Deloitte.

Court File No. ____________

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

TABLE OF CONTENTS

Deloitte.

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 counsel[1] 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 Burdzy[2], 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**");

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[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;

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(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.

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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 KERP[3].

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 Rate[4] 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:

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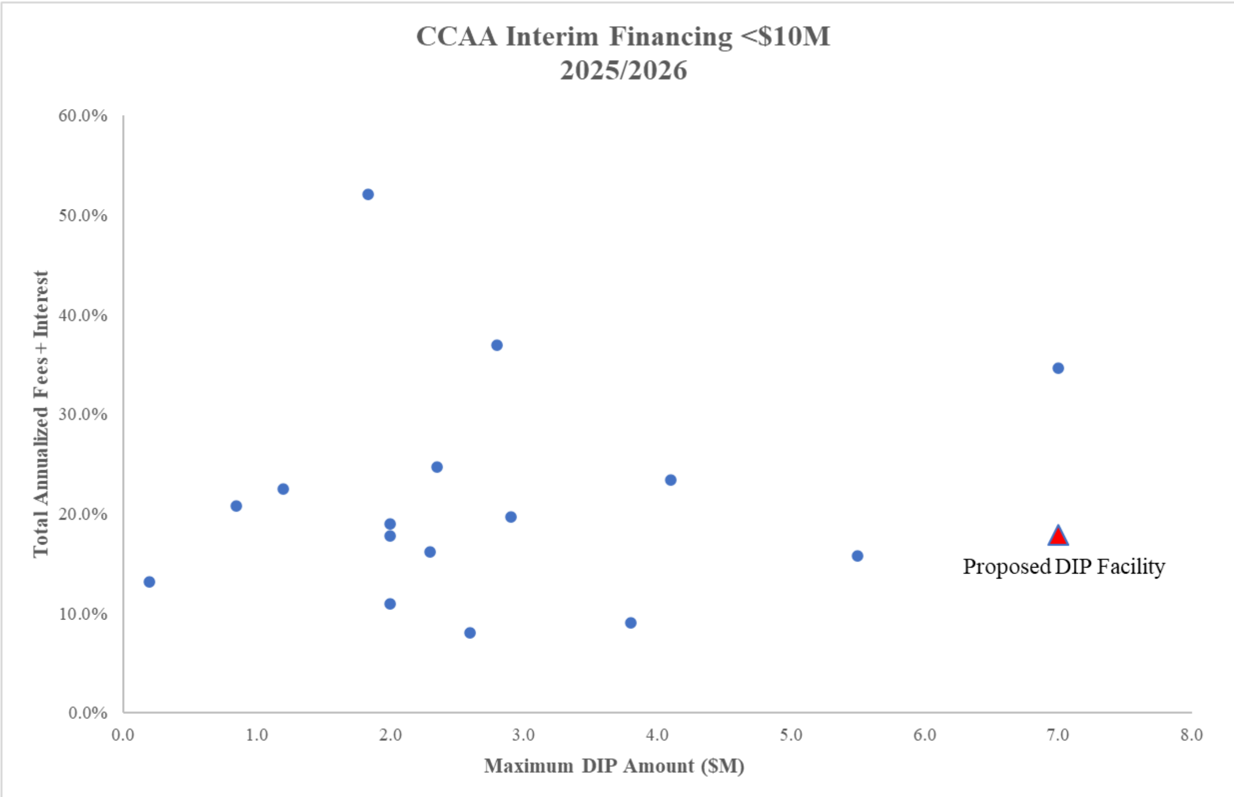

58. Based on the foregoing, the Proposed Monitor is of the view that the DIP Credit Agreement is in line with market in respect of its terms and costs. The Proposed Monitor is of the view that the DIP Credit Agreement represents the best alternative available in the circumstances that would provide access 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 Person[5], except for any Person with a properly perfected Encumbrance on the Property[6] 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.

