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FRANCHISE DISCLOSURE DOCUMENT

F45 Training Incorporated
a Delaware Corporation
3601 South Congress Avenue
Building E
Austin, Texas 78704
(737) 787-1955
legal@f45training.com
www.f45training.com
www.f45invest.com
https://www.linkedin.com/company/f45-training
https://www.instagram.com/f45_training
https://www.facebook.com/F45FunctionalTraining

The franchise is for the establishment and operation of an F45 training studio ("**F45 Studio**" or "**Studio**") which provides exercise training that involves alternating periods of short, intense anaerobic exercise. The total investment necessary to begin operation of an F45 Studio is between $269,200 to $694,100. This includes $188,000 to $214,600 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and any other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact F45 Training Incorporated at 3601 South Congress Avenue, Building E, Austin, Texas 78704; (737) 787-1955.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: November 29, 2023.

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Item 5 and Item 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only F45 Training business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Item 3 and Item 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be F45 Training franchisee?	Item 20 or Exhibit F list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with franchisor in Texas than in than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

4. **Mandatory Minimum Payment.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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ADDENDUM TO THE F45 TRAINING INCORPORATED FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) a prohibition on the right of a franchisee to join an association of franchisees.

(b) a requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) a provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) a provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) a provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) a provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) a provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or Standards.

(ii) the fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) a provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) a provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

The address for notices to the Michigan attorney general is: Department of the Attorney General, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 1st Floor, 525 W. Ottawa Street, Lansing, MI 48909; phone number 517-373-7117.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

This disclosure document does not provide all of the information you should consider in deciding whether to enter into a franchise agreement. You should independently investigate this franchise opportunity and consult with an advisor such as an attorney and/or accountant.

The Franchisor, and any Parents, Predecessors, and Affiliates

Franchisor and Parents

The franchisor is F45 Training Incorporated, referred to in this disclosure document as "we," "us," or "our." We refer to the person interested in buying the franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were incorporated in Delaware on March 25, 2015, and our principal business address is 3601 South Congress Avenue, Building E, Austin, Texas 78704. We do business under our corporate name and under the name "F45 Training."

We sell franchises for exercise training businesses that do business under the mark "F45 Training" ("**F45 Studios**" or "**Studios**").

We began to offer franchises on August 1, 2015. We are not engaged in any other businesses and have never offered franchises in any other lines of business.

In 2017, we and our affiliates restructured. Our immediate parent is F45 ROW Hold Co Pty Ltd, an Australia proprietary company. Our intermediate parents are F45 Aus Hold Co Pty Ltd, Flyhalf Acquisition Company Pty Ltd, and Flyhalf Australia Holding Company Pty Ltd, each of which are Australia proprietary companies. Our ultimate parent is F45 Training Holdings Inc., a Delaware corporation ("**Holdings, Inc**.") whose principal place of business is 3601 South Congress Avenue, Building E, Austin, Texas 78704. All of our intermediate parents have a principal place of business at 3601 South Congress Avenue, Building E, Austin, Texas 78704. None of the entities set forth in this paragraph: (i) provide products or services to our franchisees directly; or (ii) have directly offered or sold franchises in any line of business.

Affiliates That Offer "F45" Brand Franchises

Our affiliate, F45 U LLC, a Delaware limited liability company, licenses to others the opportunity to operate Studios on university campuses, country clubs and other "non-traditional" venues. The Studios operated at these locations are a smaller footprint and provide limited equipment and services and are offered under a different arrangement.

Our affiliates listed below began offering franchises of the type offered by this disclosure document on the dates and in the countries/regions as indicated: (1) F45 Training Canada Limited, a Canada limited partnership – Canada; February 11, 2016; (2) F45 Training Asia Private Ltd., a Singapore limited partnership – Asia; December 23, 2015; (3) F45 Training Pty. Ltd., an Australia limited partnership – Australia, New Zealand, the Pacific; March 7, 2013; and (4) Functional 45 Training Limited, an Ireland limited partnership – Europe and the United Kingdom; April 6, 2016; (5) F45 India Private Limited, an Australia company – India, April 1, 2019 (collectively, "**F45 Affiliates**"). The principal place of business for each of the F45 Affiliates is Suite 2.01, Rugby Australia Building, Moore Park, NSW 2021.

