This is the 1st Affidavit of
Terry Holland in this case and was
made on June 18, 2026

NO. Court File No. VLC-S-S-264685
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LIFESPAN HOLDINGS INC.

PETITIONERS

AND:

WRKOUT HOLDINGS LTD., 1145643 B.C. LTD. AND INNOVATIVE FITNESS CANADA LTD.

RESPONDENTS

AFFIDAVIT

I, **TERRY HOLLAND**, of the City of Vancouver, Province of British Columbia, AFFIRM THAT:

1. I am a director of Lifespan Holdings Inc. (the "**Lender**") and I have reviewed the books and records maintained by and in the possession of the Lender, in the ordinary course of business, which relate to the Debtors (as defined herein). As such, I have personal knowledge of the matters deposed to in this affidavit, except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true. I am authorized to make this affidavit on behalf of the Lender.

2. I have provided the loan documents, security documents, and other related documents referenced herein to McCarthy Tétrault LLP, as legal counsel to the Lender, and I understand that copies of same will be attached to the first affidavit of Susan Danielisz, to be sworn in the within proceedings.

3. This affidavit is made in support of the order sought by the Lender that FTI Consulting Canada Inc. ("**FTI**") be appointed as receiver and manager (the "**Receiver**"), without security, of all current and future assets, undertakings, and properties of every nature and

kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**"), of Wrkout Holdings Ltd. ("**Wrkout Holdings**"), 1145643 B.C. Ltd. ("**1145643 BC**"), and Innovative Fitness Canada Ltd. ("**IF Canada**", Wrkout Holdings, 1145643 BC, and IF Canada are collectively referred to as, the "**Debtors**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 39 of the *Law and Equity Act* (British Columbia).

Parties

4. The Lender is a corporation incorporated pursuant to the laws of British Columbia with a registered and records office located at 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

5. Wrkout Holdings is a corporation incorporated pursuant to the laws of British Columbia with a registered and records office located at 1500 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1.

6. 1145643 BC is a corporation incorporated pursuant to the laws of British Columbia with a registered and records office located at 1500 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1.

7. IF Canada is a corporation incorporated pursuant to the laws of British Columbia with a registered and records office located at 1500 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1.

8. The Debtors' business involves the franchising and operation of premium fitness studios, in British Columbia and Ontario, under the name "Innovative Fitness" (collectively, the "**Fitness Studios**"). The Fitness Studios provide clients personalized health and wellness services with a focus on personal training. Among other services, the Fitness Studios also offer group classes, small group coaching, health assessments, pilates sessions, recovery services, rehabilitation, therapy services, access to gym facilities and nutrition coaching. The majority of the Fitness Studios are operated by franchisees, pursuant to franchise agreements between the franchisees, as franchisee, and IF Canada, as franchisor.

Loan Agreement

9. Pursuant to the Second Amended and Restated Loan Agreement, dated July 31, 2025 (the "**Loan Agreement**"), between Wrkout Holdings, Wrkout Media Ltd. ("**Wrkout Media**"), Can Excel Enterprises Inc. ("**Can Excel**"), 1053775 B.C. Ltd. ("**1053775 BC**"), Innovative Fitness Consultants Inc. ("**IF Consultants**"), Innovative Fitness Franchise Corp. ("**IF Franchise**"), Innovative Fitness Direct Inc. ("**IF Direct**"), Shoung Fitness Enterprises Inc. ("**Shoung**"), 1145643 BC, and 1147278 B.C. Ltd. ("**1147278 BC**") (collectively, the "**Original Borrowers**", the Original Borrowers and IF Canada (pursuant to the Joinder Agreement, as defined and described below) are collectively referred to as, the "**Borrowers**"), as borrowers, and TMH Capital Corp. ("**TMH**"), 1191862 B.C. Ltd. ("**119 BC**"), and SIL Enterprises Inc. ("**SIL**", TMH, 119 BC, and SIL are collectively referred to as, the "**Original Lenders**"), as lenders, the Original Lenders agreed to extend a senior secured loan facility, in the principal amount of $2,850,000.00 (the "**Loan Facility**"), to the Debtors.