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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 ARIO[7]. 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 Ending	Notes	Week 1 12-Jun-26	Week 2 19-Jun-26	Week 3 26-Jun-26	Week 4 3-Jul-26	Week 5 10-Jul-26	Week 6 17-Jul-26	Week 7 24-Jul-26	Week 8 31-Jul-26	Week 9 7-Aug-26	Week 10 14-Aug-26	Week 11 21-Aug-26	Week 12 28-Aug-26	Week 13 4-Sep-26	Week 14 11-Sep-26	Week 15 18-Sep-26	Week 16 25-Sep-26	Week 17 2-Oct-26	Week 18 9-Oct-26	Week 19 16-Oct-26	Forecast 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)**	**(2,223)**	**(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)	(50)	(75)	(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		**2,950**	**630**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**2,950**
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)
DIP Drawdown / (Repayment)	10	-	1,561	395	1,047	208	802	(84)	1,090	(1,236)	301	(853)	(224)	(766)	(378)	(790)	194	(460)	13	(819)	-
Closing Cash Balance / (Deficit)		**630**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**254**	**254**
Borrowing Base Calculation	11																				
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 in 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.

Court File No. ____________

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 FL0W 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

Deloitte.

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
344D98CD75514B6...

Name: Tammy Kemp

Title: President

FRESHSTONE BRANDS INC.

Per: ______________________________

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 Week Ending	Notes	Week 1 12-Jun-26	Week 2 19-Jun-26	Week 3 26-Jun-26	Week 4 3-Jul-26	Week 5 10-Jul-26	Week 6 17-Jul-26	Week 7 24-Jul-26	Week 8 31-Jul-26	Week 9 7-Aug-26	Week 10 14-Aug-26
Receipts											
Customer Receipts	3	1,458	1,203	1,256	1,371	1,343	1,471	1,517	1,507	2,484	2,356
Other Receipts		-	-	-	300	-	-	-	-	300	-
Total Receipts		**1,458**	**1,203**	**1,256**	**1,671**	**1,343**	**1,471**	**1,517**	**1,507**	**2,784**	**2,356**
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)
Payroll & Benefits	5	(1)	(909)	(1)	(957)	(1)	(722)	(1)	(927)	(7)	(892)
Occupancy Costs	6	(200)	-	(73)	(143)	(96)	-	-	(169)	-	-
Operating Expenses	7	(425)	(67)	(290)	(261)	(15)	(232)	(45)	(25)	(15)	(320)
Total Operating Disbursements		**(3,048)**	**(3,054)**	**(1,531)**	**(2,628)**	**(1,476)**	**(2,223)**	**(1,383)**	**(2,547)**	**(1,438)**	**(2,607)**
Operating Cash Flow		**(1,590)**	**(1,851)**	**(275)**	**(956)**	**(133)**	**(752)**	**134**	**(1,040)**	**1,346**	**(251)**
Restructuring Costs											
DIP Lender Fees & Interest	8	(70)	(15)	(20)	(15)	-	-	-	-	(60)	-
Professional Fees - Restructuring	9	(660)	(125)	(100)	(75)	(75)	(50)	(50)	(50)	(50)	(50)
Total Restructuring Costs		**(730)**	**(140)**	**(120)**	**(90)**	**(75)**	**(50)**	**(50)**	**(50)**	**(110)**	**(50)**
Total Net Cash Flow		**(2,320)**	**(1,991)**	**(395)**	**(1,047)**	**(208)**	**(802)**	**84**	**(1,090)**	**1,236**	**(301)**
Opening Cash Balance		**2,950**	**630**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
Net Cash Flow		(2,320)	(1,991)	(395)	(1,047)	(208)	(802)	84	(1,090)	1,236	(301)
DIP Drawdown / (Repayment)	10	-	1,561	395	1,047	208	802	(84)	1,090	(1,236)	301
Closing Cash Balance / (Deficit)		**630**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
Borrowing Base Calculation	11										
Opening DIP Facility Balance		-	-	1,561	1,956	3,003	3,211	4,013	3,928	5,018	3,782
DIP Facility Draw / (Repayment)		-	1,561	395	1,047	208	802	(84)	1,090	(1,236)	301
Ending DIP Facility Balance		**-**	**1,561**	**1,956**	**3,003**	**3,211**	**4,013**	**3,928**	**5,018**	**3,782**	**4,083**
Borrowing Base Availability		2,717	3,694	2,948	3,988	3,336	4,149	3,930	5,376	4,432	5,259
Excess Availability / (Shortfall)		**2,717**	**2,133**	**991**	**985**	**126**	**136**	**2**	**358**	**650**	**1,177**

