

ESTATE NUMBERS 25-3329581 AND 25-3329616

COURT FILE NUMBERS

COURT COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF RDFN FUM NATURAL PRODUCTS
LTD. AND RDFN FUM NATURAL PRODUCTS INC.

Clerk's Stamp

DOCUMENT **APPLICATION**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT
McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
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Attention: Sean Collins, KC / Nathan Stewart / Samantha Arbor
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NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard, as shown below:

Date: February 17, 2026

Time: 2:00 p.m.

Where: Calgary Courts Centre via Webex. Videoconference details are
enclosed as Schedule "A" to this Application and found here:

<https://albertacourts.webex.com/meet/virtual.courtroom01>

Before Whom: Honourable Justice Bourque

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought: RDFN FUM Natural Products Ltd. ("**FUM Canada**") and RDFN FUM Natural Products Inc. ("**FUM US**", FUM Canada and FUM US are collectively referred to as, the "**Applicants**") apply for the following order:

1. An order (the "**Foreign Representative Order**"), substantially in the form attached as Schedule "**B**" hereto:

- (a) dispensing with service of this application (the "**Application**"), and the Affidavit of Braeden Pauls, sworn on February 13, 2026 (the "**Pauls Affidavit**"), pursuant to sections 13 and 6(4) of the *Bankruptcy and Insolvency General Rules*, CRC, c 368, and Rule 6.4 of the *Alberta Rules of Court*, Alta Reg. 124/2010;
- (b) approving the administrative consolidation of the proposal proceedings of FUM Canada (Estate No.: 25-3329581) and FUM US (Estate No.: 25-3329616) (collectively, the "**Proposal Proceedings**") and directing that all further materials in the Proposal Proceedings shall be filed only in the FUM Canada estate and court file (Estate No.: 25-3329581, Court File No. pending) and dispensing with further filing thereof in the estate and court file of FUM US;
- (c) authorizing Alvarez and Marsal Canada Inc. ("**A&M**"), in its capacity as the proposal trustee (the "**Proposal Trustee**") of the Applicants, to administer the Proposal Proceedings on a consolidated basis for the purpose of carrying out its administrative duties and responsibility as proposal trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**");
- (d) authorizing and empowering FUM Canada to act as foreign representative of the Proposal Proceedings for the purpose of having the Proposal Proceedings recognized in the United States of America or any other foreign jurisdiction; and,
- (e) authorizing and empowering FUM Canada, as foreign representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended (the "**US Bankruptcy Code**") and any other provision of the *US Bankruptcy Code*.

2. Such further and other relief as may be sought by the Applicants.

Grounds for Making this Application: The grounds for the Application are as follows:

Capitalized Terms

3. Capitalized terms used in this Application and not otherwise defined have the same meaning as is ascribed to such terms in the Pauls Affidavit.

Background

4. On February 4, 2026, the Applicants each filed a Notice of Intention to Make a Proposal (“**NOI**”) under section 50.4 of the BIA with the Office of Superintendent of Bankruptcy, and thereby commenced these Proposal Proceedings.

5. A&M was appointed to act as the Proposal Trustee of the Applicants in the Proposal Proceedings.

6. The Applicants are engaged in the development, production, and sale of nicotine-free, smokeless, vaporless, non-electronic flavoured air devices under the FUM brand (the “**Products**”). The Products are an alternative health product, frequently used as a behavioral aid for individuals seeking to cease their smoking or vaping habits. The Applicants were the first company to produce flavoured air products and hold a significant share of the market for same.

7. The Applicants hold various intellectual property rights in relation to the Products, which are manufactured in China and Vietnam and subsequently imported to the United States, Canada, the United Kingdom, and other countries.

8. The Applicants’ inventory of Products is primarily located at a leased warehouse at 6275 South Sandhill Road, Unit 300, Las Vegas, Nevada (the “**Las Vegas Warehouse**”). In addition, the Applicants maintain inventory with third-party logistics providers in various countries, including Canada and the United Kingdom.

9. The Applicants distribute the Product through third-party distributors and direct-to-consumer sales. Approximately 80% of the Applicants’ sales are direct-to-consumer e-commerce sales; approximately 10% of the Applicants’ sales are completed through the Amazon e-commerce platform; and approximately 10% of the Applicants’ sales are completed through third-party, independent brick and mortar retailers.

10. The Applicants’ operations, head office, management, and accounting functions, are located and carried out primarily in Calgary, Alberta. FUM Canada’s registered office is located in

Calgary. Two of FUM Canada's directors, and FUM US' sole director, are located in Calgary, including the Applicants' Chief Executive Officer. FUM Canada's remaining director is located in Herbert, Saskatchewan.

