business Day**” shall mean any day excluding Saturday, Sunday, and any day on which banks are not open for regular business in Toronto (Ontario);
- 1.1.8 “**Closing**” shall mean the completion of the Subscription Transaction in accordance with the provisions hereof;
- 1.1.9 “**Closing Date**” shall mean the date of the Closing, being five (5) Business Days following the satisfaction or waiver of all conditions to the purchase and sale of the Retained Assets set out in Sections 10.1 and 10.2 as same will be confirmed by the Monitor’s Certificate, or any other date mutually agreed by the Parties, providing Closing shall not occur later than the Outside Date;
- 1.1.10 “**Closing Sequence**” means the Closing steps detailed in Schedule 1.1.10 attached hereto, as the same may be amended in accordance with the terms of this Agreement;
- 1.1.11 “**Closing Time**” shall mean 12:01 a.m. Eastern prevailing time on the Closing Date;
- 1.1.12 “**Contracts**” means contracts, deeds, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which the Issuer is a party or by which the Issuer is bound or under which the Issuer has, or will have, any right or liability or contingent right or liability (in each case, whether written or oral, express or implied) relating to the Business and includes quotations, orders, proposals, purchase orders or tenders which remain open for acceptance and warranties and guarantees;
- 1.1.13 “**Credit Bid**” means the satisfaction by the Investor, as authorized by the Reverse Vesting Order, of the portion of the Subscription Price described in Section 5.3.1 by way of a credit against, set-off of and in partial satisfaction of the Notes, in accordance with section 11 of the CCAA and the SISP Procedures;
- 1.1.14 “**Credit Bid Amount**” means the amount outstanding under the Credit Bid Notes up to Closing;
- 1.1.15 “**Credit Bid Notes**” means all indebtedness, liabilities and obligations (whether for principal, interest, fees, costs or otherwise) owing by the Issuer to the Investor, as first-ranking secured creditor, under (i) a second amended and restated secured promissory note in the original principal amount of \$1,150,000, dated as of May 8, 2026, (ii) an amended and restated secured promissory note in the original principal amount of \$2,000,000, dated as of May 8, 2026, and (iii) a secured promissory note in the original principal amount of \$2,000,000, dated as of May 8, 2026, in each case, between the Issuer and the Investor, as amended pursuant to the omnibus amending agreement dated June 4, 2026 between the Issuer and the Investor, and the security granted in connection therewith (the particulars of the outstanding amount being set out in Schedule 1.1.49 (Notes));
- 1.1.16 “**Cure Costs**” shall mean all amounts, costs and expenses required to be paid to cure all of the Issuer’s monetary defaults in relation to the Retained Contracts or as otherwise may be required pursuant to the Reverse Vesting Order;
- 1.1.17 “**Damages**” shall mean any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity (excluding consequential and punitive damages whatsoever), expense (including consultant’s and expert’s fees and expenses and reasonable costs, fees and expenses of legal counsel and reasonable

costs, fees and expenses of investigation, defence or settlement) or diminution in value;

- 1.1.18 **“DIP”** means the priority debtor-in-possession financing made available by Garrington to the Issuer in the CCAA Proceedings pursuant to the Garrington DIP Documents and secured by the DIP Lender’s Charge;
- 1.1.19 **“DIP Lender’s Charge”** means the priority charge set out in the DIP Order;
- 1.1.20 **“DIP Obligations”** means the amounts owing under the DIP;
- 1.1.21 **“DIP Order”** means any order of the Court in the CCAA Proceedings approving the DIP and the priorities and charges securing the same, as such order or orders may be amended, restated, supplemented or extended from time to time;
- 1.1.22 **“Directors’ Charge”** means the directors’ and officers’ charge granted by the Court in the CCAA Proceedings as security for the indemnification obligations of the Issuer in favour of its directors and officers, as more particularly set out in the applicable Order of the Court;
- 1.1.23 **“Eastern”** shall mean, when used in relation to time, the time zone in which the city of Toronto, province of Ontario, is located, being, as the case may be, Eastern Standard Time and Eastern Daylight Time;
- 1.1.24 **“Employee Plans”** means any plan, arrangement, agreement, program, policy, practice or undertaking, whether oral or written, formal or informal, funded or unfunded, that provides any employee benefit, fringe benefit, supplemental unemployment benefit, bonus, retention, severance, incentive, profit sharing, termination, change of control, pension, supplemental pension, retirement, stock option, stock purchase, deferred compensation, health, welfare, medical, dental, disability, life insurance and any similar plans, in each case maintained, sponsored, funded or contributed to by the Issuer or under which the Issuer has, or will have, any liability or contingent liability, but excluding (A) any statutory plan administered by a Governmental Authority; and (B) individual Contracts of employment;
- 1.1.25 **“Employees”** shall mean all individuals who, as of the Closing Date, are employed by the Issuer, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence and all individuals who have been placed on temporary lay-off which has not become deemed a definitive termination of employment under applicable employment standards Laws, and **“Employee”** means any one of them;
- 1.1.26 **“Encumbrance”** shall mean any claim, liability, obligation, prior claim, right of retention, lien, security interest, charge, hypothec, trust, judgment, writ of seizure or execution, contractual right or encumbrance, whether or not registered, published or filed, and whether secured, unsecured or otherwise;
- 1.1.27 **“Equipment”** means all machinery, equipment, tooling, furniture, fixtures, vehicles, rolling stock, spare parts, supplies and other tangible personal property owned or used or held for use by the Issuer in connection with the Business;
- 1.1.28 **“Equity Interests”** means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether

voting or non-voting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of a Person, and any options, warrants, or other instruments exercisable into, or convertible or exchangeable for, any of the foregoing;

- 1.1.29 “**ETA**” shall mean the *Excise Tax Act*, R.S.C., 1985, c. E-15 (Canada);
- 1.1.30 “**Excluded Assets**” shall mean: (i) any assets associated with any Excluded Employee Plans; and (ii) all other assets listed in Schedule 1.1.30 (Excluded Assets), all of which are to be transferred to ResidualCo 1 pursuant to the Reverse Vesting Order;
- 1.1.31 “**Excluded Contracts**” means all Contracts of the Issuer listed in Schedule 1.1.31 (Excluded Contracts), and which are to be transferred to ResidualCo 2 pursuant to the Reverse Vesting Order;
- 1.1.32 “**Excluded Employee Plans**” means the Employee Plans that are listed in Schedule 1.1.32 (Excluded Employee Plans), which are to be transferred to ResidualCo 2 pursuant to the Reverse Vesting Order;
- 1.1.33 “**Excluded Employees**” means those Employees designated by the Investor, in its sole discretion, by written notice to the Issuer and the Monitor not later than three (3) Business Days prior to the Closing Date, whom the Investor elects not to retain, who are to be transferred to ResidualCo 2 pursuant to the Reverse Vesting Order;
- 1.1.34 “**Excluded Liabilities**” means all Liabilities of the Issuer other than the Retained Liabilities, which are to be transferred to ResidualCo 2 pursuant to the Reverse Vesting Order;
- 1.1.35 “**Expense Reimbursement**” shall mean an amount equal to the reasonable, documented, out-of-pocket costs and expenses of the Investor (including the reasonable, documented expenses of outside counsel and other outside advisors) related to negotiating this Agreement up to a maximum amount of \$50,000, which amount will be payable only from the proceeds of the closing of a transaction under the SISP where this Agreement is not the Successful Bid;
- 1.1.36 “**Garrington**” means Garrington Financial Services Inc., a third-party lender providing the DIP;
- 1.1.37 “**Garrington DIP Documents**” means the DIP financing agreement and related documents governing the DIP and the DIP Order approving same;
- 1.1.38 “**Governmental Authority**” shall mean (i) any domestic or foreign government, governmental or public department, central bank, court, commission, tribunal, board, ministry, bureau or agency, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority, and (iv) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing;
- 1.1.39 “**GST/HST**” shall mean all goods and services tax and harmonized sales tax imposed under Part IX of the ETA;
- 1.1.40 “**Intellectual Property**” means all intellectual property and industrial property rights owned or used or held for use by the Issuer in connection with the Business, including

all trademarks, trade names, business names, domain names, patents, industrial designs, copyrights, trade secrets, know-how, software and all registrations and applications for any of the foregoing, and the goodwill associated therewith;

- 1.1.41 **"Interim Period"** shall mean the period starting on the date hereof and ending at the Closing Time;
- 1.1.42 **"Inventory"** means all inventories of every kind and nature and wheresoever situated owned or used or held for use by the Issuer in connection with the Business, including raw materials, work-in-progress, finished goods, packaging, supplies and goods in transit;
- 1.1.43 **"ITA"** shall mean the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supplement) (Canada);
- 1.1.44 **"Known Cure Costs"** shall mean all Cure Costs which the Issuer, the Investor, the Monitor and/or of their respective Representatives has received actual notice thereof, the particulars of which are listed in Schedule 1.1.44 (Known Cure Costs);
- 1.1.45 **"Law"** shall mean any (i) law, constitution, treaty, statute, code, ordinance, order, decree, rule, regulation and by-law, (ii) judgment, order, writ, injunction, decision, award and directive of any Governmental Authority, and (iii) policy, guideline, notice and protocol of any Governmental Authority to the extent they have the force of law;
- 1.1.46 **"Liability"** shall mean, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person;
- 1.1.47 **"Minimum Overbid"** means the minimum initial overbid amount and subsequent bidding increments applicable at any auction conducted under the SISP Procedures, being not less than \$250,000 above the value of the Subscription Price (inclusive of the Expense Reimbursement), as more fully set out in the SISP Procedures;
- 1.1.48 **"Monitor's Certificate"** means the certificate, substantially in the form attached as an exhibit to the Reverse Vesting Order, to be delivered by the Monitor to the Issuer and the Investor on Closing and thereafter filed by the Monitor with the Court certifying that it has received the Conditions Certificates;
- 1.1.49 **"Notes"** means collectively, the Credit Bid Notes and the Retained Note, and **"Note"** means any one of them (the particulars of the outstanding amounts being set out in Schedule 1.1.49 (Notes));
- 1.1.50 **"Order"** shall mean any directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;
- 1.1.51 **"Outside Date"** shall mean November 27, 2026;
- 1.1.52 **"Permitted Encumbrances"** shall mean the Encumbrances relating to the Retained Assets;

- 1.1.53 **“Person”** shall be broadly interpreted and includes an individual, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, trust, cooperative, association or corporation, Governmental Authority and the executors, administrators or other legal representatives of an individual in such capacity, as the case may be;
- 1.1.54 **“Personal Information”** shall have the meaning ascribed thereto in the Privacy Law;
- 1.1.55 **“Priority Payables”** means the amounts secured by the Administration Charge, the DIP Lender’s Charge, the Directors’ Charge and any other Court-ordered priority charge;
- 1.1.56 **“Privacy Law”** means the *Personal Information Protection and Electronic Documents Act* (Canada) and any comparable Law of any other jurisdiction;
- 1.1.57 **“Representative”** shall mean, when used with respect to a Person, each director, officer, employee, and other agent, counsel, adviser or representative appointed by that Person;
- 1.1.58 **“ResidualCo 1”** means a newly-incorporated entity designated by the Investor, with the consent of the Monitor, to which the Excluded Assets are to be transferred and in which they are to be vested pursuant to the Reverse Vesting Order and in accordance with the Closing Sequence;
- 1.1.59 **“ResidualCo 2”** means a newly-incorporated entity designated by the Investor, with the consent of the Monitor, to which the Excluded Liabilities, the Excluded Contracts, the Excluded Employees and the Excluded Employee Plans are to be transferred and in which they are to be vested pursuant to the Reverse Vesting Order and in accordance with the Closing Sequence, and from which the Issuer is to be released;
- 1.1.60 **“Retained Assets”** means all of the Issuer’s right, title and interest in, to and under, or relating to, the assets, property and undertaking owned or used or held for use by the Issuer in connection with the Business, including all cash and cash equivalents, the Equipment, the Inventory, the Accounts Receivable, the Intellectual Property, the Retained Contracts, the Books and Records, but other than the Excluded Assets and the Excluded Contracts;
- 1.1.61 **“Retained Contracts”** shall mean those Contracts of the Issuer that are not Excluded Contracts;
- 1.1.62 **“Retained Employee Plans”** means those Employee Plans that are not Excluded Employee Plans, including those listed on Schedule 1.1.62 (Retained Employee Plans);
- 1.1.63 **“Retained Liabilities”** means: (i) all Liabilities arising under the Retained Contracts to the extent first arising and relating to the period on or after the Closing Time, and any Cure Costs under such Retained Contracts which are not being paid in cash on Closing as Known Cure Costs; (ii) all Liabilities to the extent first arising out of the operation of the Retained Assets for the periods on and after the Closing Time; (iii) all Liabilities of the Issuer relating to Retained Employees and/or the Retained Employee Plans pursuant to Section 5.4; (iv) any Liabilities arising after the granting of the Initial Order, other than any such Liabilities to be paid in cash on Closing; (v) if any, unremitted employee source deductions, vacation pay and other employee priority claims as at

the Closing Time; (vi) if any, unremitted GST/HST as at the Closing Time; (vii) the Retained Note; (viii) other liabilities secured by deemed trusts and statutory priority claims existing as at the Closing Time; and (ix) any amounts accrued and not yet owing in respect of the Priority Payables that are not paid by the Investor at the Closing;

- 1.1.64 **“Retained Note”** means all indebtedness, liabilities and obligations (whether for principal, interest, fees, costs or otherwise) owing by the Issuer to the Investor, as first-ranking secured creditor, under a secured promissory note in the original principal amount of \$2,750,000, dated as of June 4, 2026, between the Issuer and the Investor, and the security granted in connection therewith (the particulars of the outstanding amount being set out in Schedule 1.1.49 (Notes));
- 1.1.65 **“Reverse Vesting Order”** shall mean a final and definitive order of the Court issued in the CCAA Proceedings, in form and substance reasonably satisfactory to the Investor, the Issuer and the Monitor, approving (i) this Agreement, (ii) the Subscription Transaction (including the issuance to the Investor of the Subscription Shares, free and clear of all Encumbrances (other than Permitted Encumbrances), the transfer to and vesting in ResidualCo 1 of the Excluded Assets, the transfer to and vesting in ResidualCo 2 of the Excluded Liabilities, the Excluded Contracts, the Excluded Employees and the Excluded Employee Plans, and the release of the Issuer from the Excluded Liabilities), (iii) the satisfaction of a portion of the Subscription Price by way of the Credit Bid, and (iv) any other transactions contemplated by this Agreement, including the filing for the Articles of Amendment;
- 1.1.66 **“SISP Procedures”** means the SISP Procedures, which shall reflect, among other things, this Agreement as a stalking horse bid, the Credit Bid, the bid increments and the auction procedures (including the Minimum Overbid), the whole substantially in the form attached as Schedule A to the SISP Order;
- 1.1.67 **“Subscription Shares”** means the new common shares in the capital of the Issuer to be issued to the Investor at Closing pursuant to the terms of this Agreement and the Reverse Vesting Order, representing, after giving effect to the transactions contemplated by this Agreement and the Reverse Vesting Order (including the cancellation of the existing Equity Interests (other than the Subscription Shares) in the capital of the Issuer and, if required, the Articles of Amendment), all of the issued and outstanding shares in the capital of the Issuer;
- 1.1.68 **“Successful Bidder”** shall have the meaning ascribed thereto in the SISP Procedures;
- 1.1.69 **“Superior Proposal”** shall have the meaning ascribed thereto in the SISP Procedures;
- 1.1.70 **“Target Closing Date”** shall mean five (5) Business Days immediately following the date upon which the Court has granted the Reverse Vesting Order, or such other date as the Parties and the Monitor may mutually agree to, in writing; and
- 1.1.71 **“Tax”** and **“Taxes”** shall mean taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever (including withholding on amounts paid to or by any Person) imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof.

