Deloitte.

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

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF**

**FRESHSTONE BRANDS INC.**

# SIXTH REPORT TO THE COURT

**SUBMITTED BY DELOITTE RESTRUCTURING INC.,**

**IN ITS CAPACITY AS MONITOR**

**OCTOBER 23, 2026**

Deloitte.

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

***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.

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

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## SECTION A - INTRODUCTION

1. On June 9, 2026, Freshstone Brands Inc. (the "**Applicant**") sought and obtained from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") providing for, *inter alia*, a stay of proceedings in favour of the Applicant until June 18, 2026, (the "**Stay Period**") and the appointment of Deloitte Restructuring Inc. as monitor (in such capacity, the "**Monitor**"). The proceedings commenced by the Applicant under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. On June 18, 2026, the Court granted an Amended and Restated Initial Order (the "**ARIO**"), *inter alia* extending the Stay Period to October 16, 2026.

3. Pursuant to the Initial Order and the ARIO, the Court approved a DIP Facility Loan Agreement dated as of June 8, 2026, (the "**DIP Credit Agreement**") between the Applicant, as borrower, and Garrington Financial Services Inc., as lender (in such capacity, the "**DIP Lender**"), pursuant to which the DIP Lender has agreed to advance up to $7 million to the Applicant, subject to the terms and conditions of the DIP Credit Agreement.

4. Also on June 18, 2026, the Court granted the Applicant's motion for an Order, *inter alia*:

   (a) Approving the implementation of a sale and investor solicitation process (the "**SISP**") in accordance with the procedures (the "**SISP Procedures**") attached thereto as Schedule A, in which the Applicant would use the Subscription Agreement (as defined below) as the "stalking horse bid" in the SISP and would seek Superior Proposals by the Bid Deadline (each as defined in the SISP Procedures) and, if one or more Qualified Bid ( as defined in the SISP Procedures) is received, would conduct an auction to determine the highest and best offer available, all in order to maximize recoveries for the benefit of the stakeholders of the Applicant;

   (b) Approving, *nunc pro tunc*, the execution of the agreement dated as of June 12, 2026 (as amended from time to time, the "**Subscription Agreement**"), between the Applicant, as Issuer, and Mr. Frank Burdzy[1], as the Investor, and authorizing the use of the Subscription Agreement as the "stalking horse bid" in the SISP; and

[1] Mr. Burdzy is both a secured creditor and the Chief Executive Officer of the Applicant.

(c) Authorizing the Applicant to engage GlassRatner Advisory Canada Inc. as the Applicant's sale advisor pursuant to the terms of an engagement agreement dated June 5, 2026.

5. On October 14, 2026, the Court granted the Applicant's motion for an Approval and Reverse Vesting Order (the "**ARVO**"), *inter alia*:

(a) Extending the Stay Period to November 30, 2026; and

(b) Approving the Subscription Agreement and the transactions contemplated therein (the "**Transactions**").

6. The Fifth Report of the Monitor, dated October 21, 2026 (the "**Fifth Report**"), was filed in accordance with section 23(1)(d)(i) of the CCAA to inform the Court that the Monitor had ascertained a material adverse change in the Applicant's projected cash flow or financial circumstances.

7. This, the Sixth Report of the Monitor (the "**Report**"), is filed to provide an update to the Court on events subsequent to the filing of the Fifth Report.

8. The Report will be served on the service list in the CCAA Proceedings and the Monitor will advise the Applicant's creditors of its filing.

## SECTION B - TERMS OF REFERENCE

9. In preparing this Report, the Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with various parties (the "**Information**").

10. Except as otherwise described in this Report:

(a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *CPA Canada Handbook*; and

(b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the *CPA Canada Handbook*.

11. The Monitor has prepared this Report as an update to the Court and it should not be relied on for any other purpose.

12. 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.

13. 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 ARIO, the DIP Credit Agreement, the Subscription Agreement or the ARVO, as applicable.

## SECTION C - EXECUTIVE SUMMARY

14. The Investor has confirmed that it:

(a) Is not prepared to provide additional funding to the Applicant prior to Closing to address the Applicant's current cash flow constraints; and

(b) No longer intends to close the Transactions.

15. The DIP Lender has delivered a Notice of Event of Default, inter alia, terminating the DIP Lender's commitment to make further Advances to the Borrower.

16. In the Monitor's view, as a result of the foregoing and in the current circumstances, there is now no prospect of the Applicant's business continuing as a going concern and a liquidation of the Applicant's assets is inevitable

**SECTION D - EVENTS SUBSEQUENT TO THE DATE OF THE FIFTH REPORT**

17. Paragraph 19 of the Fifth Report, stated:

> "19. The Monitor has discussed with the Investor the possibility of providing additional funding to the Applicant prior to Closing to address the Applicant's current cash flow constraints. As of the date of this Report, the Investor has declined to provide any assurance that such funding will be forthcoming."

18. Paragraph 21 of the Fifth Report, stated:

> "21. The Monitor has asked the Investor to confirm that he will complete the Transactions by the Outside Date, being November 27, 2026. As of the date of this Report, the Investor has declined to provide such confirmation."

19. On October 22, 2026, the Investor informed the Monitor that:

    (a) It was not prepared to provide additional funding to the Applicant prior to Closing to address the Applicant's current cash flow constraints; and

    (b) It no longer intended to close the Transactions.