Except as noted below, F45 Affiliates do not offer franchises in any other line of business, except as noted herein. We have no other parents, affiliates, or predecessors.

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Affiliates That Offer "FS8" Franchises and "Vaura" Franchises

Our affiliate, FS8, Inc. ("**FS8**"), a Delaware corporation with a principal business address of 3601 South Congress Avenue, Building E, Austin, Texas 78704, franchises studios that provide indoor fitness classes through a combination of Pilates, yoga and stretch under the FS8™ marks. FS8 began offering franchises in June of 2021. As of December 31, 2022 there were no franchised FS8 studios actively open and providing classes. Our affiliates listed below began offering FS8 franchises on the dates and in the countries/regions as indicated: (1) FS8 Pty Ltd, an Australia limited partnership – Australia, New Zealand, the Pacific; November 25, 2020; (2) F45 Training Asia Private Ltd., a Singapore limited partnership – Asia; July 8, 2021; and (3) Functional 45 Training Limited, an Ireland limited partnership – Europe and the United Kingdom; July 14, 2021.

Several of our affiliates operate and/or grant franchises for the operation of studios that provide Pilates workouts under the name and mark "Vive Active" or "Vaura." Our affiliate, Surf and Turf Holdings Pty Ltd ("**Vaura**"), an Australia limited partnership with a principal business address of 3601 South Congress Ave, Building E, Austin, Texas 78704, operates as, and grants franchises for, "Vive Active" in Australia, and operates as, and grants franchises for, "Vaura" in the US and certain other countries. Vaura is in the business of offering franchises, and supporting franchisees operating studios in Australia that provide Pilates workouts under the name "Vive Active". Vaura will begin offering franchises in Australia in 2023 under the Vive Active marks, and F45 Training Asia Private Ltd., a Singapore limited partnership – Asia began offering Vive Active franchises on October 1, 2022. As of December 31, 2022, there are no Vaura franchises being offered in the US and there were no franchised Vaura studios actively open and providing classes in the US. Our affiliates expect that one Vaura licensed or franchised studio will open in the United States by the end of 2023.

Agent for Service of Process

Our agents for service of process are listed in Exhibit E.

The Franchised Business We Offer

We sell franchises for the right to use a distinctive system of exercise training that involves alternating periods of short, intense anaerobic exercise under the F45 trade name, trademark, and business system ("**System**") for: (i) the operation of an F45 Studio, (ii) the provision of services that we designates from time to time (including, by way of example only, certain at-home workouts, workouts designed for specific age groups, or boot camps) ("**Approved Services**") and (iii) the provision of certain products related to the operation of an F45 Studio and the provision of the Approved Services (collectively, the "**Franchise Business**"). The System includes distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; advertising and promotional programs; and other standards, specifications, techniques, and procedures that we designate for developing and operating F45 Studios; all of which may be changed, deleted, improved, and further developed by us from time to time (collectively, "**System Standards**").

You must operate your Franchise Business under the "F45" mark and use other trade names, service marks, trademarks, logos, and other symbols we designate (or may later designate) in writing for use in the System (collectively, "**Marks**").

The Franchise Agreement (Exhibit A to this disclosure document) gives you the right to establish and operate one Studio at a specified location within a protected area.

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In the past, we offered and granted franchises for the right to develop multiple F45 Studios, pursuant to development agreement, under which a franchisee or developer would commit to develop a specified number of F45 Studios, over a specified period of time, and within a specified area. The franchisee/developer would sign individual Franchise Agreements for each F45 Studio that it was required to develop. These were referred to as "Development Deals". We no longer offer Development Deals.

We may require your current and future Principal(s) (as defined in the Franchise Agreement) to sign a Principals' Guaranty and Assumption Agreement ("**Guaranty**"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer, and dispute resolution procedures. If there are Principals who are not required to sign the Guaranty, they must each sign a Confidentiality Agreement and Ancillary Covenant Not to Compete, with Principals' undertakings, in the form attached to the Franchise Agreement.