1.2 Cross-Referenced Definitions

The following defined terms have the meanings ascribed thereto in the provisions of this Agreement indicated below:

Defined Term	Section
Business	Preamble above
CCAA	Preamble above
CCAA Proceedings	Preamble above
Conditions Certificates	10.3
Court	Preamble above
Deposit	5.1
Investor	Designation of the Parties above
Issuer	Designation of the Parties above
Monitor	Preamble above
Parties and Party	Designation of the Parties above
Replacement Plans	6.5
Retained Employees	6.2
SISP	Preamble above
SISP Order	Preamble above
SISP Procedures	Preamble above
Subscription Price	5.2
Subscription Transaction	Preamble above

1.3 Including

The word “include” or “including”, when following a general term or statement, is not to be construed as limiting the term or statement to the specific items or matters stated or to similar items or matters, but rather as referring to all items or matters that could reasonably fall within the broadest possible scope of the term or statement.

1.4 References to this Agreement

The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.

1.5 References to Documents

All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

1.6 Currency and Payments

Except as otherwise expressly provided in this Agreement: (a) all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada; and (b) any payment contemplated by this Agreement shall be made by wire transfer of immediately available funds to an account agreed upon by the Monitor or by any other method that provides immediately available funds as agreed to between the Parties, with the consent of the Monitor.

1.7 Calculation of Time

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Eastern on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Eastern on the next succeeding Business Day.

1.8 Statutes

Any reference to a statute shall include such statute and the corresponding regulations, together with all amendments made and in force from time to time, and any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the corresponding regulations.

1.9 Gender and Number

In this Agreement, unless the context requires otherwise, words importing the singular include the plural, and vice versa. Words importing the masculine gender include the feminine and neuter, and vice versa.

1.10 Headings and Table of Contents

The headings and table of contents contained in this Agreement have been inserted for convenience of reference only, shall not be construed to affect the meaning, construction or effect of this Agreement and shall not be considered in the interpretation of any of its provisions.

1.11 Exhibit and Schedules

The following Exhibit and Schedules form part of this Agreement:

- Exhibit A – SISP Order

- Schedule 1.1.10– Closing Sequence;
- Schedule 1.1.30 – Excluded Assets;
- Schedule 1.1.31 – Excluded Contracts;
- Schedule 1.1.32 – Excluded Employee Plans;
- Schedule 1.1.44 – Known Cure Costs;
- Schedule 1.1.49 – Notes; and
- Schedule 1.1.62 – Retained Employee Plans.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules.

1.12 Adverse Rule of Construction not to Apply

The Parties have each had full opportunity of obtaining legal advice and accordingly any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

2 SUBSCRIPTION FOR SUBSCRIPTION SHARES

- 2.1 At the Closing Time, subject to the terms and conditions of this Agreement and the Reverse Vesting Order, the Investor shall subscribe for and purchase from the Issuer, and the Issuer shall issue the Subscription Shares as fully paid and non-assessable shares free and clear of all Encumbrances, and which Subscription Shares, once issued, shall represent all of the issued and outstanding shares in the capital of the Issuer, in consideration for the Subscription Price. Concurrently with the issuance of the Subscription Shares, all of the Equity Interests in the capital of the Issuer (other than the Subscription Shares) shall be cancelled for no consideration (in accordance with the Closing Sequence) with the result that the Investor will be the sole holder of all Equity Interests in the capital of the Issuer as of the Closing Time.

3 RETAINED CONTRACTS

- 3.1 At the Closing Time, on and subject to the terms and conditions of this Agreement and the Reverse Vesting Order, the Issuer's rights, benefits and interests in, to and under the Retained Contracts shall be retained by the Investor.
- 3.2 The Parties will use commercially reasonable efforts in order for the Reverse Vesting Order to contain sufficient provisions preventing any counterparty to the Retained Contracts from exercising any right or remedy (including any termination right or remedy) under the Retained Contracts, including by reason of: (i) non-monetary defaults, (ii) the insolvency of the Issuer, (iii) the CCAA Proceedings, or (iv) a change of control of the Issuer.
- 3.3 The Investor shall, on the Closing Date, remit to the Monitor, in trust, an amount equal to the aggregate of the Known Cure Costs and the Monitor shall in turn pay to the counterparty to each Retained Contract the applicable Known Cure Costs in accordance with the provisions of the Reverse Vesting Order. For clarity, the balance of the Cure Costs, if any, shall be the responsibility of the Issuer following Closing and shall form part of the Retained Liabilities.

4 RETAINED AND EXCLUDED ASSETS AND LIABILITIES

- 4.1 Before the Closing Time, at the time and date provided for in the Closing Sequence, subject to the terms and conditions of this Agreement and the Reverse Vesting Order, all of the Issuer's right, title and interest in and to the Excluded Assets shall have been transferred to

ResidualCo 1, and the Issuer shall retain all of the Issuer's right, title and interest in and to the Retained Assets, which shall be free and clear of all Encumbrances other than Permitted Encumbrances, to the extent and as provided for in the Reverse Vesting Order. For the avoidance of doubt, notwithstanding any provision of this Agreement to the contrary, as of the Closing Time, the assets of the Issuer shall not include any of the Excluded Assets. Notwithstanding the foregoing and/or anything contained herein to the contrary, the Investor may update any (i) asset to be designated as an Excluded Asset and/or (ii) Contract to be designated as and Excluded Contract, in each case, by written notice to the Issuer and the Monitor delivered not later than July 15, 2026. Provided that no such update to the Excluded Assets and/or the Excluded Contracts shall result in any change to the Subscription Price.

- 4.2 Before the Closing Time, at the time and date provided for in the Closing Sequence, subject to the terms and conditions of this Agreement and the Reverse Vesting Order, the Investor shall retain the Retained Liabilities and shall pay, discharge and perform, as the case may be, from and after the Closing Time, the Retained Liabilities.
- 4.3 Except as expressly retained pursuant to Section 4.3, all Liabilities of or relating to the Business, the Retained Assets, the Issuer or any predecessor of the Issuer, of any kind or nature, shall remain the sole responsibility of the Issuer, and the Investor shall not retain, accept or undertake any debt, obligation, duty, contract or liability of the Issuer and its affiliates of any kind whatsoever, except as expressly retained pursuant to Section 4.1, whether accrued, contingent, known or unknown, and specifically excluding (without limitation) the Excluded Liabilities, the Excluded Contracts, the Excluded Employees and the Excluded Employee Plans, which shall be transferred to, and shall be the sole responsibility of, ResidualCo 2, and from and after the Closing Time, neither the Issuer nor the Investor shall be liable for any such Excluded Liabilities, Excluded Contracts, Excluded Employees, and Excluded Employee Plans and the Issuer shall be forever irrevocably released and discharged from same.

5 SUBSCRIPTION PRICE

- 5.1 At or prior to the execution of this Agreement, the Investor has paid to the Monitor, in trust, a deposit in an amount equal to five percent (5%) of the estimated cash portion of the Subscription Price, being \$50,665 (the "**Deposit**"). The Deposit shall be held by the Monitor in trust and, at Closing, shall be applied to the cash portion of the Subscription Price payable by the Investor. If the transactions contemplated by this Agreement are not completed as a result of the failure of the Investor to satisfy the conditions to Closing for which it is responsible, or the breach or default by the Investor of its obligations under this Agreement, the Deposit shall be forfeited to, and retained by, the Issuer in addition to any and all recourses of the Issuer, including for specific performance. If the transactions contemplated by this Agreement are not completed for any other reason, the Deposit shall be returned to the Investor without deduction and/or set off of any kind.
- 5.2 The subscription price for the Subscription Shares (the "**Subscription Price**") shall be an amount equal to the aggregate of the following:
- 5.2.1 the Credit Bid Amount;
 - 5.2.2 an amount equal to the Priority Payables;
 - 5.2.3 an amount equal to the Administrative Reserve Amount; and

- 5.2.4 the amount of the Retained Liabilities, including for certainty an amount equal to the Known Cure Costs.
- 5.3 The Subscription Price shall be paid and satisfied in full at Closing as follows:
- 5.3.1 the Credit Bid Amount shall be satisfied by way of the Credit Bid, namely by a credit against, set off of and in satisfaction of the Credit Bid Notes as authorized by the Reverse Vesting Order, and no cash shall be payable by the Investor in respect thereof;
- 5.3.2 the Priority Payables and the Administrative Reserve Amount (other than (i) amounts accrued and not yet owing in respect of the Priority Payables and (ii) the DIP) shall be paid in cash, by wire transfer of immediately available funds to the Monitor (or as the Monitor may direct), for payment to the Persons entitled thereto. For clarity, any amounts accrued and not yet owing in respect of the Priority Payables shall be retained by the Issuer on Closing and form part of the Retained Liabilities;
- 5.3.3 the amount of the DIP Obligations shall be paid in cash, by wire transfer of immediately available funds, to Garrington (or to the Monitor, in trust, for remittance to Garrington), in full and final satisfaction of the DIP Obligations;
- 5.3.4 the Known Cure Costs shall be paid in accordance with Section 3.3 and the balance of the Cure Costs, if any, shall be the responsibility of the Issuer following Closing and shall form part of the Retained Liabilities; and
- 5.3.5 the Issuer shall retain the Retained Liabilities and the Issuer shall, and the Investor shall cause the Issuer to, discharge such Retained Liabilities in accordance with their terms, and no cash shall be payable by the Investor in respect thereof.
- 5.4 Notwithstanding the foregoing and/or anything contained herein to the contrary, the Parties acknowledge and agree that, at any time following the date that the Investor is selected as or deemed to be the Successful Bidder up to not less than three (3) Business Days prior to the Closing Date, the Investor shall be permitted upon written notice to the Issuer and the Monitor to designate the Retained Note, or any portion thereof, as forming part of the Credit Bid Notes.
- 5.5 Following the Closing, the Monitor shall use the Administrative Reserve Amount solely for the purposes set forth in the definition of such term. Any portion of the Administrative Reserve Amount that is not used by the Monitor for the purposes set forth in the definition of such term (once such purposes have been completed or discharged to the reasonable satisfaction of the Monitor) shall be returned pursuant to a direction from the Investor.
- 6 EMPLOYEES AND EMPLOYEE BENEFITS**
- 6.1 Subject to the Closing and the terms of this Section 5.5, the Employees, other than the Excluded Employees, shall continue in the employment of the Issuer on and after the Closing Date on terms no less favorable in the aggregate to those existing immediately prior to the Closing Date, and their prior service rendered to the Issuer shall be recognized. The Excluded Employees shall be transferred to, and shall become employees of, ResidualCo 2 pursuant to the Reverse Vesting Order. The Investor may designate Excluded Employees only by written notice to the Issuer and the Monitor delivered not later than five (5) Business Days prior to the Closing Date.

- 6.2 In this Agreement, “**Retained Employees**” shall mean those Employees (other than the Excluded Employees) who continue in the employment of the Issuer on and after the Closing Date, including any Employees whose employment continues with the Issuer by operation of applicable Law (including, in respect of Employees, section 9 of the *Employment Standards Act*, 2000 (Ontario)). For the avoidance of doubt, the Parties intend that the transactions contemplated by this Agreement shall not result in any severance, termination or redundancy payment in connection with the Retained Employees.
- 6.3 The Issuer shall comply with all obligations relating to the Retained Employees, whether contractual, statutory or otherwise under applicable Law, arising on or after the Closing Date, including with respect to future notices of termination of employment, pay in lieu thereof, termination or severance pay, and any change in the terms and conditions of employment.
- 6.4 From and after the Closing Date, the Issuer shall recognize all unused and accrued vacation or other paid time off of Retained Employees as at the Closing Date.
- 6.5 Effective as of the Closing Date, the Retained Employees shall cease to accrue benefits under all Excluded Employee Plans. The Issuer shall not assume any of the Excluded Employee Plans. The Issuer shall permit the Retained Employees to participate in benefit and pension plans sponsored or otherwise made available by the Issuer (the “**Replacement Plans**”), and shall cause each Replacement Plan to recognize the prior service of the Retained Employee rendered to the Issuer for purposes of eligibility to participate, vesting and entitlement to benefits, but not for the purpose of benefit accrual. Notwithstanding the foregoing and/or anything contained herein to the contrary, the Investor may update any Employee Plan to be designated as an Excluded Employee Plan by written notice to the Issuer and the Monitor delivered not later than July 15, 2026. Provided that no such update to the Excluded Employee Plans shall result in any change to the Subscription Price.
- 6.6 ResidualCo 2 shall be responsible for: (i) all liabilities for salary, wages, bonuses, commissions, vacation pay and other compensation relating to employment of all Persons in the Business prior to the Closing Date; (ii) all liabilities under or in respect of the Excluded Employee Plans; (iii) the transfer of the Excluded Employees to ResidualCo 2, and all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by ResidualCo 2 of the employment of any Excluded Employees; and (iv) all liabilities for claims for injury, disability, death or workers’ compensation in respect of the Business arising out of matters which occurred prior to the Closing Date.
- 6.7 Without limiting the Issuer’s obligations in respect of the Retained Employees on and after the Closing Date, the Issuer shall be responsible for all liabilities for salary, wages, bonuses, commissions, vacation pay and other compensation relating to employment of all Retained Employees on and after the Closing Date, all liabilities under or in respect of the Replacement Plans, and all severance payments, damages for wrongful dismissal and related costs in respect of the termination by the Issuer of the employment of any Retained Employee on or after the Closing Date.