10. The Loan Facility was advanced to support the revitalization of the Innovative Fitness corporate operations and franchise system, roll out Phase 1 of the proprietary "IF Health" offering, and prepare the go-to-market strategy for expansion of the Innovative Fitness franchise network.

11. The terms of the Loan Agreement required that all amounts owing under the Loan Facility, together with all accrued and unpaid interest and other amounts owing under the Loan Agreement and associated loan documents, be repaid by March 31, 2026 (the "**Maturity Date**").

Security

12. To secure the Debtors' obligations under the Loan Agreement, the Debtors granted a security package that includes, among other things, the granting of:

    (a) a general security agreement, dated July 29, 2024 (the "**GSA**"), granted by the Borrowers, to and in favour of TMH and 119, creating a first ranking charge over all present and after-acquired personal property of the Debtors (collectively, the "**Collateral**"); and,

(b) an assignment of insurance, dated July 29, 2024, granted by the Borrowers, to and in favour of TMH and 119 BC,

(collectively, the "**Security**").

13. Pursuant to the GSA, each of the following circumstances, among others, shall constitute an event of default:

(a) if there is a default or a breach, by any person bound by the GSA, of any covenant, agreement, term, condition, stipulation or provision contained therein; and,

(b) if at any time there is an event of default or a breach, by any person bound by the GSA, under any Other Document (as defined in the GSA and including, among other things, the Loan Agreement) or under any other loan made by the Lender.

14. Pursuant to sections 8.2(o) and 8.3 of the GSA, following the occurrence of an event of default, the Lender is permitted to appoint a receiver and manager over the Debtors and the Collateral.

<u>Amalgamations</u>

15. Subsequent to the closing of the Loan Agreement, certain of the Borrowers amalgamated, including as follows:

(a) on or around January 1, 2026, IF Direct and 1147278 BC amalgamated with 1145643 BC;

(b) on or around May 8, 2026, IF Consultants amalgamated with 1145643 BC; and,

(c) on or around June 12, 2026, Can Excel, amalgamated with 1145643 BC,

(collectively, the "**Amalgamations**").

16. As a result of the Amalgamations, only Wrkout Holdings, Wrkout Media, 1053775 BC, IF Franchise, Shoung, 1145643 BC, and IF Canada (collectively, the "**Remaining Borrowers**") remain as borrowers under the Loan Agreement, because IF Direct, 1147278 BC, IF Consultants, and Can Excel (collectively the "**Amalgamated Borrowers**") have amalgamated with 1145643 BC.

17. However, the Lender is not seeking any relief against Wrkout Media, 1053775 BC, IF Franchise, and Shoung, as those Remaining Borrowers have no assets and have all effectively ceased operations.

Perfection

18. The Lender perfected its security interest, as and against all of the Property, by a registering a PPSA Security Agreement, in the British Columbia Personal Property Registry, against the Original Borrowers (other than 1053775 BC), registered on July 31, 2024, bearing base registration number 544550Q (the "**PPR Registration**"). The PPR Registration was subsequently amended to, among other things, add IF Canada as an additional debtor thereunder.

BMO Loan Agreement and Subordination Agreement

19. Pursuant to a letter of agreement, dated December 18, 2019 (the "**BMO Loan Agreement**"), between the Bank of Montreal ("**BMO**"), as lender, 1145643 B.C. Ltd., as borrower, BMO made certain secured credit facilities (collectively, the "**BMO Loan Facilities**") available to 1145643 B.C. Ltd.

20. The obligations of 1145643 BC, to BMO, are:

    (a) guaranteed by, among others, IF Franchise, 1053775 BC, IF Consultants, Can Excel, Shoung, and Wrkout Media; and,

    (b) secured by, among other interests, a general security agreement, granting BMO a security interest under the PPSA over all present and after-acquired personal/movable property of 1145643 BC, IF Franchise, 1053775 BC, IF Consultants, Can Excel, and Wrkout Media (collectively, the "**BMO Security**").

21. BMO and the Original Lenders entered into the Second Amended and Restated Priority, Subordination and Standstill Agreement, dated July 31, 2025 (the "**Subordination Agreement**"), in order to set out the respective priorities of the Lender's Security and the BMO Security.