11. The Applicants lease an office space at Bay 120A, 1212 34 Ave SE, Calgary, Alberta (the "**Head Office**"), which serves as the head office and the base of the Applicants' executive management when a physical office space is required.

12. The majority of the Applicants' operations are carried out by employees working remotely.

13. The Applicants are highly integrated. FUM Canada is a corporation incorporated pursuant to the federal laws of Canada and is extra-provincially registered in the Province of Alberta. FUM Canada is the principal operating entity, holds nearly all of the Applicants' assets and property, employs the majority of the Applicants' employees, and is responsible for all management, accounting, banking, and operating functions.

14. FUM US is a corporation incorporated pursuant to the laws of the State of Delaware. FUM US is a wholly-owned subsidiary of FUM Canada, incorporated primarily for the purpose of retaining employees in the United States of America. FUM US does not carry out independent operations, and all of its employees are paid by FUM Canada and report to FUM Canada's management. FUM US maintains a separate bank account but does not use it for operations. FUM US's only asset consists of funds held in a Canadian law firm's trust account, in FUM US' name.

15. The Applicants have sixteen (16) employees, of which eleven (11) are employed by FUM Canada and five (5) are employed by FUM US. Of the Applicants' employees, ten (10) are located in Canada (including five (5) in Calgary, Alberta), five (5) are located in the United States of America, and one (1) is located in the United Kingdom.

Assets and Liabilities

16. As described in FUM Canada's consolidated balance sheet, dated August 31, 2025, the Applicants' material assets include:

- (a) approximately \$1,348,121 in cash;
- (b) approximately \$268,272 in respect of a GST receivable;

- (c) approximately \$3,382,900 in inventory; and,
- (d) approximately \$170,377 in prepaid expenses.

17. Based upon the Applicants' books and records, as at January 26, 2026 (unless otherwise indicated), the Applicants' material liabilities and creditors include the following:

- (a) in respect of FUM Canada:
 - (i) Business Development Bank of Canada, owed approximately CAD\$312,000 as at February 4, 2026, in respect of an unsecured term loan denominated in Canadian Dollars;
 - (ii) Amex Bank of Canada, owed approximately CAD\$66,938.01 as at February 4, 2026, in respect of an unsecured term loan denominated in Canadian Dollars;
 - (iii) Wayflyer Financial LLC and Wayflyer Advances LLC, owed approximately USD\$467,000, in respect of two merchant cash advance facilities denominated in United States Dollars, which are secured by an interest in future receivables; and,
 - (iv) trade creditors, owed approximately CAD\$2,028,000 in the aggregate.
- (b) in respect of FUM US, CFT Clear Finance Technology Corp., owed approximately USD\$740,000 in respect of two secured credit facilities, which are secured by an interest in future receivables; and,
- (c) in respect of both Applicants:
 - (i) WebBank, owed approximately USD\$730,000 in the aggregate (approximately USD\$645,000 by FUM Canada and approximately USD\$85,000 by FUM US), in respect of two secured credit facilities which are secured against all personal property of the Applicants and an interest in future receivables; and,
 - (ii) BFL Metal Products Co., Ltd. ("**BFL**"), owed approximately USD\$2,300,000 in respect of the Settlement Agreement (as defined below).

Constrained Liquidity and Urgent Need for a Foreign Recognition Order

18. The Applicants' business has recently been negatively affected by a number of factors, including the effect of tariffs imposed in the United States and elsewhere, significant increases in advertising costs, and the effect of the Applicants' recently-increased debt burden; including the Settlement Payments (as defined below). While the Applicants' management believe that the Applicants' business is fundamentally viable as a going concern, the Applicants are facing significant liquidity constraints and will need to complete a restructuring of their balance sheet in order to continue operations in the longer term.

19. Among other recent developments, the payment terms under the Settlement Agreement (as defined below) have placed a significant burden on the Applicants' cash flow and liquidity.

20. FUM Canada was the defendant in a trademark infringement lawsuit commenced by BFL in the United States District Court for the Southern District of Florida (the "**Infringement Suit**"). In late October 2025, FUM Canada, FUM US, and BFL, entered into a Confidential Settlement and Release Agreement (the "**Settlement Agreement**") to resolve the Infringement Suit.

21. Among other things, the Settlement Agreement contemplates the payment, by the Applicants to BFL, of USD\$2,500,000 (Two Million, Five Hundred Thousand United States Dollars), in two tranches, as follows:

- (a) an initial tranche of USD\$1,400,000 (One Million, Four Hundred Thousand United States Dollars), payable in fourteen equal payments of USD\$100,000 (One Hundred Thousand Dollars), on the first business day of each month beginning on November 1, 2025; and,
- (b) a second tranche of USD\$1,100,000 (One Million, One Hundred Thousand United States Dollars), payable beginning on February 1, 2027 and ending on November 1, 2028, by way of a monthly royalty payment of 2.2% on FUM Canada's gross sales internationally, with the remaining balance (if any) payable on November 1, 2028,

(collectively, the "**Settlement Payments**").