7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Investor

The Investor represents and warrants on the Closing Date to the Issuer as follows and acknowledges and confirms that the Issuer is relying upon such representations and warranties in completing the Subscription Transaction:

- 7.1.1 if the Investor is a corporation, it is duly incorporated, organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has the power, capacity and authority to subscribe for the Subscription Shares and to enter into and perform its obligations under this Agreement;
- 7.1.2 the execution and delivery of, and performance by the Investor of its obligations under, this Agreement have been duly authorized by all necessary action on the part of the Investor;
- 7.1.3 this Agreement constitutes a valid and binding obligation of the Investor enforceable against the Investor in accordance with its terms;
- 7.1.4 the Investor is the holder of the Notes and is entitled to credit bid the Notes in accordance with the CCAA and the SISF Procedures;
- 7.1.5 the Monitor and the Issuer will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Investor; and
- 7.1.6 the Investor has sufficient financial resources or has arranged sufficient financing to pay on Closing all cash amounts payable on Closing by the Investor hereunder (including the Priority Payables and the DIP).

7.2 **Representations and Warranties of the Issuer**

The Issuer represents and warrants to the Investor as follows and acknowledges and confirms that the Investor is relying upon such representations and warranties in entering into this Agreement and completing the Subscription Transaction:

- 7.2.1 subject to the granting of the Reverse Vesting Order, the execution and delivery of, and performance by the Issuer of its obligations under, this Agreement have been duly authorized by all necessary corporate action on the part of the Issuer;
- 7.2.2 subject to the Reverse Vesting Order, this Agreement constitutes a valid and binding obligation of the Issuer, enforceable against it in accordance with its terms; and
- 7.2.3 the Investor will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Issuer.

7.3 **No Other Representations and Warranties**

Notwithstanding any other provision of this Agreement, the Investor acknowledges, agrees and confirms that:

- 7.3.1 it is entering into this Agreement and subscribing for the Subscription Shares and the underlying acquisition of the Retained Assets on an "as is, where is" basis as they exist at the Closing Time, without any representation or warranty from the Issuer other than those set out in Section 7.2, and the retention of the Retained Assets (including the retention of the Retained Contracts) is made without legal warranty and at the Investor's own risk;

- 7.3.2 it has conducted to its satisfaction such independent searches, investigations and inspections of the Retained Assets and the Business as it deemed appropriate, and based solely thereon has determined to proceed with the transactions contemplated by this Agreement;
- 7.3.3 except as expressly stated in Section 7.2, neither the Issuer nor any other Person (including the Monitor) is making, and the Investor is not relying on, any representation, warranty, statement or promise, express or implied, statutory or otherwise, concerning the Subscription Shares, the Retained Assets, the Business or any other matter whatsoever, all of which are hereby waived in their entirety by the Investor; and
- 7.3.4 except as otherwise expressly provided in this Agreement, the Investor hereby unconditionally and irrevocably waives any and all actual or potential rights or claims it might have against the Issuer, the Monitor or any of their respective Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than the representations and warranties expressly set forth in Section 7.2.

This Section 7.3 is deemed incorporated by reference in all closing documents and deliveries and shall survive Closing. The Investor shall have no recourse or claim of any kind against the proceeds of the transactions contemplated by this Agreement following Closing, and acknowledges and confirms that it will have no recourse against the Issuer or the Monitor after Closing.

8 COVENANTS

- 8.1 The Issuer and the Investor shall collaborate with each other and use their commercially reasonable efforts to complete the Closing on the Target Closing Date, provided that the Monitor shall do so solely in its capacity as Monitor in the CCAA Proceedings.
- 8.2 Promptly following the execution of this Agreement, the Issuer, with the cooperation and support of the Investor as reasonably required, shall file with the Court a motion seeking the approval of the SISP Procedures (substantially in the form set out in Schedule A to the SISP Order), providing for, among other things, the recognition of this Agreement as a stalking horse bid, the manner in which bidders may submit a Superior Proposal, the auction procedures and the Minimum Overbid, the entitlement of the Investor to satisfy a portion of the Subscription Price by way of the Credit Bid. The Investor shall cooperate with the Issuer in its efforts to obtain the issuance and entry of the Reverse Vesting Order.
- 8.3 From and after the date of this Agreement and until the Closing Date, unless otherwise agreed by the Investor, the Issuer shall deliver to the Investor drafts of any and all pleadings, motions, notices, statements, applications, schedules, reports and other papers to be filed or submitted by the Issuer in connection with or related to this Agreement, including with respect to the SISP Procedures and the Reverse Vesting Order for the Investor's prior review at least two (2) Business Days in advance of service and filing, the whole in form and substance satisfactory to the Investor, acting reasonably.
- 8.4 During the Interim Period, the Issuer shall (i) implement the steps contemplated to occur prior to the Closing Time in the Closing Sequence, in accordance with the terms thereof and the Reverse Vesting Order, (ii) cooperate with the Issuer and its advisors to determine (A) any changes to the Closing Sequence that might be required or undertaken (provided that any such changes shall not cause an adverse material impact to the creditors of the Issuer, and that no decrease to the Subscription Price shall be required in connection with such changes) and (B) the manner and sequence in which the Closing Sequence may most effectively be

undertaken, and (iii) execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things as the Issuer may request in order to effect the transactions contemplated by this Agreement, acting reasonably.

- 8.5 During the Interim Period, the Issuer shall continue to maintain the Retained Assets in substantially the same manner as conducted on the date of this Agreement and shall not dispose of any of the Retained Assets other than in the ordinary course of business unless otherwise agreed with the Investor.
- 8.6 Each Party shall collaborate with the other and deliver to the Monitor, not less than three (3) Business Days prior to the Closing Date, an updated Schedule 1.1.44 (Known Cure Costs) which, once updated, shall constitute Known Cure Costs for purposes of this Agreement and be paid on the Closing in accordance with Section 5.3.4.
- 8.7 Each Party shall comply with Privacy Law in the course of collecting, using and disclosing Personal Information in connection with the Subscription Transaction.
- 8.8 If, prior to the Closing Time, all or any material part of the Retained Assets are destroyed or materially damaged or seized by any Governmental Authority or any other Person in accordance with applicable Law, the Issuer shall promptly so notify the Investor, who shall have the option, in its discretion, exercisable by notice to the Issuer given prior to the Closing Time, either (i) to not complete the transactions contemplated by this Agreement, in which case this Agreement will terminate and the Deposit shall be immediately returned to the Investor without deduction and/or set-off of any kind, or (ii) to complete the transactions contemplated by this Agreement with no reduction in the Subscription Price.
- 8.9 The Issuer hereby indemnifies the Monitor and its Representatives, and shall save them fully harmless against, any Damages suffered, sustained, paid or incurred by any of them (i) to the extent arising or accruing on or after the Closing Date and relating to the Retained Assets (including the Retained Contracts) or the Retained Liabilities, (ii) in connection with the failure to pay any Cure Costs, and (iii) in connection with any Taxes which may be assessed against the Issuer.
- 8.10 The Issuer shall preserve and keep the Books and Records existing as of the Closing Date for a period of six (6) years after Closing, or for any longer period as may be required by applicable Law, and shall make such Books and Records available upon reasonable request, at such party's expense, to (i) the Monitor, its Representatives and their respective successors, (ii) any trustee, receiver, monitor and any of their Representatives, of ResidualCo 1 or ResidualCo 2, and (iii) any duly appointed Representative of ResidualCo 1 or ResidualCo 2.

9 CLOSING ARRANGEMENTS

- 9.1 The Closing shall take place at the Closing Time by electronic exchange of documents and funds, or at such other time on the Closing Date or such other place as may be agreed in writing by the Issuer, the Investor and the Monitor.
- 9.2 At the Closing, the Issuer shall deliver or cause to be delivered to the Investor: (i) the Subscription Shares, registered in the name of the Investor, which shall constitute all of the issued and outstanding shares in the capital of the Issuer; (ii) a true copy of the Reverse Vesting Order; and (iii) such other agreements, documents and instruments as may be reasonably required to complete the transactions provided for in this Agreement.

- 9.3 At the Closing, the Investor shall deliver or cause to be delivered to the Issuer: (i) confirmation of the Credit Bid and of the corresponding reduction of the Notes; (ii) the cash payment of the Priority Payables in accordance with Section 5.3.2; (iii) the cash payment of the DIP in accordance with Section 5.3.3; (iv) the payment of all Known Cure Costs in accordance with Section 3.3; (v) a bring-down certificate executed by a senior officer of the Investor (or by the Investor, if an individual) certifying that the Investor's representations and warranties remain true and correct in all material respects and that the conditions for the benefit of the Investor have been satisfied or waived; and (vi) such other agreements, documents and instruments as may be reasonably required by the Issuer or the Monitor to complete the transactions provided for in this Agreement.

10 CONDITIONS PRECEDENT

10.1 Conditions of the Investor

The Investor shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below has been satisfied, it being understood that such conditions are included for the exclusive benefit of the Investor and may be waived only by the Investor, in whole or in part:

- 10.1.1 This Agreement, as may be amended in accordance with the SISP Procedures, shall have been designated as the Successful Bid in accordance with the SISP Procedures;
- 10.1.2 the Reverse Vesting Order, substantially in the form attached as Schedule 1.1.65 (Reverse Vesting Order) shall have been issued and entered by the Court (including authorization of the Credit Bid), shall not have been vacated, set aside, amended, modified, appealed or stayed, and shall be final, definitive and executory;
- 10.1.3 during the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final and non-appealable Order or Law which has the effect of making any of the transactions contemplated by this Agreement illegal or otherwise prohibiting, preventing or restraining their consummation;
- 10.1.4 the steps scheduled to occur prior to the Closing Time in the Closing Sequence shall have occurred in accordance with the terms thereof and the Reverse Vesting Order;
- 10.1.5 the Issuer shall have executed and delivered to the Investor at the Closing all the documents contemplated in Section 9.2 that are to be executed by the Issuer; and
- 10.1.6 each of the representations and warranties of the Issuer contained in Section 7.2 shall be true and correct in all material respects as of the Closing Date.

10.2 Conditions of the Issuer

The Issuer shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below has been satisfied, it being understood that such conditions are included for the exclusive benefit of the Issuer and may be waived only by the Issuer, in whole or in part:

- 10.2.1 This Agreement, as may be amended in accordance with the SISP Procedures, shall have been designated as the Successful Bid in accordance with the SISP Procedures;

- 10.2.2 the Reverse Vesting Order, substantially in the form attached as Schedule 1.1.65 (Reverse Vesting Order) shall have been issued and entered by the Court (including authorization of the Credit Bid) and shall not have been vacated, set aside, amended, modified, appealed or stayed, and shall be final, definitive and executory;
- 10.2.3 during the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final and non-appealable Order or Law which has the effect of making any of the transactions contemplated by this Agreement illegal or otherwise prohibiting, preventing or restraining their consummation;
- 10.2.4 the Investor shall have executed and delivered to the Issuer at the Closing all the documents and payments contemplated in Section 9.3 that are to be made by the Investor (including the cash payment of the Priority Payables and the DIP and the payment for Known Cure Costs);
- 10.2.5 each of the representations and warranties of the Investor contained in Section 7.1 shall be true and correct in all material respects as of the Closing Date; and
- 10.2.6 the Investor shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Investor on or before the Closing.

10.3 **Monitor's Certificate**

- 10.3.1 When the conditions to Closing set out in Sections 10.1 and 10.2 have been satisfied and/or waived, the Investor and the Issuer will deliver to the Monitor written confirmation that such conditions have been satisfied and/or waived (the "**Conditions Certificates**"). Upon receipt of payment in full of the cash portion of the Subscription Price, confirmation of the Credit Bid and the Conditions Certificates, the Monitor shall (i) issue forthwith its Monitor's Certificate concurrently to the Issuer and the Investor, at which time the Closing will be deemed to have occurred, and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court. The Parties hereby acknowledge and agree that the Monitor will be entitled rely on the Conditions Certificates and to file the Monitor's Certificate with the Court without independent investigation and will have no liability to the Issuer or the Investor or any other Person as a result of the filing of the Monitor's Certificate.
- 10.3.2 All actions taken and transactions consummated at the Closing shall be deemed to have occurred simultaneously, and no such transaction shall be considered consummated unless all are consummated.
- 10.3.3 The Investor acknowledges and agrees that (i) its obligations to consummate the transactions contemplated by this Agreement are not conditioned or contingent in any way upon receipt of financing from a third party, and (ii) failure to consummate the transactions as a result of the failure to obtain financing shall constitute a material breach of this Agreement by the Investor.