22. Pursuant to the Subordination Agreement, BMO agreed that the BMO Security, together with all right, title and interest thereunder and the liens, charges and security interests

thereof, on all of the personal property, assets, effects and undertaking of 1145643 BC and any current and future guarantors pursuant to the BMO Loan Agreement, both present and future, of whatsoever kind and wheresoever situate, and all proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor (collectively, the "**BMO Collateral**"), is postponed and subordinated to the Lender's Security, in all respects, to the extent of the principal amount of $2,850,000, less any amount of principal that has been repaid to or cancelled by the Lender on account of the indebtedness secured by the Security, plus interest thereon (up to the rate of ten percent (10%) per annum).

Indebtedness

23. As of June 12, 2026, the Borrowers are indebted to the Lender, pursuant to the Loan Agreement, in the amount of $3,295,718.26, plus all accruing interest, fees (including, without limitation, solicitor's fees as between a solicitor and their own client), costs, and expenses, pursuant to and in accordance with the terms of the relevant agreements (collectively, the "**Indebtedness**"). A true copy of the payout statement prepared by the Lender with respect to the Loan Facility, as at June 12, 2026 is attached hereto and marked as **Exhibit "A"** to this, my Affidavit.

Assignment and Joinder Agreements

24. The Original Lenders' right, title, and interest in, to, and under the Loan Agreement and Security (as defined below) was subsequently assigned, to the Lender, pursuant to the Assignment and Assumption Agreement, dated June 12, 2026 (the "**Assignment Agreement**"), between the Original Lenders, as assignors, the Lender, as assignee, and the Debtors and all Remaining Borrowers, as borrowers.

25. IF Canada executed and delivered a joinder agreement, dated effective June 12, 2026 (the "**Joinder Agreement**"), to and in favour of the Lender, pursuant to which IF Canada became a "Borrower" under the terms of the Loan Agreement and a party to the Security.

Defaults, Demand Letter, and 244 Notices

26. The Debtors and the other Borrowers committed numerous defaults under the Loan Agreement, including, among others:

(a) the Borrowers failed to repay the Indebtedness by the Maturity Date of March 31, 2026;

(b) 1053775 BC failed to fully pay its monetary obligations and perform its obligations under the real property lease for the leased premises located at 510 W Georgia St;

(c) the Borrowers have failed to provide the Lenders with management prepared annual and quarterly financial statements, within the deadlines imposed by the Loan Agreement; and,

(d) BMO issued demand letters, to the Borrowers, on June 2, 2026, demanding the repayment of all indebtedness owed to BMO, together with Notices of Intention to Enforce Security, pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* (collectively, the "**BMO Demand Letters and 244 Notices**"),

(collectively, the "**Defaults**").

27. On or about June 15, 2026, the Lender issued a demand letter (the "**Lender Demand Letter**") to the Remaining Borrowers. The Lender Demand Letter notified the Debtors and all Remaining Borrowers that they were in default of their obligations to the Lender, required the Debtors and the Remaining Borrowers to remedy such defaults immediately, and demanded the immediate repayment of all outstanding Indebtedness. The Demand Letter enclosed notices of intention to enforce security with respect to the Remaining Borrowers, pursuant to s. 244(2) of the BIA (the "**Lender 244 Notices**").

28. On or about June 16, 2026, the Remaining Borrowers waived the notice period under the BIA, and consented to early enforcement, by the Lender, of the Security.

<u>Necessity of Appointment of a Receiver</u>

29. The Debtors have committed multiple, ongoing Defaults.

30. Furthermore, the Debtors have failed to repay the Indebtedness or cure the Defaults, and have advised the Lender that they do not have sufficient funds to repay the Indebtedness.

31. Despite the issuance of the Lender Demand Letter, the Indebtedness remains outstanding, with interest, fees, costs, expenses, and other amounts continuing to accrue.

The Lender has given the Debtors ample time to correct these Defaults, including prior to the issuance of the Lender Demand Letter.

32. The Debtors do not currently have access to any further availability under the Loan Facility, nor have the Debtors presented any viable plan to maintain their assets, obtain refinancing, or otherwise alleviate their financial situation.

33. The Debtors are insolvent, and do not have sufficient liquidity to continue operating the business as a going concern. The Lender is concerned that the value of its Collateral is at risk.