22. The Settlement Payments placed a significant burden on the Applicants' cash flow and liquidity, which were already constrained by the effects of tariffs and increased advertising costs.

The Applicants failed to make the Settlement Payments due on January 1, 2026 and February 1, 2026 (the “**Settlement Defaults**”).

23. As a result of the Settlement Defaults, BFL, through its counsel, has advised the Applicants that BFL intends to commence enforcement steps in the immediate near term, which may include seeking an injunction on the sale of the Products in the United States of America.

24. Approximately 80% of the Applicants’ sales are completed in the United States of America. It is anticipated that an injunction in respect of the sale of the Products in the United States of America, or any enforcement steps which may be taken against the Products located at the Las Vegas Warehouse, would have an immediate and drastic effect on the Applicants’ operations and would likely result in the Applicants being unable to continue their operations.

25. In addition, the Applicants have fallen behind on payments to various trade creditors and, as a result, certain suppliers have begun to tighten payment terms or request cash-on-delivery.

26. In light of the Applicants’ acute liquidity constraints and the prospect of imminent enforcement actions by BFL or other creditors, the Applicants determined that it was necessary to commence the Proposal Proceedings under the BIA to stabilize their operations and pursue an orderly restructuring under Court supervision.

27. Given the importance of the Las Vegas Warehouse and sales of the Products throughout the United States to the Applicants’ business, the Applicants seek an order appointing FUM Canada as the Foreign Representative of the Proposal Proceedings for the purpose of commencing proceedings under Chapter 15 of the *U.S. Bankruptcy Code*, to obtain the recognition of the Proposal Proceedings in the United States. This relief is necessary to protect the Applicants’ restructuring from prejudicial actions in the United States.

28. The Chapter 15 proceedings are also intended to halt BFL’s enforcement of the Settlement Agreement which, if continued, may materially disrupt the Applicants’ operations and cash flow, impair their relationships with key customers and suppliers, and generally prevent the Applicants from carrying out a restructuring within the Proposal Proceedings.

29. The Applicants’ centre of main interest is Calgary, Alberta, including because:

- (a) FUM Canada’s registered office, and the Applicants’ head office, are located in Calgary;

- (b) the Applicants' senior management (including the sole director of FUM US and one of the two directors of FUM Canada) are located in Calgary;
- (c) the Applicants' operational and management decisions are made primarily in Calgary, which is the location of the majority of the Applicants' management and a significant number of their employees;
- (d) the Applicants' administrative, accounting and treasury functions are overseen and managed from Calgary;
- (e) the Applicants' assets are located in various locations, and although a significant portion of inventory is located in Las Vegas, Nevada, the operational decisions concerning such inventory are managed from Calgary and the Applicants also maintain inventory at other locations; and,
- (f) the Applicants' creditors are located in various jurisdictions, including Alberta, and the Applicants' material agreements (including the Las Vegas Lease and various security agreements), refer to the Applicants' current Calgary address or prior addresses in Calgary. In addition, many of the registrations made against the Applicants in the Alberta Personal Property Registry and Delaware Uniform Commercial Code registry, refer to Calgary addresses for the Applicants.

Administrative Consolidation

30. The Applicants seek an order administratively consolidating the Proposal Proceedings to avoid multiplicity of proceedings, unnecessary costs, and the need to file two sets of application materials.

Material or evidence to be relied upon:

31. The Applicants intend to rely upon the following materials:

- (a) Affidavit of Braeden Pauls, sworn on February 13, 2026, filed; and,
- (b) such further and other material or evidence as counsel to the Applicants may advise and this Honourable Court may permit.

Applicable Acts, Regulations, and Rules:

32. The Applicants will rely upon and refer to the following:

- (a) The BIA (including, without limitation, Part III, Division I and Part XIII thereof) and the inherent and equitable jurisdiction of this Honourable Court;
- (b) *Bankruptcy and Insolvency General Rules*, CRC, c 368 (including, without limitation, ss. 6(4) and 13);
- (c) *Alberta Rules of Court*, Alta Reg 124/2010 (including, without limitation, Rule 6.4);
and
- (d) such further and other Acts and regulations as counsel to the Applicants may advise.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE “A” WEBEX DETAILS

Virtual Courtroom 01 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom01>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit:

<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the “Cisco Webex Meetings” App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

SCHEDULE "B"
FORM OF FOREIGN REPRESENTATIVE ORDER

[See attached]

ESTATE NUMBERS 25-3329581 AND 25-3329616

Clerk's Stamp

COURT FILE NUMBERS

COURT COURT OF KING'S BENCH OF ALBERTA
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APPLICANT IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF RDFN FUM NATURAL PRODUCTS
LTD. AND RDFN FUM NATURAL PRODUCTS INC.