The Franchise Agreement requires you to designate an "Key Person". Your Key Person is the main individual responsible for your business. If you are an individual, you will be the Key Person. If you are not an individual, you must designate someone who meets our requirements and whom we approve to be your Key Person. Your Key Person must have at least 10% ownership in your entity and must sign the Guaranty.

In connection with the development and operation of your F45 Studio, we offer certain optional add-ons for your F45 Studio. We currently offer optional recovery amenities (**"Recovery Amenities"**) where customers will have access to recovery services to help them warm-up or recover from their workouts. The Recovery Amenities will include various recovery equipment including but not limited to infrared saunas, massage guns, massage chairs, and compression therapy.

Competition

The market for fitness, exercise, and physical training services is highly competitive. There is competition for management and other personnel for the Franchise Business and for commercial real estate sites suitable for F45 Studios. You must expect to compete with fitness training businesses that are the same as or similar to the Franchise Business and other competing concepts. Competitors may be locally-owned or large regional or national chains. The fitness and exercise business is also affected by changes in consumer tastes, demographics, traffic patterns, and economic conditions.

Industry-Specific Regulations

You must comply with all state and local laws, rules, and regulations that apply to exercise and fitness businesses. Specifically, many states and local municipalities have laws and regulations that apply specifically to membership contracts, operations, and licenses. Many states limit the length of time your Member contracts can be, require specific provisions be included in Member contracts, require Member contracts to look a certain way (such as format and font size), and require Members be granted certain termination rights. Some state regulations may also require you to: (1) obtain a bond to protect pre-paid membership fees you collect; (2) staff the Studio during all hours of operation; (3) staff the Studio with one or more persons who are CPR-certified or who have other specialized training; (4) maintain an automated external defibrillator (AED) and other first aid items and equipment at the Studio; and/or (5) charge sales tax on memberships. You should consider these laws and regulations when evaluating your purchase of a franchise.

Since 2020, many states and municipalities instituted regulations in response to the COVID-19 pandemic, some of which apply to exercise and fitness businesses, either specifically or as general retail regulations.

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ITEM 2
BUSINESS EXPERIENCE

Thomas Dowd: Director, CEO

Tom Dowd has served as our Chief Executive Officer since March 2023. Prior to joining F45, Tom served as Chief Executive Officer of the lifestyle nutrition brand, Performance Inspired Nutrition, a company that he co-founded and led alongside Mark Wahlberg located in Pittsburgh, Pennsylvania. Tom served in this role at Performance Inspired Nutrition from January 2016 to March 2023. Prior to his work at Performance Inspired Nutrition, Tom spent 25 years at GNC Holdings, Inc in Pittsburgh, Pennsylvania from March 1989 to September 2014, ending as Executive Vice President, Chief Merchandising Officer, and General Manager.

Luke Armstrong: Chief Revenue Officer

Luke Armstrong has been our Chief Revenue Officer since October 2018, and has served as the Chief Revenue Officer for our affiliate, F45 Training Pty. Ltd., since that time. Previously, he was our Director of Global Sales and the Director of Global Sales for our affiliates from October 2013 to October 2018. Luke is based in Sydney, Australia.

Patrick Grosso: Chief Legal Officer and Interim Chief Financial Officer

Patrick Grosso has been our Chief Financial Officer, as well as the Chief Financial Officer of our affiliates and parent since July 2023. He has been our Chief Legal Officer since October 2019. Prior to joining us, he was a self-employed attorney in Salt Lake City, Utah from January 2017 until February 2018 and from May 2019 until September 2019. He was the Chief Financial Officer, Chief Administrative Officer, and Chief Legal Officer of a national pharmacy in Salt Lake City, Utah from March 2018 until April 2019. From July 2013 until December 2016, he was the Vice President of Strategic Initiatives and Chief Legal Officer of Skullcandy Inc. in Salt Lake City, Utah. Patrick is based in Los Angeles, California.

Ryan Mayes: Chief Operating Officer

Ryan Mayes has served as our Chief Operating Officer since July 2023. Prior to that, he was our Chief Strategy Officer from October 2021 to July 2023. Prior to joining us, he was an Investment Banker for Goldman Sachs in Los Angeles, California from July 2010 to October 2021. Ryan is based in Los Angeles, California.