34. To address these urgent concerns as indicated above, the Lender seeks to appoint the Receiver over the Property. The Lender is prepared to fund the Receiver pursuant to a receiver's borrowing charge so that the Receiver can preserve the Collateral, oversee a sales process, and facilitate a sale of the Property, to maximize the value of the Property, to the benefit of all stakeholders.

35. The Lender is unwilling to advance further funding to the Debtors, other than funding advanced to a court-appointed Receiver and secured by a priority charge over the Property.

36. Pursuant to the Security, upon the occurrence of an event of default, the Lender is entitled to seek various remedies including, without limitation, seeking the appointment of a receiver of the Debtors and the Collateral, including the Property. In particular, the appointment of a receiver and receiver manager is a remedy available under section 8.2(o) of the GSA, upon the occurrence of an event of default.

37. The Defaults are events of default under the Loan Agreement and the Security.

38. The Debtors appear to be unable to obtain further funding or otherwise take steps to realise on the Property and repay the Indebtedness. Based on my discussions with representatives of BMO and the Debtors, I understand that BMO is also not willing to extend further credit to the Debtors.

39. In particular, the necessity of appointing the Receiver is evidenced by the following:

(a) the Lender is the first-ranking secured creditor of the Debtors, and has the contractual right to appoint a receiver and manager pursuant to the Security;

(b) the Debtors are insolvent, as evidenced by their failure to repay the Indebtedness upon the Maturity Date or following the Lender's demand;

(c) the Debtors no longer have access to any further availability under the Loan Facility, and lack the liquidity necessary to pay their obligations as they come due;

(d) the Lender is not prepared to extend any further credit to the Debtors, other than as a receiver's borrowings secured by a corresponding charge; and,

(e) the appointment of the Receiver will facilitate a comprehensive, open, and fair marketing and sales process, for the benefit of all of the Debtors' creditors and other stakeholders. Specifically, a court-appointed Receiver: (i) is able to exercise control over the entirety of the Property; (ii) has the capability to seek vesting orders or other relief necessary to convey the Property to a purchaser; and, (iii) will be best placed to continue going concern operations, with the benefit of funding secured by a receiver's borrowings charge.

40. Given the foregoing, I am of the view that the appointment of a receiver and manager is just and convenient in the circumstances.

41. I swear this affidavit in support of the Lender's Petition to appoint FTI as the Receiver of the Property, and for no other or improper purpose.

42. I acknowledge the solemnity of making a sworn statement/solemn declaration and acknowledge the consequences of making an untrue statement.

43. I was not physically present before the person before whom this affidavit was sworn or affirmed but was in that person's presence using video conferencing.

SWORN BEFORE ME at Vancouver, British Columbia, this 18th day of June, 2026.	)	
A Commissioner for taking Affidavits for British Columbia	)	TERRY HOLLAND

KATHERINE E. GRIFFIN
Barrister & Solicitor
McCarthy Tétrault LLP
SUITE 2400 - 745 THURLOW STREET
VANCOUVER, B.C. V6E 0C5
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This is **Exhibit "A"** referred to in **Affidavit #1** of **Terry Holland**, sworn before me at Vancouver, British Columbia, this 18th day of June, 2026

A Commissioner for taking Affidavits for British Columbia

Date: June 12, 2026
Borrowers:

Wrkout Holdings Ltd.

Wrkout Media Ltd.

1053775 B.C. Ltd.

Innovative Fitness Franchise Corp.

Innovative Fitness Canada Ltd.

Shoung Fitness Enterprises Inc.

1145643 B.C. Ltd.

Lenders:

Lifespan Holdings Inc.

The payout information provided in schedule A sets out the amount required to repay the indebtedness as of June 12, 2026. The total payout is subject to change based on the additional fees and costs and expenses in connection with the indebtedness.

Yours Truly,

Terry Holland

Owner and Director, Lifespan Holdings Inc.

SCHEDULE A

PAYOUT SCHEDULE						
No	Facility Type	Interest Rate	Principal O/S*	Interest Owing**	Per Diem	Total Payout
1	Term Loan	10%	$ 2,849,999.00	$ 445,719.26	$ 902.94	$ 3,295,718.26

Notes

*The principal balance on the term facility is as of June 12, 2026.

**Interest owing amount is as of June 12, 2026.