11 **TERMINATION**

- 11.1 This Agreement may be terminated on or prior to the Closing Date:
 - 11.1.1 by the mutual written agreement of the Issuer, with the consent of the Monitor, and the Investor;

- 11.1.2 by the Investor or the Issuer if this Agreement is not the Successful Bid;
- 11.1.3 by the Investor or the Issuer: (i) upon the dismissal of the CCAA Proceedings; (ii) upon denial of the Reverse Vesting Order (provided that such decision has not been appealed by the Issuer or the Investor and the period to file any such appeal has expired); (iii) if the transactions contemplated by this Agreement are not completed by the Outside Date; or (iv) if it is required under any Order of a court of competent jurisdiction, including the Court;
- 11.1.4 by the Investor, if the Reverse Vesting Order has, without the Investor's prior written consent, been stayed, vacated or materially varied and the period to appeal such stay, vacating or variation has expired, or by written notice from the Investor to the Issuer in accordance with Section 8.8;
- 11.1.5 by written notice from the Investor to the Issuer if there has been a material breach by the Issuer of any representation, warranty or covenant which is not curable (and has rendered satisfaction of a condition in Section 10.1 impossible) or, if curable, has not been cured within ten (10) Business Days following written notice; or
- 11.1.6 by written notice from the Issuer to the Investor if there has been a material breach by the Investor of any representation, warranty or covenant which is not curable (and has rendered satisfaction of a condition in Section 10.2 impossible) or, if curable, has not been cured within ten (10) Business Days following written notice.
- 11.2 Any termination of this Agreement pursuant to Section 11.1 (other than pursuant to Section 11.1.1) shall be given by written notice specifying in reasonable detail the basis for such Party's exercise of its termination rights, to the other Parties. If this Agreement is terminated pursuant to Section (i) 11.1.1 to 11.1.5, inclusive, then the Deposit shall be immediately returned to the Investor without deduction and/or set off of any kind or (ii) 11.1.6, then the Deposit shall be forfeited to, and retained by the Issuer in addition to any and all recourses of the Issuer, including for specific performance.
- 11.3 If this Agreement is terminated pursuant to Section 11.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligation hereunder, except for those provisions which by their terms survive termination (including Sections 8.6, 11.3, 13.1, 13.3, 13.4, 13.6, 13.7, 13.11, 13.12, 13.15 and 13.16). For the avoidance of doubt, any Liability incurred by a Party prior to termination shall survive such termination.
- 11.4 If this Agreement is terminated pursuant to Section 11.1.2, then the Issuer shall pay to the Investor the Expense Reimbursement from the proceeds of such closing by wire transfer of immediately available funds.

12 CONFIDENTIALITY

- 12.1 After the Closing Time, the Issuer shall, and shall cause its affiliates to, maintain the confidentiality of all confidential information relating to the Business and the Retained Assets, except any disclosure as may be required by applicable Law or as may be made to the Court and parties in interest in the CCAA Proceedings or as may be necessary for the purposes of the SISP Procedures. If the Issuer or any of its affiliates or Representatives become legally compelled to disclose any such information, the Issuer shall provide the Investor with reasonably prompt prior notice (to the extent legally permissible) and cooperate, at the Investor's expense, to obtain a protective order or similar remedy.

13 MISCELLANEOUS

13.1 Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be effectively given if delivered personally, sent by prepaid courier, or sent by e-mail, in each case to the applicable address set out below (or such other address as any Party may designate by notice to the other Parties):

if to the Issuer, to:

FRESHSTONE BRANDS INC.
c/o Stikeman Elliott LLP
1155, René-Lévesque Boulevard West, 41st Floor
Montréal (Quebec) H3B 3V2
Attention: Leigh Wilson
Email: lnewton@homestyleselectionslp.com

with a copy to legal counsel to the Issuer:
Stikeman Elliott LLP
1155, René-Lévesque Boulevard West, 41st Floor
Montréal (Quebec) H3B 3V2
Attention : Guy Martel / Claire Zikovsky
Email : gmartel@stikeman.com / czikovsky@stikeman.com

if to the Monitor, to:

Deloitte Restructuring Inc.,
In its capacity as Monitor of Freshstone Brands Inc.
8 Adelaide Street West, Suite 200
Toronto (Ontario) M5H 0A9
Attention: Nigel Meakin / Shane Connolly
Email: nmeakin@deloitte.ca / sconolly@deloitte.ca

with a copy to legal counsel to the Monitor:

Osler, Hoskin & Harcourt LLP
First Canadian Place
100 King St W #6200
Toronto (Ontario) M5H 1H1
Attention: Marc Wasserman / Tiffany Sun
Email: mwasserman@osler.com / tsun@osler.com

if to the Investor, to:

Frank Burdzy (or his designated entity)
c/o Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto (Ontario) M2N 7E9
Email: fburdzy@homestyleselectionslp.com

with a copy to legal counsel to the Investor:
Chaitons LLP

5000 Yonge Street, 10th Floor
Toronto (Ontario) M2N 7E9
Attention: George Benchetrit / Alex Krancevic
Email: george@chaitons.com / alexk@chaitons.com

13.2 Survival

All representations, warranties, covenants and agreements made in this Agreement shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing. For greater certainty, Sections 7.3, 8.6, 8.9, 8.10, 12.1 13.1, 13.2, 13.3, 13.4, 13.6, 13.7, 13.11, 13.12, 13.14, 13.15 and 13.16 shall survive Closing.

13.3 Expenses

Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated hereby.

13.4 Public Announcements

The Issuer and the Monitor shall be entitled to disclose this Agreement and all information provided by the Investor in connection herewith to the Court and parties in interest in the CCAA Proceedings and as required for the SISP Procedures. Except as required by applicable Law or as required for the SISP Procedures, none of the Parties shall issue (prior to Closing) any press release or make any public statement with respect to this Agreement without the prior written consent of the other Parties. The Parties shall agree on the text of any press release to be issued in connection with this Agreement and any transaction contemplated herein.

13.5 Force Majeure

If a Party cannot fulfill its obligations under this Agreement due to any event or circumstance constituting force majeure (being an event or circumstance beyond its reasonable control that could not have been prevented by the exercise of reasonable diligence), then that Party's obligations shall be suspended during the period and to the extent that the event or circumstance continues to prevent such performance, except that a Party shall not be entitled to the benefit of this Section if the failure was caused by its failure to act in a reasonable and prudent manner.

13.6 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. The Investor shall be entitled to assign this Agreement to an entity to be incorporated by Frank Burdzy prior to Closing, provided that Frank Burdzy shall remain jointly and severally liable for the obligations of the Investor hereunder unless otherwise agreed by the Issuer and the Monitor.

13.7 Third Party Beneficiaries

Except with respect to the Monitor as expressly set forth in this Agreement, this Agreement is for the sole benefit of the Parties, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy.

13.8 Entire Agreement

This Agreement, including its preamble and any schedule attached thereto, constitutes the entire agreement between the Parties and supersedes and replaces any and all other understandings, agreements, representations, negotiations, communications and discussions, written or oral, in relation to the subject matter hereof.

13.9 Counterparts and Electronic Delivery

This Agreement may be executed in any number of counterparts (including by electronic means), each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. Delivery by electronic transmission of an executed counterpart is as effective as delivery of an originally executed counterpart.

13.10 Amendments

No amendment to this Agreement shall be binding on the Parties unless made in writing and signed by the authorized representatives of each of the Issuer, the Monitor and the Investor.

13.11 No Waiver

No Party shall be deemed to have waived any of its rights, powers or recourses unless such waiver is in writing and signed by an authorized signatory of such Party. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

13.12 No Liability; Monitor Holding or Disposing Funds

The Investor and the Issuer acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Issuer in the CCAA Proceedings, and its affiliates and their respective directors, officers, employees, agents, advisors, lawyers, successors and assigns, will have no liability under or in connection with this Agreement whatsoever (including in connection with the receipt, holding or distribution of any portion of the cash portion of the Subscription Price), except in respect of its gross negligence or wilful misconduct, if such standard is required by applicable Law or by Order of the Court. In the event of any dispute regarding the holding or disposition of such funds, the Monitor may seek directions from the Court or hold the funds pending a written direction signed by the Issuer and the Investor or an Order of the Court.

13.13 Further Assurances

Each Party shall from time to time hereafter and upon any reasonable request of the other execute, acknowledge and deliver all such further acts, documents and instruments as may be reasonably necessary or desirable to implement and carry out the true meaning of this Agreement.

13.14 Severability

If any term, covenant or condition of this Agreement, or its application to any Person or circumstance, is to any extent prohibited, invalid or unenforceable in any jurisdiction, such term, covenant or condition shall be ineffective to the extent of such prohibition, invalidity or unenforceability without invalidating the remainder of this Agreement.

13.15 Governing Law

This Agreement shall be construed, interpreted and enforced exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, to the exclusion of any conflict of law rule that would result in the application of the laws of another jurisdiction.

13.16 Dispute Resolution and Attornment

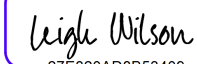
If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach, such dispute shall be determined by the Court within the CCAA Proceedings, or by such other Person or in such other manner as the Court may direct.

[Signature page follows]


WITNESS WHEREOF the Parties have signed this Agreement as of the date first indicated hereinabove.

ISSUER:

FRESHSTONE BRANDS INC.

Signed by:

Per: _____
Name: Leigh Wilson
Title: Chief Development Officer

INVESTOR:

DocuSigned by:


FRANK BURDZY

Exhibit A – SISP Order

See attached.

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

THE HONOURABLE) THURSDAY, THE 18th
)
JUSTICE W.D. BLACK) DAY OF JUNE, 2026
)

**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.**

SISP APPROVAL ORDER

THIS MOTION, made by Freshstone Brands Inc. (the “**Applicant**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order, substantially in the form included in the Applicant’s Motion Record, was heard this day by judicial video-conference via Zoom.

ON READING the Motion Record of the Applicant, the affidavit of Mr. Frank Burdzy sworn June 8, 2026 (the “**Burdzy Affidavit**”) and the affidavit of Ms. Leigh Wilson sworn June 12, 2026 (the “**Newton Affidavit**”), the Exhibits thereto, the pre-filing report of Deloitte Restructuring Inc. (“**Deloitte**”) dated June 8, 2026, in its capacity as proposed monitor of the Applicant, and the First Report dated June 12 of Deloitte in its capacity as the court-appointed Monitor of the Applicant (in such capacity, the “**Monitor**”), filed;

ON HEARING the submissions of counsel for the Applicant, counsel for the Monitor, counsel for the DIP Lender, counsel for the Stalking Horse Bidder (as defined below) and such other counsel and parties listed on the Participant Information Form, no one else appearing for any party;

SERVICE AND DEFINITIONS

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.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them under the Sale and Investor Solicitation Procedures attached hereto as Schedule "A" (the "**SISP Procedures**") or the Amended and Restated Initial Order dated June 18, 2026 (the "**ARIO**"), as applicable.

APPROVAL OF THE SISP AND THE SISP PROCEDURES

3. **THIS COURT ORDERS** that the SISP and the SISP Procedures, substantially in the form attached hereto, be and are hereby approved, and the Applicant, with the assistance of the Sale Advisor (as defined below), and under the supervision of the Monitor, is authorized and directed to carry out the SISP in accordance with the SISP Procedures and this Order, and is hereby authorized and directed to take such steps as it considers necessary or desirable in carrying out each of their obligations thereunder, subject to prior approval of this Court being obtained before the completion of any transaction(s) under the SISP.
4. **THIS COURT ORDERS** that the Applicant, the Monitor and their respective affiliates, partners, directors, officers, employees, advisors, lawyers, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the SISP, as determined by the Court in a final order that is not subject to appeal or other review.
5. **THIS COURT ORDERS** that in overseeing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in the within proceeding, and that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of any current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of the Applicant (the "**Property**"), nor shall it be deemed to take possession of the Property.

APPROVAL OF STALKING HORSE BID

6. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered, *nunc pro tunc*, to execute, deliver and enter into the Subscription Agreement dated as of June 12, 2026 (the "**Stalking Horse Agreement**"), between the Applicant, as issuer, and Frank Burdzy, as investor and stalking horse bidder (the "**Stalking Horse Bidder**"), substantially in form attached as Exhibit "A" to the Newton Affidavit, together with such non-material amendments as may be acceptable to each of the parties thereto, and approved by the Monitor.

7. **THIS COURT AUTHORIZES** the Applicant to use the Stalking Horse Agreement as a "*stalking horse bid*" in the SISP (the "**Stalking Horse Bid**"). For greater certainty, nothing herein approves the transaction contemplated in the Stalking Horse Bid, and the approval of any transaction contemplated by the SISP shall be determined on a subsequent motion made to this Court.

8. **THIS COURT ORDERS** that the payment of the Expense Reimbursement (as such terms are defined in the Stalking Horse Agreement) pursuant to, and in accordance with the Stalking Horse Agreement, is hereby approved, and that the Property is hereby subject to a charge in the aggregate maximum amount of \$50,000 (the "**Expense Reimbursement Charge**") in favour of the Stalking Horse Bidder, as security for the payment of Expense Reimbursement in the manner and circumstances set out in the Stalking Horse Agreement.

9. **THIS COURT ORDERS** that the Expense Reimbursement Charge 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 and shall constitute a "Charge" (as defined in the Amended and Restated Initial Order also granted by this Court on June 18, 2026 (the "**ARIO**"), provided however that the Expense Reimbursement Charge shall rank subordinate to the Administration Charge, the DIP Lender's Charge and the Directors' Charge (as defined in the ARIO).

RETENTION OF SALE ADVISOR

10. **THIS COURT ORDERS** that the Applicant is hereby authorized to engage GlassRatner Advisory Canada Inc. as the Applicant's sale advisor (the "**Sale Advisor**") pursuant to the terms of the engagement agreement attached to the Initial Application Affidavit as Exhibit "T" (the "**Sale Advisor Engagement Letter**"). The Applicant is hereby authorized and directed to make the payments contemplated under the Sale Advisor Engagement Letter when earned and payable in accordance with its terms and conditions, which payments shall be secured by the Administration Charge (as defined in the ARIO), on a *pari passu* basis with the other beneficiaries of the Administration Charge.

11. **THIS COURT ORDERS** that the Sale Advisor and its controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of its engagement by the Applicant as Sale Advisor or any matter referred to in the Sale Advisor Engagement Letter, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Sale Advisor or its controlling person(s), in performing its obligations under the Sale Advisor Engagement Agreement.

12. **THIS COURT ORDERS** that no action or proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Sale Advisor and its respective controlling persons, and all rights and remedies of any person against or in respect of them are hereby stayed and suspended, except with the written consent of the SISP Advisor, or with leave of this Court on notice to the Applicant, the Monitor and the Sale Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the Sale Advisor at least five (5) days prior to the return date of any such motion for leave.