Cash Flow Week Week Ending	Week 11 21-Aug-26	Week 12 28-Aug-26	Week 13 4-Sep-26	Week 14 11-Sep-26	Week 15 18-Sep-26	Week 16 25-Sep-26	Week 17 2-Oct-26	Week 18 9-Oct-26	Week 19 16-Oct-26	Forecast Total
Receipts										
Customer Receipts	2,269	2,372	2,353	2,347	2,222	1,962	2,084	2,167	2,103	35,845
Other Receipts	-	-	-	300	-	-	-	-	300	1,200
Total Receipts	**2,269**	**2,372**	**2,353**	**2,647**	**2,222**	**1,962**	**2,084**	**2,167**	**2,403**	**37,045**
Operating Disbursements										
Vendor Payments	(1,296)	(1,223)	(1,325)	(1,349)	(1,188)	(1,189)	(1,348)	(1,213)	(1,285)	(26,555)
Payroll & Benefits	(1)	(875)	(7)	(870)	(1)	(861)	(7)	(843)	(1)	(7,884)
Occupancy Costs	-	-	(169)	-	-	-	(130)	-	-	(979)
Operating Expenses	(45)	(25)	(15)	(25)	(218)	(55)	(15)	(25)	(169)	(2,288)
Total Operating Disbursements	**(1,342)**	**(2,123)**	**(1,516)**	**(2,244)**	**(1,407)**	**(2,106)**	**(1,500)**	**(2,080)**	**(1,455)**	**(37,706)**
Operating Cash Flow	**928**	**249**	**837**	**403**	**815**	**(144)**	**584**	**87**	**949**	**(661)**
Restructuring Costs										
DIP Lender Fees & Interest	-	-	(46)	-	-	-	(24)	-	-	(250)
Professional Fees - Restructuring	(75)	(25)	(25)	(25)	(25)	(50)	(100)	(100)	(75)	(1,785)
Total Restructuring Costs	**(75)**	**(25)**	**(71)**	**(25)**	**(25)**	**(50)**	**(124)**	**(100)**	**(75)**	**(2,035)**
Total Net Cash Flow	**853**	**224**	**766**	**378**	**790**	**(194)**	**460**	**(13)**	**874**	**(2,696)**
Opening Cash Balance	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**2,950**
Net Cash Flow	853	224	766	378	790	(194)	460	(13)	874	(2,696)
DIP Drawdown / (Repayment)	(853)	(224)	(766)	(378)	(790)	194	(460)	13	(819)	-
Closing Cash Balance / (Deficit)	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**254**	**254**
Borrowing Base Calculation										
Opening DIP Facility Balance	4,083	3,230	3,006	2,240	1,862	1,072	1,266	806	819	
DIP Facility Draw / (Repayment)	(853)	(224)	(766)	(378)	(790)	194	(460)	13	(819)	
Ending DIP Facility Balance	**3,230**	**3,006**	**2,240**	**1,862**	**1,072**	**1,266**	**806**	**819**	**-**	
Borrowing Base Availability	4,421	5,138	4,165	4,840	4,076	4,913	4,096	4,871	4,045	
Excess Availability / (Shortfall)	**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 in 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					
Packaging				0	
WIP				0	
Other					
Total Ineligibles		0		0	
Eligible Collateral		0		0	
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 Eligibile AR	**Lesser of:**	7,000,000			0
Maximum Credit Limit Attributed to Eligibile Inventory	**Lesser of:**	1,000,000		0	0
Total Borrowing Base					0

E) RESERVES			
Less Dilution Reserve (xxx.x%) (to be adjusted periodically)			
Closing Costs			
Admin Charge			
Other			
Total Reserves			0
Maximum Available	**Limit**	7,000,000	0
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			0

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)
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Lawyers for the Proposed Monitor