DOCUMENT **FOREIGN REPRESENTATIVE ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Fax: 403-260-3501
Email: scollins@mccarthy.ca / nstewart@mccarthy.ca / sarbor@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: February 17, 2026

LOCATION OF HEARING OR TRIAL: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: Justice M.H. Bourque

UPON the application (the "**Application**") of RDFN FUM Natural Products Ltd. ("**FUM Canada**") and RDFN FUM Natural Products Inc. ("**FUM US**", FUM Canada and FUM US are collectively referred to as, the "**Applicants**"; **AND UPON** having read the Application, and the Affidavit of Braeden Pauls, sworn on February 13, 2026 (the "**Pauls Affidavit**"), filed; **AND UPON** hearing counsel for the Applicants and any other counsel or other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of the Application for this order (the “**Order**”) and the Pauls Affidavit, is hereby dispensed with, pursuant to sections 13 and 6(4) of the *Bankruptcy and Insolvency General Rules*, CRC, c 368, and Rule 6.4 of the *Alberta Rules of Court*, Alta Reg. 124/2010, and this Application is properly returnable today.

ADMINISTRATIVE CONSOLIDATION

2. The administrative consolidation of the proposal proceedings of FUM Canada (Estate No.: 25-3329581) and FUM US (Estate No.: 25-3329616) (collectively, the “**Proposal Proceedings**”) is hereby approved. All further materials in the Proposal Proceedings shall be filed only in the FUM Canada estate and court file (Estate No.: 25-3329581 and Court File No.: ●) and further filing thereof in the estate and court file of FUM US is hereby dispensed with.

3. From and after the date of this Order, the style of cause in respect of these Proposal Proceedings shall be as follows, and all documents filed in the Proposal Proceedings shall use such style of cause notwithstanding that they shall be filed only in the FUM Canada estate and court file (Estate No.: 25-3329581 and Court File No.: ●):

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985,
c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF RDFN FUM NATURAL PRODUCTS LTD. AND RDFN FUM
NATURAL PRODUCTS INC.**

4. Alvarez and Marsal Canada Inc., in its capacity as the proposal trustee (the “**Proposal Trustee**”) of the Applicants, is hereby authorized to administer the Proposal Proceedings on a consolidated basis for the purpose of carrying out its administrative duties and responsibility as proposal trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

**FOREIGN RECOGNITION OF THE PROPOSAL PROCEEDINGS AND REQUEST FOR
COMITY**

5. FUM Canada is hereby authorized and empowered to act as foreign representative of the Proposal Proceedings for the purpose of having the Proposal Proceedings recognized in the

United States of America or any other foreign jurisdiction. For greater certainty, and without limiting the generality of the foregoing, FUM Canada is authorized and empowered to act as foreign representative of the Proposal Proceedings on behalf of itself and FUM US.

6. The Applicants be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, including, without limitation, in the United States, for the recognition of this Order and the Proposal Proceedings and for assistance in carrying out the terms of this Order, and FUM Canada is authorized and empowered to act as a foreign representative in respect of the Proposal Proceedings for the purpose of having the Proposal Proceedings recognized in any jurisdiction outside of Canada.

7. FUM Canada, as foreign representative, is hereby authorized and empowered to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended (the “**US Bankruptcy Code**”) and any other provision of the *US Bankruptcy Code*.

8. The Proposal Trustee is hereby authorized and empowered to take such actions and steps, and carry out such duties and activities, as the Proposal Trustee may deem to be necessary or desirable for the purpose of assisting the Applicants with carrying out any of their rights, powers, duties, or obligations, as contemplated by this Order, or any matter ancillary thereto.

9. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Proposal Trustee, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and provide such assistance to the Applicants and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant foreign representative status to FUM Canada in any foreign proceeding, or to assist the Applicants and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

GENERAL

10. The Clerk of the Court is hereby directed to certify a copy of this Order forthwith upon presentation of a copy of this Order for entry.

11. Service of this Order shall be deemed good and sufficient by:

- (a) serving the same on:
 - (i) the persons listed on the Service List created in these proceedings or otherwise served with notice of these Proposal Proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
and,
- (b) posting a copy of this Order on the Proposal Trustee's website.

12. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of King's Bench of Alberta