13. **THIS COURT ORDERS AND DECLARES** that, unless agreed to by the Sale Advisor, the Sale Advisor shall be treated as unaffected in any Plan filed by any of the Applicant under the CCAA, or any proposal filed by any of the Applicant under the *Bankruptcy and Insolvency Act of Canada*, with respect to any of the Applicant's obligations under the Sale Advisor Engagement Agreement.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant, the Sale Advisor and the Monitor, on behalf of the Applicant, and their respective advisors are hereby authorized and permitted to disclose and provide to each Prospective Bidder that is a party to a Confidentiality Agreement and their respective advisors, personal information of identifiable individuals, including employees of the Applicant, but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISP (a “**Transaction**”). Each Prospective Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicant or the Monitor, as applicable, or, in the alternative, destroy all such information and provide confirmation of its destruction to the Applicant and the Monitor. The Successful Bidder shall maintain the privacy of such information and, upon closing of the Transaction contemplated in the Successful Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction to the Applicant and the Monitor.

ELECTRONIC CORRESPONDENCE

15. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Applicant, the Sale Advisor and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

GENERAL

16. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

17. **THIS COURT ORDERS** that the Applicant or the Monitor may apply to this Court to amend, vary or supplement this Order or for advice and directions with respect to the SISP at any time.

18. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor 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 Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

19. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

SCHEDULE "A"
SISP PROCEDURES

SALE AND INVESTOR SOLICITATION PROCEDURES**FRESHSTONE BRANDS INC.****Recitals**

- A. On June 9, 2026, Freshstone Brands Inc. (“**Freshstone**”) sought and obtained an initial order (as amended, supplemented or amended and restated from time to time, the “**Initial Order**”) under Freshstone’s proceedings commenced pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**” and the proceedings commenced thereby, the “**CCAA Proceedings**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), pursuant to which, among other things, Deloitte Restructuring Inc. was appointed as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”);
- B. On June 12, 2026, Freshstone and Mr. Frank Burdzy (in such capacity, the “**Stalking Horse Bidder**”) executed a Subscription Agreement (the “**Stalking Horse Bid**”) pursuant to which the Stalking Horse Bidder agreed, among other things: (i) to act as a “stalking horse bidder” in the context of a sale and investor solicitation process to be undertaken in the CCAA Proceedings, and (ii) if the Stalking Horse Bidder is determined to be the Successful Bidder (as defined herein), to subscribe for and purchase from Freshstone, the Subscription Shares (as defined in the Stalking Horse Bid), on the terms and conditions set out in the Stalking Horse Bid, with the existing equity interests being cancelled on closing such that Stalking Horse Bidder would become the sole shareholder of Freshstone (the “**Stalking Horse Transaction**”).
- C. Pursuant to an order of the Court dated June 18, 2026 (as it may be amended, restated or supplemented from time to time, the “**SISP Order**”), the Court authorized Freshstone, with the assistance of GlassRatner Advisory Canada, as sale advisor (the “**Sale Advisor**”), and under the supervision of the Monitor, to conduct and implement a sale and investor solicitation process in respect of Freshstone’ business and assets, in accordance with the procedures, terms and conditions set out herein (as such process may be amended, restated or supplemented pursuant to the terms herein, the “**SISP**”).

- D. The property that is available for sale pursuant to the SISP (collectively, the “**Property**”) is comprised of all property, assets and undertakings of Freshstone.
- E. This SISP describes, among other things:
- (a) the manner in which the opportunity to purchase some or all of the Property can be obtained;
 - (b) the manner in which Prospective Bidders may gain access to or continue to have access to due diligence materials concerning Freshstone and the Property and the timelines applicable thereto;
 - (c) the manner and timelines in which Prospective Bidders may submit an LOI for all or substantially all of the Property or any part thereof, and the required content of an LOI;
 - (d) the manner and timelines in which Qualified Phase I Bidders may submit a Qualified Bid and the required content of a Qualified Bid;
 - (e) the manner in which an Auction may be held in the event that more than one Qualified Bid is received in accordance with the SISP;
 - (f) the process and criteria for the ultimate selection of one or more Successful Bids; and
 - (g) the process for approval of one or more Successful Bids by the Court.
- F. The SISP Order, the SISP, and any other orders of the Court made in the CCAA Proceedings relating to the SISP shall exclusively govern the process for soliciting and selecting bids for the sale of some or all of the Property or any part thereof.
- G. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

1. All capitalized terms used herein shall have the meanings given to them in Appendix “A” hereto.

Conduct of the SISP

1. Conduct of SISP. The SISP will be carried out by Freshstone, with the assistance of, and in consultation with, the Sale Advisor and the Monitor. Freshstone, the Sale Advisor and the Monitor are fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to the SISP.
2. Advice and Directions. Either Freshstone or the Monitor may at any time seek advice and directions from the Court on notice to the Service List with respect to the conduct or any aspect of the SISP.
3. Consent to Jurisdiction of the Court. Each Qualified Phase I Bidder, upon being declared as such under the SISP, shall be deemed to have irrevocably and unconditionally attorned and submitted to the jurisdiction of the Court in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the SISP.
4. Primary SISP Responsibilities. In connection with the SISP, Freshstone’s primary responsibilities include:
 - (a) assisting the Sale Advisor with the preparation of a list of Prospective Bidders;
 - (b) assisting the Sale Advisor with preparing the Teaser Letter;
 - (c) assisting legal counsel with the preparation of the template form of confidentiality agreement to be executed by Prospective Bidders (such confidentiality agreement and any other form of confidentiality agreement executed by a Prospective Bidder in favour of Freshstone, the “**Confidentiality Agreement**”);
 - (d) establishing and managing an electronic data room with confidential information in respect of Freshstone and the Property (the “**Data Room**”);

- (e) assisting legal counsel with the preparation of the template Form of Subscription Agreement;
 - (f) assisting the Sale Advisor with managing all communications with Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders, prior to and after receipt of the LOIs and Qualified Bids. These communications shall include, without limitation, facilitating the delivery of all communications, contacting Prospective Bidders and providing them with the Teaser Letter and coordinating the execution of the Confidentiality Agreements by Prospective Bidders, managing the process of answering all reasonable inquiries from Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders and arranging for site visits by Prospective Bidders, Qualified Phase I Bidders and Qualified Bidders;
 - (g) negotiating with Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders;
 - (h) reviewing and considering the LOIs and Qualified Bids; and
 - (i) if applicable, conducting an Auction in accordance with the SISP.
5. Summary of Key Dates. A summary of the key dates relevant to the conduct of the SISP is included herein in Appendix “**B**”.

Sale and Investment Opportunities

6. Opportunity to Submit a Bid. Qualified Phase I Bidders will have the opportunity to submit a bid to purchase some or all of the Property substantially in the Form of Subscription Agreement (a “**Sale Proposal**”). Sale Proposals may be in respect of only a part or parts of the Property, and any such proposal will not be precluded from consideration as an acceptable LOI, Qualified Bid or Successful Bid.

“As is, Where is”

7. “As is, Where is” Basis. Any Sale Proposal shall be made on an “as is, where is” basis, without surviving representations or warranties of any kind, nature or description.

8. No Representations or Warranties. Freshstone, the Sale Advisor, the Monitor, and any of their respective employees, officers, directors, agents, advisors and other representatives are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder, Qualified Phase I Bidder, Qualified Bidder, Auction Bidder or Successful Bidder in connection with the Property or Freshstone. Freshstone, the Sale Advisor, the Monitor, and any of their respective employees, officers, directors, agents, advisors and other representatives, do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Qualified Phase I Bidder, Qualified Bidder, Auction Bidder or Successful Bidder, including any information contained in the Teaser Letter or Data Room.

Solicitation of Interest

9. Solicitation Materials. Freshstone, with the assistance of the Sale Advisor, and in consultation with the Monitor, have or will:
- (a) compile a listing (the “**Contact List**”) of prospective purchasers and investors (collectively, “**Prospective Bidders**”), which Contact List will include parties who in Freshstone’s reasonable business judgment may be interested in acquiring the Property or any part thereof;
 - (b) determine the appropriate advertising, if any, to be directed at Prospective Bidders, which may include newspaper, trade publication, internet or other advertising directed at Prospective Bidders;
 - (c) send to each Prospective Bidder a solicitation letter summarizing the acquisition opportunity with respect to the Property (the “**Teaser Letter**”);
 - (d) send to each Prospective Bidder upon request a form of Confidentiality Agreement. The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement, which is in form and

substance acceptable to Freshstone, in consultation with the Monitor, shall have access to the Data Room and other confidential information and management presentations, if available; and

- (e) provide to each Prospective Bidder who executes a Confidentiality Agreement a copy of this SISP and/or the Process Letter.
10. Restrictions on Access to Confidential Information. Freshstone reserves the right to limit any Prospective Bidder's or Qualified Phase I Bidder's access to any confidential information (including any information in the Data Room) and to customers and suppliers of Freshstone, where, in Freshstone's discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, or the value of the Property. Requests for additional information are to be made to the Sale Advisor.

Submission of Non-Binding Letters of Intent & Other Participation Requirements

11. LOI Deadline. Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Qualified Phase I Bidder, a Prospective Bidder must deliver to the Sale Advisor, with a copy to the Monitor (in each case, at the addresses set out in the Process Letter), so as to be received by the Sale Advisor not later than 5:00 p.m. (Toronto Time) on August 14, 2026, or such later date and/or time as Freshstone, in consultation with the Monitor, determines appropriate or as the Court may order (the "**LOI Deadline**"), the following:
- (a) an executed Confidentiality Agreement;
 - (b) a non-binding letter of intent (a "**LOI**") which complies with the requirements of paragraph 12 below;
 - (c) to the extent not provided in the LOI, a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and the contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction, and full disclosure of the direct and indirect owners of the Prospective Bidder and its principals; and

- (d) to the extent not provided in the LOI or the Confidentiality Agreement, a written acknowledgement of receipt of a copy of the SISP Order (including the SISP) and agreeing to accept and be bound by the provisions contained therein or herein.

12. Requirements for LOIs: An LOI in respect of a Sale Proposal must include:

- (a) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
- (b) the low and high range of the proposed subscription price for such Sale Proposal and an explanation of what contingencies and variables may influence where in the range the final subscription price will fall. For greater certainty, the low range of the proposed subscription price must exceed the Subscription Price of the Stalking Horse Bid;
- (c) details as to the form of consideration for the Sale Proposal;
- (d) an acknowledgment that the Sale Proposal will be made on an “as is, where is” basis;
- (e) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to retain and the Prospective Bidder’s proposed treatment of any related “cure costs” and a list of the contracts and leases to be excluded from the Sale Proposal;
- (f) a description of any liabilities and obligations to be assumed by the Prospective Bidder and the Prospective Bidder’s estimated value of such assumed liabilities, and which such liabilities and obligations it does not intend to assume;
- (g) a detailed description of any remaining due diligence required by the Prospective Bidder to be completed before making a Qualified Bid and an estimated timeline for the completion of such due diligence;
- (h) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

- (i) all material conditions to closing that the Prospective Bidder may wish to impose;
 - (j) the proposed target closing date and a timeline to closing with critical milestones;
 - (k) an indication as to whether the Prospective Bidder is intending to effect the Sale Proposal through a special purpose vehicle;
 - (l) any other terms and conditions which the Prospective Bidder believes are material to the transaction; and
 - (m) such other information reasonably requested by Freshstone or the Monitor.
13. Clarifications, Extensions and Waivers of LOIs. For greater certainty, Freshstone shall be entitled, either prior to or following the LOI Deadline, to seek to clarify the terms of an LOI or with respect to any of the other requirements of paragraph 12 above, and Freshstone, in consultation with the Monitor, may accept a revised, clarified LOI, provided that the initial LOI was received prior to the LOI Deadline. Freshstone may grant extensions to the LOI Deadline with the consent of the Monitor, and Freshstone shall comply with any other extensions of the LOI Deadline as may be ordered by the Court. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 12 and deem any non-compliant LOI to be a qualifying LOI.

Review of LOIs

14. LOI Criteria. Promptly following the LOI Deadline, Freshstone, in consultation with the Sale Advisor and the Monitor, will review and assess the LOIs and other materials submitted by Prospective Bidders, and in making such assessment will consider, among other things, the following (the “**LOI Criteria**”):
- (a) the subscription price and net value (including all assumed liabilities and other obligations to be performed by the Prospective Bidder) provided by such LOI;
 - (b) the evidence of the financial ability of the Prospective Bidder to consummate the

Sale Proposal;

- (c) the claims, if any, likely to be created against Freshstone by the transaction contemplated by the LOI, relative to alternatives available to Freshstone;
- (d) the nature and amount of debt and other liabilities and obligations to be assumed by the Prospective Bidder and which such liabilities and obligations it does not intend to assume;
- (e) the planned treatment of stakeholders, including lenders, trade creditors and shareholders; and
- (f) other factors affecting the speed, certainty and value of the Sale Proposal (including any remaining due diligence, regulatory approvals and other conditions required to close the Sale Proposal), including whether the Sale Proposal is reasonably likely to close on or before the target closing date indicated by the Prospective Bidder in its LOI.

Identification of Qualified Phase I Bidders

15. Determination of Qualified Phase I Bidders. Freshstone, in consultation with the Sale Advisor and the Monitor, shall apply the LOI Criteria and consider each LOI and the other materials submitted by a Prospective Bidder pursuant to paragraph 12 and determine whether it will be in the best interests of Freshstone to permit the Prospective Bidder to continue to participate in the SISF based upon the terms set out in the applicable LOI (any such Prospective Bidder, a “**Qualified Phase I Bidder**”). The determination by Freshstone as to whether a Prospective Bidder is a Qualified Phase I Bidder will be made as promptly as practicable after such Prospective Bidder has satisfied the requirements described in paragraph 12 (subject to any waiver thereof under paragraph 13), and any clarification that may be sought by Freshstone pursuant to paragraph 13. For greater certainty, an LOI may be in respect of only a part or parts of the Property.
16. Notification of Qualified Phase I Bidders. If it is determined by Freshstone, in consultation with the Sale Advisor and the Monitor, that a Prospective Bidder is a Qualified Phase I

Bidder, the Sale Advisor will promptly notify the Prospective Bidder of such determination, and such Qualified Phase I Bidder will thereafter be provided an opportunity to complete due diligence and submit a binding offer in respect of such Sale Proposal. Except as otherwise provided for herein, no LOIs will be considered pursuant to the SISP after the LOI Deadline. Prospective Bidders not identified as Qualified Phase I Bidders by Freshstone will no longer be able to participate in the SISP or continue to have access to any confidential information in connection therewith.