20. On October 22, 2026, the Applicant laid-off 123 employees. A further 11 employees were laid-off on October 23, 2026, having completed overnight sanitation activities on the plant. Currently, 25 employees have been retained.

21. Paragraph 18 of the Fifth Report, stated:

> "18. On October 21, 2026, the Applicant confirmed to the DIP Lender that an Event of Default had occurred under the DIP Credit Agreement. The Event of Default arose as a result of exceeding the Permitted Variance for two consecutive weeks as shown on the variance reports submitted to the DIP Lender on October 10, 2026, and October 17, 2026. The Applicant has requested a waiver of the Event of Default. As at the date of this Report, no such waiver has been provided by the DIP Lender."

22. On October 23, 2026, counsel to the DIP Lender delivered to the Applicant and the Monitor a Notice of Event of Default dated October 22, 2026, a copy of which is attached hereto as **Appendix A**, stating, *inter alia*:

> "2. **Termination of DIP Facility Commitment.** The DIP Lender hereby elects to: (i) terminate the DIP Lender's commitment to make further Advances to the Borrower, (ii) set-off, consolidate or accelerate all amounts outstanding under the DIP Facility, and (ii) declare such amounts to be immediately due and payable without any applicable periods of grace.
>
> 3. **Protective Advances.** Notwithstanding the election set out in section 2 hereof, the DIP Lender reserves its rights to, in its sole and unfettered discretion, make such additional Advances from time to time and in such amounts as may, in consultation with the Monitor be determined by the DIP Lender to be necessary to protect and preserve the value of the Collateral and the realizable value thereof."

23. In the Monitor's view, as a result of the foregoing and in the current circumstances, there is now no prospect of the Applicant's business continuing as a going concern and a liquidation of the Applicant's assets is inevitable.

24. The Monitor has been in discussions with the Applicant, Mr. Burdzy in his capacity as a secured creditor and the DIP Lender with a view to reaching a consensual approach to the liquidation, including determining what additional production might be completed for customers, if any, all subject to approval of the Court.

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

Dated this 23rd day of October, 2026.

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



Per: Nigel D. Meakin
Senior Vice President

Deloitte.

# APPENDIX A

**The Notice of Event of Default**

**NOTICE OF EVENT OF DEFAULT**

**THIS NOTICE OF EVENT OF DEFAULT** (the "**Notice**") is delivered as of October 22, 2026.

TO: FRESHSTONE BRANDS INC., as Borrower (the "**Borrower**")

AND TO: DELOITTE RESTRUCTURING INC. as CCAA Monitor (the "**Monitor**")

FROM: GARRINGTON FINANCIAL SERVICES INC., as DIP Lender (the "**DIP Lender**")

**RECITALS:**

A. Reference is made to the DIP facility loan agreement dated as of June 8, 2026 between the Borrower and the DIP Lender, as amended by the first amendment on July 20, 2026 (as the same may be further extended, renewed, amended, supplemented, restated or otherwise modified from time to time, the "**DIP Loan Agreement**") pursuant to which the DIP Lender agreed to provide the DIP Facility to the Borrower.

B. Capitalized terms used and not defined herein shall have the meanings given to such terms in the DIP Loan Agreement.

C. Pursuant to Section 27(w) of the DIP Loan Agreement, an Event of Default shall have occurred if the Cash Flow Variance Report delivered by the Borrower to the DIP Lender discloses that the Borrower is not within the Permitted Variance in respect of any two consecutive one week reporting periods.

D. On October 21, 2026, the Applicant confirmed to the DIP Lender that an Event of Default had occurred under the DIP Credit Agreement. The Event of Default arose as a result of exceeding the Permitted Variance for two consecutive weeks as shown on the variance reports submitted to the DIP Lender on October 10, 2026, and October 17, 2026.

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1. **Notice and 5 Day Notice**. This Notice is being delivered to the Borrower pursuant to, and in accordance with, the first sentence of Section 28 of the DIP Loan Agreement. And separately, this Notice is being delivered to the Borrower pursuant to, and in accordance with, the five (5) day written notice requirement contained in the second sentence of Section 28 of the DIP Loan Agreement

2. **Termination of DIP Facility Commitment.** The DIP Lender hereby elects to: (i) terminate the DIP Lender's commitment to make further Advances to the Borrower, (ii) set-off, consolidate or accelerate all amounts outstanding under the DIP Facility, and (ii) declare such amounts to be immediately due and payable without any applicable periods of grace.

3. **Protective Advances.** Notwithstanding the election set out in section 2 hereof, the DIP Lender reserves its rights to, in its sole and unfettered discretion, make such additional Advances from time to time and in such amounts as may, in consultation with the Monitor

be determined by the DIP Lender to be necessary to protect and preserve the value of the Collateral and the realizable value thereof.

4. **Reservation of Rights and non-Waiver:** 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 Bor-rower.

The DIP Lender hereby reserves all of its rights and remedies under and in respect of the DIP Loan Agreement, Amended and Restated Initial Order and otherwise available to the DIP Lender at law, and this Notice does not constitute a waiver of any right, remedy, notice requirement or covenant of the Borrower under the DIP Loan Agreement.

**IN WITNESS WHEREOF**, the DIP Lender has executed and delivered this Notice as of the date first written above.

**DIP LENDER:**

**GARRINGTON FINANCIAL SERVICES INC.**

Per: Tammy Kemp

Name: Tammy Kemp
Title: President

**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.**

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

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

Proceeding commenced at Toronto

**SIXTH REPORT OF THE MONITOR**

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