17. Stalking Horse Bid to be Successful Bid if no Suitable LOI. If at any point before or after the LOI Deadline Freshstone determines, in consultation with the Sale Advisor and the Monitor, that there are or will be no Qualified Phase I Bidders, the Stalking Horse Bid will be declared the Successful Bid and Freshstone shall as soon as reasonably practicable file a motion with the Court on notice to the Service List for approval of the Stalking Horse Bid.

Submissions of Binding Qualified Bids

18. Bid Deadline. Binding offers must be submitted in writing by a Qualified Phase I Bidder to the Sale Advisor, with a copy to the Monitor (in each case, at the address set out in the Process Letter) by September 29, 2026 (the “**Bid Deadline**”).

Requirements for Qualified Bid

19. Requirements for Qualified Bids. A Sale Proposal (other than the Stalking Horse Bid), will be considered a “**Qualified Bid**” only if (i) it is submitted by a Qualified Phase I Bidder on or before Bid Deadline, and (ii) the Sale Proposal complies with the following requirements:
 - (a) it is a Superior Proposal;
 - (b) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Phase I Bidder’s direct and indirect owners and their principals, and the complete terms of such participation;
 - (c) it fully discloses any connections or agreements with Freshstone or any of its affiliates, any other bidder participating in the SISP or any officer, manager,

- director, member or equity or security holder of Freshstone or any of its affiliates;
- (d) it contains evidence of authorization and approval from the Qualified Phase I Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;
 - (e) it includes a letter confirming that the Sale Proposal is a binding offer capable of acceptance by Freshstone, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;
 - (f) it includes (A) a duly authorized and executed subscription agreement based on the Form of Subscription Agreement; (B) all exhibits and schedules thereto, including a detailed description of the Property to be included and excluded from the proposed transaction, and such ancillary agreements as may be required by the Qualified Phase I Bidder with all exhibits and schedules thereto; and (C) a mark-up of the Form of Subscription Agreement showing all amendments and modifications made thereto;
 - (g) it includes a cash deposit in an amount equal to five percent (5%) of the cash subscription price contemplated therein, payable by wire transfer of immediately available funds (to a bank account specified by the Monitor) payable to the order of the Monitor, in trust, which will be dealt with in accordance with paragraphs 34 to 37, or such other form of deposit or amount as is acceptable to Freshstone and the Monitor (each, a "**Deposit**");
 - (h) it includes an acknowledgement and representation that the Qualified Phase I Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the applicable Property; (ii) has not relied upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including Freshstone, the Monitor and

their respective employees, officers, directors, agents, advisors and other representatives regarding the applicable Property, the proposed transaction, the SISP, or any liabilities and obligations to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the applicable Property, and (B) the nature and condition (environmental, financial and otherwise) of the applicable Property or Freshstone; (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to the applicable Property; and (iv) has been provided the opportunity to conduct any and all due diligence it deemed appropriate and is relying on its own due diligence and expertise and that of its own consultants, accountants, and legal and tax advisors in making its Qualified Bid;

- (i) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit-worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow Freshstone, in consultation with the Monitor, to make a reasonable determination as to the Qualified Phase I Bidder's (and its direct and indirect owners') financial and other capabilities to consummate the transaction contemplated by the Sale Proposal; if the Qualified Phase I Bidder is an entity newly formed for the purpose of the transaction, or if the Qualified Phase I Bidder intends to complete the sale transaction through a special purpose vehicle, (A) the direct and indirect equity holders or sponsors of such newly formed entity or special purpose vehicle must guarantee the special purpose vehicle's obligations under all definitive transaction documents, and (B) the Sale Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to Freshstone, in consultation with the Monitor, and names Freshstone as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (j) it shall not be conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Phase I Bidder;
 - (ii) obtaining any financing; or

- (iii) approval of the Qualified Bid by the Qualified Phase I Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable;
 - (k) it includes the anticipated time frame and any anticipated impediments for obtaining any regulatory or other approvals indicated in the executed purchase agreement as conditions to closing; and
 - (l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the applicable Target Closing Date;
 - (i) it does not request or entitle the Qualified Phase I Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and
 - (ii) it contains such other information reasonably requested by Freshstone or the Monitor.
20. Stalking Horse Bid Deemed to be Qualified Bid. Notwithstanding the requirements for a Qualified Bid detailed in paragraph 19 above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit other than as provided for in the Stalking Horse Bid.

Assessment of Qualified Bids

21. Review of Qualified Bids. Promptly following the Bid Deadline, Freshstone, in consultation with the Sale Advisor and Monitor, will review and assess the Qualified Bids, other than the Stalking Horse Bid, in respect of a Sale Proposal, and in making such assessment will consider, among other things, the following (the "**Sale Proposal Bid Criteria**"):
- (a) the subscription price and net value (including all assumed liabilities and other obligations to be performed by the Qualified Phase I Bidder) provided by such Qualified Bid;

- (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the Sale Proposal;
 - (c) the claims, if any, likely to be created against Freshstone by the transaction contemplated by the Sale Proposal, relative to alternatives available to Freshstone;
 - (d) the nature and amount of debt and other liabilities to be assumed or acquired by the Qualified Phase I Bidder;
 - (e) the counterparties to the Sale Proposal;
 - (f) the proposed revisions to the Form of Subscription Agreement and the terms of the proposed sale transaction documents;
 - (g) the assets included in or excluded from the Sale Proposal;
 - (h) the planned treatment of stakeholders, including lenders, trade creditors and shareholders; and
 - (i) other factors affecting the speed, certainty and value of the Sale Proposal (including any regulatory approvals and other conditions required to close the Sale Proposal by the applicable Target Closing Date), including the likelihood of closing the Sale Proposal on or before the applicable Target Closing Date.
22. Clarifications, Extensions and Waivers of Qualified Bids. For greater certainty, Freshstone shall be entitled either prior to or following the applicable Bid Deadline, to seek to clarify the terms of a Qualified Bid and Freshstone, in consultation with the Monitor, may accept a revised, clarified Qualified Bid, provided that the initial Qualified Bid was received prior to the applicable Bid Deadline. Freshstone may grant extensions to the Bid Deadline with respect to any Qualified Bid with the consent of the Monitor, and Freshstone shall comply with any other extensions of the Bid Deadline as may be ordered by the Court. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 19, as applicable, and deem any non-compliant bid to be a Qualified Bid.

23. Identification of Suitable Qualified Bids. Freshstone, in consultation with the Sale Advisor and Monitor, shall apply the Sale Proposal Bid Criteria and consider each Qualified Bid, other than the Stalking Horse Bid, upon its submission and determine whether it will be in the best interests of Freshstone to pursue a transaction on the terms set out in the applicable Qualified Bid. This determination by Freshstone will be made as promptly as practicable after the applicable Bid Deadline, and any clarification that may be sought by Freshstone pursuant to paragraph 22.
24. Stalking Horse Bid to be Successful Bid if no Qualified Bid other than the Stalking Horse Bid. If at any point before or after the applicable Bid Deadline Freshstone determines, in consultation with the Sale Advisor and the Monitor, that there are or will be no Qualified Bids other than the Stalking Horse Bid, or that it is appropriate to reject all Qualified Bids received (other than that submitted by the Stalking Horse Bidder) because none are in the best interests of Freshstone, the Stalking Horse Bid shall be deemed to be the Successful Bid, and Freshstone shall as soon as reasonably practicable file a motion with the Court on notice to the Service List for approval of the Stalking Horse Bid.
25. Next Steps if Qualified Bid(s) in addition to the Stalking Horse Bid. If, after consultation with the Sale Advisor and Monitor, Freshstone determines in its reasonable business judgment that one or more Qualified Bids in addition to the Stalking Horse Bid was received with respect to the Property that is in the best interests of Freshstone, then Freshstone shall conduct an auction (the “**Auction**”) to determine the highest and/or best Sale Proposal. In the event that an Auction is to be held, the Stalking Horse Bidder and all Qualified Phase I Bidders who submitted a Qualified Bid that Freshstone determines, in consultation with the Sale Advisor and the Monitor, entitles such Qualified Phase I Bidder to participate in the Auction (each, an “**Auction Bidder**”) will be promptly advised by the Sale Advisor of such determination. A Qualified Phase I Bidder not identified as an Auction Bidder will no longer be able to participate in the SISP or any Auction.
26. Discretion of Freshstone. Freshstone, upon consultation with the Sale Advisor and Monitor, and with the consent of the Monitor, where applicable, may at any time (including prior to or during an Auction), (a) reject any bid, other than the Stalking Horse Bid, that is (i)

inadequate or insufficient, (ii) not in conformity with the requirements of the CCAA, the SISP or any applicable orders of the Court, or (iii) contrary to the best interests of Freshstone; (b) in accordance with the terms hereof, accept bids not in conformity with the SISP to the extent that Freshstone determines, in its reasonable business judgment after consultation with the Sale Advisor and Monitor, that doing so would benefit Freshstone; (c) in accordance with the terms hereof, extend the LOI Deadline and/or Bid Deadlines, and/or change the date of an Auction; and/or (d) reject all bids, other than the Stalking Horse Bid. For greater certainty, Freshstone shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid shall be entirely in the discretion of Freshstone after consultation with the Sale Advisor and Monitor.

Auction

27. **Place and Time.** If the Auction is to be conducted pursuant to paragraph 28, the Auction shall commence on a date and time and at a place to be determined by Freshstone, in consultation with the Sale Advisor and the Monitor, or as fixed by the Court. Notice of the place, date and time of the Auction will be delivered to all Auction Bidders by the Sale Advisor not less than three (3) Business Days before the date of the Auction.
28. **Procedures for the Auction.** Any Auction shall be conducted according to the following procedures:
 - (a) **Notice of Participation.** At least one (1) Business Day prior to the Auction, each Auction Bidder who has been notified by the Sale Advisor or Freshstone that it has qualified as an Auction Bidder must inform Freshstone whether it intends to attend the Auction; provided that in the event an Auction Bidder elects not to attend the Auction, such Auction Bidder's Qualified Bid shall remain binding, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;
 - (b) **Participation at the Auction.** Freshstone and its advisors (including the Sale Advisor), with the oversight of the Monitor, shall direct and preside over the Auction. Only Auction Bidders that have provided notice in accordance with paragraph 28(a) will be eligible to participate in the Auction. Only the authorized

representatives (including legal counsel and other advisors) of each of the Auction Bidders, Freshstone, the Sale Advisor and the Monitor shall be permitted to attend the Auction. For the avoidance of doubt, the Stalking Horse Bidder shall be deemed to be an Auction Bidder.

- (c) Anti-Collusion. Each Auction Bidder shall be required to confirm that: (i) it has not engaged, and will not engage, in any collusion with respect to the bidding or any Sale Proposal, and if such Auction Bidder is a special purpose vehicle, each of the direct or indirect equity holders of such Auction Bidder shall be required to confirm that it has not engaged, and will not engage, in any collusion with respect to the bidding or any Sale Proposal, such confirmation, in each case, in form and substance satisfactory to Freshstone and the Monitor in their sole discretion; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid.
- (d) Rounds. Bidding at an Auction shall be conducted in rounds. In each round, an Auction Bidder may submit no more than one Overbid. If at the end of any round of bidding, an Auction Bidder (other than the Auction Bidder who submitted the Opening Bid for such round) did not submit an Overbid, then such Auction Bidder shall be barred from participating in any further round of bidding at the Auction. Any Auction Bidder who submits an Overbid in a round, as well as the Auction Bidder who submitted the Opening Bid for such round shall be entitled to participate in the next round of bidding at the Auction.
- (e) Determination of Opening Bids. Freshstone, in consultation with the Sale Advisor and Monitor, shall apply the Sale Proposal Bid Criteria to determine which Qualified Bid is the highest and/or best bid received by the Bid Deadline, which shall constitute the “Opening Bid” for the first round of an Auction. Freshstone, in consultation with the Monitor, shall follow the same process to determine the highest and/or best Overbid submitted in each round of an Auction, which shall constitute the “Opening Bid” for the following round. As soon as practicable prior to the start of the Auction, Freshstone shall distribute a copy of the Opening Bid for

the first round to all Auction Bidders eligible to participate in the applicable Auction.

- (f) Overbids. Subject to paragraph 28(g), all bids made at an Auction shall be Overbids and shall be made and received on an open, non-confidential basis and the identity of each Auction Bidder and all material terms of each Overbid shall be fully disclosed to all other Auction Bidders participating in the applicable round of the applicable Auction. The Sale Advisor shall maintain a transcript of the Opening Bids and all Overbids made and announced at an Auction.
- (g) Requirements for Overbids. A Sale Proposal submitted at an Auction will be considered an “**Overbid**” only if it complies with the following requirements:
- (i) *Minimum Consideration*. The amount of the subscription price shall not be less than the subscription price or consideration of the Opening Bid of the applicable round of such Auction, plus an amount (the “**Minimum Overbid Increment**”) to be set by Freshstone, in consultation with the Sale Advisor and Monitor; and
 - (ii) *Qualified Bid Criteria*. Except as modified herein, an Overbid shall comply with all requirements for a Qualified Bid as set forth in paragraph 19 (including in respect of its binding and irrevocable nature, and being open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid); provided, however, that the Bid Deadline shall not apply and Overbids need not be accompanied by additional cash deposits during the Auction.
- (h) Determination and Announcing Highest Overbids. At the end of each round of bidding, Freshstone, in consultation with the Sale Advisor and Monitor, shall (i) review each Overbid made in such round, (ii) in its reasonable business judgement, identify the highest and/or best such Overbid in accordance with paragraph 28(e), and (iii) announce to all Auction Bidders entitled to participate in the next round of bidding the terms of the highest and/or best Overbid and the identity of the Auction

Bidder who submitted such Overbid. Such highest and/or best Overbid shall be the Opening Bid for the next round of such Auction.

- (i) Adjournments. Freshstone shall have the right, in its reasonable business judgment, and after consultation with the Sale Advisor and Monitor, to make one or more adjournments in an Auction to, among other things: (i) facilitate discussions between Freshstone, the Monitor and individual Auction Bidders; (ii) allow individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (iv) give Auction Bidders the opportunity to provide Freshstone with such additional evidence as it may require, in its reasonable business judgment and in consultation with the Sale Advisor and Monitor, to show that the Auction Bidder's bid complies with the requirements of an Overbid (including in respect of the required internal corporate or credit committee approvals and evidence of sufficient funding commitments or other financial capability to consummate the proposed transaction).
- (j) Closing the Auction. If, in any round of bidding, no new Overbid is made, such Auction shall be closed and Freshstone shall, in consultation with the Sale Advisor and Monitor, declare the last Opening Bid as the "**Successful Bid**" and the Auction Bidder submitting such Successful Bid the "**Successful Bidder**", and advise such Successful Bidder of such determination and all other applicable Auction Bidders that they are not a Successful Bidder. For greater certainty, the selection of a Successful Bid and a Successful Bidder shall not be deemed a rejection of any other Overbid or Qualified Bid and each Overbid and Qualified Bid shall remain binding, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid relating to the same Property.
- (k) Successful Bidder's Deposit. To the extent not already provided, the Successful Bidder (except in the case the Stalking Horse Bidder is the Successful Bidder) shall, within two (2) Business Days of the conclusion of the Auction, provide the Monitor with an additional Deposit to increase its original Deposit to equal five percent (5%)

of the total cash subscription price contemplated by the Successful Bid.

- (l) Clarifications of Overbids and Waivers. For greater certainty, Freshstone and the Monitor shall be entitled during the Auction, to discuss and clarify the terms of any and all Overbids and accept a revised, clarified Overbid, provided it is submitted before the end of the applicable round of bidding. Freshstone, in consultation with the Sale Advisor and Monitor, may waive strict compliance with any one or more of the requirements specified in paragraph 28(g), and deem any non-compliant Overbid to be a qualifying Overbid.

- (m) Additional Procedures. Freshstone may, with the assistance of their advisors (including the Sale Advisor) and in consultation with the Monitor, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the SISP or the SISP Order; provided that no such rules may change the requirement that all Overbids shall be made and received on an open, non-confidential basis, and all Auction Bidders entitled to participate in a further round of bidding shall be entitled to be present for all such bidding.

Approval Motion

- 29. Application to Court. After a definitive agreement in respect of a Successful Bid has been finalized in accordance with the SISP, Freshstone shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing Freshstone to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid (the “**Approval Motion**”).

- 30. Closing Subject to Court Approval. The consummation of any transaction between a Successful Bidder and Freshstone is expressly conditional upon the approval of such Successful Bid by the Court at the Approval Motion. The presentation of a Successful Bid to the Court for approval does not obligate Freshstone to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. Freshstone will be deemed to have accepted a bid only when such bid has been approved by the Court

at the Approval Motion.

31. Scheduling of Approval Motion. The Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. The Approval Motion may be adjourned or rescheduled by Freshstone, with the consent of the Monitor, by an announcement of the adjourned date at the Approval Motion or by notice to the Service List and no further notice shall be required.
32. Deemed Rejection. All Qualified Bids and Overbids (other than the Successful Bid) will be deemed rejected at 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid.
33. Statutory Approvals. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Treatment of Deposit

34. Investment of Deposit. All Deposits will be held by the Monitor in a trust account. No interest shall accrue or be paid on any Deposit.
35. Application of Deposit. If there is a Successful Bid, the Deposit paid by a Successful Bidder whose bid is approved by the Court, will be released by the Monitor to Freshstone and applied to the subscription price to be paid, or investment to be made, by such Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement.
36. Return of Deposits. The Deposits of Qualified Phase I Bidders not selected as a Successful Bidder will be returned to such Qualified Phase I Bidders within ten (10) Business Days of the date of closing of the Successful Bid. If there is no Successful Bid, subject to the following paragraph 37, all Deposits will be returned to Qualified Phase I Bidders, within ten (10) Business Days of the date on which the SISF is terminated in accordance with the SISF.

37. Forfeit of Deposit. If (i) a Successful Bidder breaches any of its obligations under the terms of the SISP or any definitive transaction documentation, or (ii) a Qualified Phase I Bidder fails to complete the transaction contemplated by its Qualified Bid or Overbid if required by Freshstone to complete such transaction, then, in each case, such bidder's Deposit will be forfeited to Freshstone as liquidated damages and not as a penalty. Freshstone shall apply and use its share of any forfeited Deposit in a manner agreed upon by Freshstone and the Monitor.

Reservation of Rights and Conduct of the SISP

38. No Binding Agreement. The SISP does not, and will not be interpreted to, create any contractual or other legal relationship between Freshstone and any bidder, other than as specifically set forth in a Confidentiality Agreement and other definitive agreement that any such bidder may enter into with Freshstone.
39. Extension of Time Limits. Freshstone may from time to time extend any of the time limits set out in the SISP, as Freshstone determines appropriate, with the consent of the Monitor.

Miscellaneous

40. The SISP is solely for the benefit of Freshstone and nothing contained in the SISP Order or herein shall create any rights in any other person (including, without limitation, any Prospective Bidders, Qualified Phase I Bidders, Qualified Bidders and Auction Bidders, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the SISP Order.
41. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions within the Auction.
42. The Monitor will oversee the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the SISP Order, and is entitled to receive all information in relation to the SISP.

43. Any amendments to the SISP may only be made by Freshstone with the written consent of the Monitor, or by further order of the Court.

**APPENDIX “A”
DEFINED TERMS**

The following capitalized terms shall have the following meanings when used in the SISP:

- a. **“Approval Motion”** shall have the meaning given to it in paragraph 29;
- b. **“Auction”** shall have the meaning given to it in paragraph 25;
- c. **“Auction Bidder”** shall have the meaning given to it in paragraph 25;
- d. **“Bid Deadline”** shall have the meaning given to it in paragraph 18;
- e. **“Business Day”** shall mean any day other than (i) a Saturday or Sunday, or (ii) a day which is a statutory holiday in Toronto, Ontario;
- f. **“CCAA”** shall have the meaning given to it in Recital A;
- g. **“CCAA Proceedings”** means Freshstone’s proceedings under the CCAA commenced by the Initial Order, under Court file no. CL-26-00000265-0000;
- h. **“Confidentiality Agreement”** shall have the meaning given to it in paragraph 4(c);
- i. **“Contact List”** shall have the meaning given to it in paragraph 9(a);
- j. **“Court”** shall have the meaning given to it in Recital A;
- k. **“Data Room”** shall have the meaning given to it in paragraph 4(d);
- l. **“Deposit”** shall have the meaning given to it in paragraph 19(g);
- m. **“Form of Subscription Agreement”** means the form of subscription agreement to be provided to Qualified Phase I Bidders who submitted an LOI in respect of a Sale Proposal as part of the SISP, based on the form of the Stalking Horse Bid;
- n. **“Freshstone”** shall have the meaning given to it in Recital A;

- o. **“Initial Order”** shall have the meaning given to it in Recital A;
- p. **“Initial Overbid Amount”** means \$250,000;
- q. **“LOI”** shall have the meaning given to it in paragraph 11(b);
- r. **“LOI Criteria”** shall have the meaning given to it in paragraph 14;
- s. **“LOI Deadline”** shall have the meaning given to it in paragraph 11;
- t. **“Minimum Overbid Increment”** shall have the meaning given to it in paragraph 28(g)(i);
- u. **“Monitor”** shall have the meaning given to it in Recital A;
- v. **“Monitor’s Website”** means the Monitor’s website for the CCAA Proceedings located at <http://www.insolvencies.deloitte.ca/Freshstone>;
- w. **“Opening Bid”** shall have the meaning given to it in paragraph 28(e);
- x. **“Overbid”** shall have the meaning given to it in paragraph 28(g);
- y. **“Process Letter”** means a letter from the Sale Advisor to Prospective Bidders outlining, among other things, the SISP and the SISP timelines and which sets out the contact information for the Sale Advisor and the Monitor for the submission of any LOIs and Qualified Bids;
- z. **“Property”** shall have the meaning given to it in Recital D;
- aa. **“Prospective Bidders”** shall have the meaning given to it in paragraph 9(a), and **“Prospective Bidder”** shall mean any one of them;
- bb. **“Qualified Bid”** shall have the meaning given to it in paragraph 19, as applicable, and **“Qualified Bids”** means more than one of them;
- cc. **“Qualified Bidder”** shall mean a person who submits a Qualified Bid pursuant to the SISP and **“Qualified Bidders”** means more than one of them;

- dd. “**Qualified Phase I Bidder**” shall have the meaning given to it in paragraph 15, and “**Qualified Phase I Bidders**” means more than one of them;
- ee. “**Sale Advisor**” shall have the meaning given to it in the SISP Order;
- ff. “**Sale Proposal**” shall have the meaning given to it in paragraph 6;
- gg. “**Sale Proposal Bid Criteria**” shall have the meaning given to it in paragraph 21;
- hh. “**Service List**” means the service list in the CCAA Proceedings as posted on the Monitor’s Website, as it may be updated from time to time;
- ii. “**SISP**” shall have the meaning given to it in Recital B;
- jj. “**SISP Order**” shall have the meaning given to it in Recital B;
- kk. “**Successful Bid**” shall have the meaning given to it in paragraph 28(j);
- ll. “**Successful Bidder**” shall have the meaning given to it in paragraph 28(j);
- mm. “**Superior Proposal**” means a credible, reasonably certain and financially viable offer made by a Qualified Bidder that (i) provides for consideration in excess of the aggregate of the “**Subscription Price**” as defined in and contemplated by the Stalking Horse Transaction plus the Initial Overbid Amount, and (ii) Freshstone and the Monitor, each with the assistance of their legal advisors, consider to be better than the Stalking Horse Transaction;
- nn. “**Target Closing Date**” shall mean the date or dates determined by Freshstone, in consultation with the Sale Advisor and the Monitor, and such later date or dates as Freshstone, in consultation with the Sale Advisor and the Monitor, may determine from time to time; and
- oo. “**Teaser Letter**” shall have the meaning given to it in paragraph 9(c).

**APPENDIX “B”
SUMMARY OF KEY DATES¹**

EVENT
PHASE 1
<p><u>Qualified Phase I Bidders & LOI Deadline (By no later than August 14, 2026, at 5:00 p.m. (Toronto time))</u></p> <p>LOI Deadline (for delivery of non-binding LOIs by Qualified Phase I Bidders in accordance with the SISP)</p>
PHASE 2 (if suitable LOIs are received, which warrants to the continuation of the SISP onto Phase 2. If no suitable LOIs are received, Stalking Horse Bid shall be deemed to be the Successful Bid.)
<p><u>Bid Deadline (By no later than September 29, 2026, at 5:00 p.m. (Toronto time))</u></p> <p>Bid Deadline (for delivery of binding offers by Qualified Phase I Bidders in accordance with the SISP)</p>
<p><u>Closing – Successful Bid(s) (October 16, 2026)</u></p> <p>Anticipated deadline for closing of Successful Bid(s)</p>

¹ The dates or time limits indicated in the table may be extended by Freshstone, in consultation with the Sale Advisor and with the consent of the Monitor, as Freshstone deems necessary or appropriate, or by order of the Court.

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

Court File No.:CL-26-00000265-0000

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

SISP APPROVAL ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Guy Martel
Tel: (514) 397-3163
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Danny Duy Vu
Tel: (514) 397-6495
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Anna Arapovic
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E-mail: aarapovic@stikeman.com

Nick Avis (LSO #76781Q)
Tel: (416) 869-5563
E-mail: navis@stikeman.com

Lawyers for the Applicant

Schedule 1.1.10 – Closing Sequence

- (a) First, the Investor shall pay the Subscription Price to the Monitor, to be held in escrow by the Monitor on behalf of the Investor;
- (b) Second, (i) the Issuer shall be deemed to transfer to ResidualCo 1 the Excluded Assets in consideration for the issuance by Residual Co 1 of a non-interest bearing promissory note in the amount of \$1.00 (the “**Promissory Note**”), and (ii) the Issuer shall be deemed to transfer to ResidualCo 2 the Excluded Liabilities and Excluded Contracts in consideration for the assignment of its rights under the Promissory Note in favour of ResidualCo 2;
- (c) Third, the Retained Assets will be retained by the Issuer, free and clear of and from any and all Encumbrances (other than Permitted Encumbrances) pursuant to the Reverse Vesting Order and, for greater certainty, all of the Encumbrances, other than Permitted Encumbrances, affecting or relating to the Retained Assets are hereby expunged and discharged as against the Retained Assets, and the Retained Liabilities will be retained by the Issuer;
- (d) Fourth, the following shall occur concurrently:
 - (i) The Issuer shall file the Articles of Amendment to provide for (x) the creation of a new class of common shares in the capital of the Issuer (being the Subscription Shares for purposes of this Agreement), and (y) the deemed cancellation for no consideration of all Equity Interests (other than the Subscription Shares) as well as any agreement, contract, plan, indenture, deed, certificate, subscription right, conversion right, pre-emptive right, option (including stock options or share purchase or equivalent plans) or other document or instrument governing or having been created or granted in connection with the share capital of the Company, the whole in accordance with and pursuant to the Reverse Vesting Order;
 - (ii) The Issuer shall issue the Subscription Shares to the Investor and the Investor shall subscribe for and purchase the Subscription Shares in accordance with the terms of this Agreement; and
 - (iii) The Subscription Price shall be released from escrow;
- (e) Fifth, the Monitor shall be directed to (i) use a portion of the Subscription Price to pay the Priority Payables and the Known Cure Costs and (ii) retain a portion of the Subscription Price equal to the Administrative Reserve Amount, to be used for the purposes set forth in the definition of such term. Any balance of the Subscription Price shall be used distributed by the Monitor in accordance with further instructions and directions from the Court.

Schedule 1.1.30 – Excluded Assets

1. Any asset located at 1604 Victoria Street North, Kitchener, Ontario as at the date hereof other than the assets situate on such premises that are designated by the Investor to be Retained Assets, which designation shall be made no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement;
2. Any asset located at 1326 Victoria Street North, Kitchener, Ontario as at the date hereof other than the assets situate on such premises that are designated by the Investor to be Retained Assets, which designation shall be made no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement;
3. Any asset located at 500 Valleyview Drive, Delisle, Saskatchewan as at the date hereof other than the assets situate on such premises that are designated by the Investor to be Retained Assets, which designation shall be made no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement;
4. Any asset located at 24 4 St, Charlottetown, Prince-Edward-Island as at the date hereof other than the assets situate on such premises that are designated by the Investor to be Retained Assets, which designation shall be made no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement; and
5. Any other asset designated as an Excluded Asset by no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement.

Schedule 1.1.31 – Excluded Contracts

1. The lease agreements in respect of the following premises leased by the Issuer and located at:
 - (a) 1604 Victoria Street North, Kitchener, Ontario;
 - (b) 1326 Victoria Street North, Kitchener, Ontario
 - (c) 500 Valleyview Drive, Delisle, Saskatchewan;
 - (d) 24 4 St, Charlottetown, Prince-Edward-Island
2. Any Contracts exclusively related to the leased premises set out in paragraph 1 above; and
3. Any other Contract designated as an Excluded Contract by no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement.

Schedule 1.1.32 – Excluded Employee Plans

1. Any Employee Plan designated as an Excluded Employee Plan by no later than July 15, 2026, subject to and in accordance with the terms set out in this Agreement.

Schedule 1.1.44 – Known Cure Costs

Known Cure Costs as of June 12, 2026:

1.	Due in respect of the premises leased by the Issuer and located at 1801, 1811, 1821 Albion Rd, Etobicoke, Ontario;	\$26,508
2.	Due in respect of the premises leased by the Issuer and located at 1335 Fewster Dr, Mississauga, Ontario; and	\$51,543
3.	Due in respect of the premises leased by the Issuer and located at 195 Steinway Blvd., Etobicoke, Ontario.	\$211,749

Schedule 1.1.49 – Notes

<u>Credit Bid Notes</u>			
Note	Principal Outstanding	Accrued Interest / Fees to June 5, 2026	Total as at June 5, 2026
Second amended and restated secured promissory note dated as of May 8, 2026	\$1,150,000.00	\$210,292.70	\$1,360,292.70
Amended and restated secured promissory note dated as of May 8, 2026	\$2,000,000.00	\$2,000,000.00	\$4,000,000.00
Secured promissory note dated as of May 8, 2026	\$2,000,000.00	\$38,464.06	\$2,038,464.06
		Total:	\$7,398,756.76
<u>Retained Note</u>			
Note	Principal Outstanding	Accrued Interest / Fees to June 5, 2026	Total as at June 5, 2026
Retained Note	\$2,750,000.00	\$376.71	\$2,750,376.71

Schedule 1.1.62 – Retained Employee Plans

1. Group Retirement Savings Plan and Deferred Profit Sharing Plan for Freshstone Brands Inc. issued by the Canada Life Assurance Company effective July 1, 2023 under Policy/Plan Number 76137;
2. Employee Benefit Plan issued by ClaimSecure Inc. under Policy Number 37769;
3. Class 1 Corporate and Support Group Benefits Plan issued by Industrial Alliance Life Insurance;
4. Class 1 Corporate and Support Group Health and Dental Benefits Plan issued by ClaimSecure Inc.;
5. Class 2 Hourly Full Time Group Benefits Plan issued by Industrial Alliance Life Insurance;
and
6. Class 2 Hourly Full Time Group Health and Dental Benefits Plan issued by ClaimSecure Inc.

APPENDIX D

The Sale Advisor Engagement Agreement

PRIVATE & CONFIDENTIAL

June 5, 2026

Ms. Leigh Wilson
Freshstone Brands Inc.
195 Steinway Blvd
Etobicoke, ON
M9W 6H6

Dear Ms. Wilson,

Re: Financial Advisory Services

This letter agreement (“**Agreement**”) will serve to confirm our mutual understanding of the terms under which **Freshstone Brands Inc.** (collectively, “**Freshstone**” or the “**Company**”) shall retain the services of **GlassRatner Advisory Canada Inc.** (“**GR**”) to serve as its exclusive financial advisor to act as the Court Approved Sales Agent in connection with the potential sale of the Company or its business or assets pursuant to a transaction (the “**Transaction**”) resulting from a Court-approved sale and investor solicitation process (“**SISP**”) in the event that Freshstone commences a filing under the *Companies’ Creditor Arrangement Act* (the “**CCAA**”) and the appointment of GR is approved by the Court.

Services to be Rendered by GR

In preparation for and execution of the Transaction, GR will, as appropriate, provide the following services, which will be undertaken in accordance with the SISP under the supervision of Freshstone and the Court-appointed Monitor in the CCAA proceedings:

Sales Process:

- i. Review, evaluate and advise on the Transaction in general, including a review and evaluation of any stalking horse offers;
- ii. Prepare financial models and other financial analysis, as may be required;
- iii. Provide advice on structuring, pricing, terms and timing of the Transaction;

Phase 1

- iv. Prepare and compile appropriate information, establish and manage a virtual data room, prepare Confidential Information Memorandum, if needed, to be presented to potential purchasers;
- v. Source and approach potential purchasers;
- vi. Manage the due diligence process;
- vii. Evaluate proposals from potential purchasers;

Phase 2

- viii. Should there be multiple potential purchasers, GR will organize and run an auction to determine the highest and otherwise best offer;

Completion of the Sales Process

- ix. Negotiate and document terms of the Transaction;
- x. Work with the Monitor to obtain Court Approval of the successful bid;
- xi. Assist in the negotiation of definitive agreements;
- xii. Coordinate the activities of additional professionals, including legal and accounting advisors, as may be required;
- xiii. Ensure a timely closing of the Transaction; and
- xiv. Perform other financial advisory and investment banking services as may be required in the context of the Transaction.

Compensation

The compensation payable to GR by the Company will be as follows:

i) **Work fee**

GR shall not charge a work fee for this Transaction;

ii) **Success fee**

A success fee ("**Success Fee**"), payable as follows:

- i. Should only Phase 1 be required, the Success Fee shall be \$175,000 payable upon successful completion of the Transaction
- ii. Should Phase 2 be required, an additional \$75,000 shall be payable upon the successful completion of the Transaction.

Additionally, GR will be entitled to reimbursement for all reasonable out of pocket expenses relating to the engagement that would include, but not be limited to, all travel expenses, legal fees, research data, printing charges, computer charges, and long-distance telephone calls. All fees payable to GR are subject to Harmonized Sales Tax as applicable.

The Company acknowledges and agrees that:

(a) upon Closing of the Transaction it will pay the Success Fee directly from the proceeds of the Transaction in accordance with the terms of this Agreement;

(b) that it will direct its solicitors to add the payment to GR of the Success Fee to the closing agenda of the Transaction; and,

(c) the payment of the Success Fee to GR will be a condition of Closing.

All amounts are in Canadian dollars and will be subject to Harmonized Sales Tax, as applicable.

Additional Services

GR will render such future additional services as Freshstone may require and request. Freshstone will pay a fee that is mutually acceptable to both Freshstone and GR at GR's then hourly rates for the actual time incurred for the person(s) involved for such participation and all related meetings, conferences and preparation time for such events, plus out-of-pocket expenses including, without limitation, fees and disbursements of GR's counsel, if independent legal advice for GR is necessary in respect of such additional services. Any future additional services and fee arrangements would be subject to the execution of a new engagement letter(s) in respect of such services.

Information

The Company will furnish GR with such information as GR believes appropriate to its assignment (all such information so furnished being the "**Information**"). The Company recognizes and confirms that GR:

- (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, and
- (b) does not assume responsibility for the accuracy or completeness of the Information and such other information.

GR, its employees and advisors agree to keep all Information confidential except Information that:

- (a) is or becomes generally available to the public (other than as a result of a disclosure by GR);
- (b) was available to GR on a non-confidential basis prior to its disclosure by GR from parties other than the Company;
- (c) becomes available to GR on a non-confidential basis from a person other than the Company who, to the knowledge of GR, is not bound by a confidentiality agreement or otherwise prohibited from transferring such information to GR;
- (d) the Company agrees may be disclosed; or
- (e) GR is required by law, regulation, legal process or regulatory authority to disclose. However, in the aforementioned cases GR will utilize its best efforts to keep this information confidential. GR will also make every effort to notify the Company in advance of any required disclosure.

Additionally, GR shall only disclose Information to those of its employees and advisors as GR determines to have a need to know.

Indemnification

The Company agrees to indemnify GR and certain other parties in accordance with the provisions contained in Schedule "A" hereto, which forms part of this Agreement.

Additional Services

The Company agrees that GR shall not be disqualified by reasons of this appointment from accepting any further appointment of any nature or kind by the Company.

GR shall not accept any engagement relating to Freshstone from any party other than the Company without the consent of Freshstone and the Monitor.

Best Efforts

This assignment will be completed on a best efforts basis and no warranty is given or implied with respect to the final results.

No Waiver

No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby.

Arbitration

All disputes arising out of or in connection with this Agreement shall be finally settled by arbitration. The arbitration shall be confidential and shall take place in Toronto, Ontario in the English language under the UNCITRAL arbitration rules. GR will be responsible for the costs of the arbitrator and the venue for the arbitration, but not for any legal fees incurred by the Company. The arbitration shall be decided by a sole arbitrator to be agreed upon by the Company and GR, failing which application may be made to the courts of the Province of Ontario for the appointment of an arbitrator. The award of the arbitrator shall be final, and the Company and GR hereby waive any right they may have to appeal from that award.

Governing Law

This Agreement shall be governed by the laws of the Province of Ontario.

Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, administrators, executors, successors, purchasers and assigns, as applicable.

Counterparts

This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement, and will become effective when one or more counterparts will have

been signed by each party and delivered to the other party. Delivery of an executed counterpart of this Agreement and any and all documents required to complete the Transaction contemplated by this Agreement by facsimile or transmitted electronically in either a tagged image format file or portable document format shall be equally effective as delivery of a manually executed counterpart of this Agreement.

Kindly indicate your agreement with the terms as set out in this Agreement by signing below. Please retain one executed copy of the Agreement and return one executed copy to GR.

Yours truly,

GlassRatner Advisory Canada Inc.

A handwritten signature in black ink, appearing to read "B. Cowper", written over a horizontal line.

Barbara Cowper, Managing Director

Freshstone Brands Inc.

Per: Leigh Wilson

Dated this ___ day of _____ 2026

I have the authority to bind the Corporation.

SCHEDULE "A"

The Company (hereinafter referred to as the "**Indemnitor**"), hereby agrees to indemnify and hold **GlassRatner Advisory Canada Inc.** or its nominee (hereinafter referred to as "**GR**") and each of the directors, officers, employees and shareholders of GR (hereinafter referred to as the "**Personnel**") harmless from and against any and all expenses, losses, claims, actions and liabilities, joint or several (including the aggregate amount paid in reasonable settlement (subject to the limitations below) of any action, suit, proceeding or claim and the reasonable fees and expenses of its counsel (subject to the limitations below) that may be incurred in advising with respect to and/or defending any claim that may be made against GR) to which GR and/or its Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by GR and its Personnel under the letter agreement to which this indemnity is attached as Schedule "A" or otherwise in connection with the matters referred to in the attached letter agreement, provided, however, that this indemnity shall not apply to the extent that the arbitrator, a court of competent jurisdiction or any governmental commission or regulatory authority with jurisdiction shall determine that:

- (a) GR or its Personnel has been negligent, dishonest, or guilty of wilful misconduct or has committed any fraudulent act in the course of such performance or has acted in bad faith; and
- (b) the expenses, losses, claims, damages or liabilities as to which indemnification is claimed were directly caused by, or arose in connection with, the negligence, dishonesty, wilful misconduct or fraud referred to in (a) above.

In the event of a finding that GR or its Personnel has been negligent, dishonest, or guilty of wilful misconduct or has committed any fraudulent act in the course of such performance or has acted in bad faith, GR shall indemnify and hold harmless the Indemnitor for any expense, losses, claims, damages, or liabilities incurred by the Indemnitor with the provision of this Schedule "A" applying to such indemnification with necessary changes in detail (i.e. *mutatis mutandis*).

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or GR by any governmental commission or regulatory authority, any stock exchange or other party or parties, or if any of the foregoing shall investigate, or request an investigation of, the Indemnitor and/or GR and the Personnel shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by GR, GR shall have the right to employ its own counsel in connection therewith and, subject to the exceptions referred to under (a) above, the Indemnitor shall pay the reasonable documented fees and expenses of such counsel as well as the reasonable documented costs (including an amount to reimburse GR for time spent by its Personnel in connection therewith) and documented out-of-pocket expenses incurred by GR and its Personnel in connection therewith as they occur.

Promptly after receipt of notice of the commencement of any legal proceeding against GR or any of its Personnel or after receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, GR will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will promptly provide copies of all relevant documentation to the

Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed, provided that at the request of the Indemnitor, GR will permit the Indemnitor and its counsel to assume carriage of the proceeding.

If carriage of the proceeding is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to GR, will keep GR advised of the progress thereof and will discuss with GR all significant actions proposed.

Notwithstanding the foregoing paragraph, GR or its Personnel (the "Indemnified Party") shall have the right, at the Indemnitor's expense, to employ counsel of such Indemnified Party's choice, in respect of, the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; (ii) the Indemnitor has not assumed the defence and employed counsel therefore within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor and the Indemnified Party have both advised (or in the event of a dispute between such counsel, a court of competent jurisdiction has determined) that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor or there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein.

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld. In the event that the Indemnified Party withholds its consent in the circumstances aforesaid in respect of a settlement that is acceptable to the Indemnitor and the claimant, and under the terms of such proposed settlement the Indemnified Party was to be fully indemnified and held harmless, then the Indemnitor shall not have any liability hereunder to the Indemnified Party for the amount of any final settlement or judgement award in excess of the settlement offer rejected by the Indemnified Party, and GR shall indemnify and save harmless the Indemnitor for all costs or expenses incurred by the Indemnitor in any subsequent prosecution of the matter after the aforesaid rejected settlement offer, and for all losses, claims, damages, or liabilities incurred or awarded upon a final determination of the matter in excess of the aforesaid rejected settlement offer.

The Indemnitor agrees to waive any right it may have of first requiring any Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim for payment from any other person (the "Alternative Remedy") before claiming under this indemnity, provided however, that the Indemnitor is fully subrogated to the Indemnified Party's Alternative Remedy and provided that the Indemnified Party has committed no act of commission or omission which would impair or detrimentally affect the Alternative Remedy.

The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of GR, and shall be binding upon and ensure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, GR and any of the Personnel.

The foregoing provisions shall survive the completion of professional services rendered under the attached letter of agreement or any termination of the authorization given by the attached letter of agreement.

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

Court File No.: CL-26-00000265-0000

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

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

Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

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