Brian Killingsworth: Chief Marketing Officer

Brian Killingsworth has served as our Chief Marketing Officer since March 2022. Prior to joining us, he was the Global CMO for Legends in Frisco, Texas from December 2021 to March 2022. He was Chief Marketing Officer the Vegas Golden Knights in Las Vegas, Nevada from July 2017 to December 2021. Brian is based in West Palm Beach, Florida.

Elizabeth ("Liz") Hebert: General Counsel

Liz Hebert has served as our General Counsel since November 2023. Prior to that, she was our Associate General Counsel from August 2020 to November 2023, the Associate General Counsel of our affiliates since August 2020, and our Legal Counsel from June 2019 to August 2020. Prior to joining us, she was Legal Counsel for Genius Sports in Los Angeles, California from June 2017 to June 2019. Liz is based in Austin, Texas.

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ITEM 3
LITIGATION

Terrell Owens v. F45 Training Inc.; Case No. BC680415, in the Superior Court of California for the Central District of the County of Los Angeles, California: On October 19, 2017, Terrell Owens ("Owens") filed suit against us claiming breach of contract and common law and statutory misappropriation of name and likeness. Owens alleges that we entered into an oral agreement whereby F45 would be permitted to use Owens' name and likeness in the marketing of F45 franchises in exchange for the payment of $15,000 for each promotional video and payment of $25,000 for each of the first 25 F45 franchises sold in the US after July 13, 2016 and $5,000 for each of the 26th and subsequent F45 franchises sold in the US after July 13, 2016, until such time as the agreement is mutually terminated. Owens is seeking: (1) an injunction to prevent us from using Owens' likeness, (2) consequential damages in excess of $725,000, and (3) additional amounts and unspecified damages for (a) misappropriation of Owens' likeness, (b) alleged profits we gained from using Owens' likeness, (c) punitive and exemplary damages, and (d) attorneys' fees. On November 20, 2017, we filed a verified answer to Owens' complaint, admitting the oral agreement for the payment of $15,000 for each promotional video (Owens was paid $30,000 for two videos) and denying all other allegations. This matter is in the discovery phase. Trial is set for May 1, 2024.

Chanelle Rezko and Serena Johnson v. F45 Training, Inc. and Chicago Athletic Clubs, LLC, Case No. 2020CH05648, in the Circuit Court of Cook County, Illinois County Department, Chancery Division: On November 25, 2020 the Plaintiffs filed a complaint, and on April 14, 2021 the Plaintiffs filed an amended complaint against F45 Training, Inc., Robert B. Deutsch, Carl Giammarco, Chicago Athletic Clubs, LLC, Laurence Weiner, and Patrick Cunningham seeking declaratory relief and damages. The Plaintiffs allege that F45 and individuals related to F45 violated the Illinois Franchise Disclosure Act, the Illinois Uniform Deceptive Trade Practices Act, and the Illinois Consumer Fraud and Deceptive Business Practices Act by failing to disclose certain information including information relating to a prior lawsuit, failing to provide an updated disclosure statement, and by collecting royalties that were allegedly improper. The Plaintiffs further allege that F45 aided and abetted in tortious interference with Plaintiffs' prospective economic advantage by failing to prevent misconduct by Chicago Athletic Clubs (an F45 franchisee). On July 31, 2023, the Circuit Court granted the Plaintiff's partial summary judgment with regards to liability for violations under the Illinois Franchise Disclosure Act and the Illinois Consumer Fraud and Deceptive Business Practices Act for failing to disclose certain information including information relating to a prior lawsuit and failing to provide an updated disclosure statement. Damages regarding this specific liability have not yet been determined. Litigation continues regarding the Plaintiff's remaining claims.

Functional HIIT Fitness, LLC v. F45 Training, Inc., Adam Gilchrist, Robert Deutsch, Marc Marano, Luke Armstrong, and Nick Abrahams, Case No. 5:22-cv-10168-FKB-KGA (E.D. Mich.). On or about January 26, 2022, Functional HIIT Fitness, LLC, an F45 franchisee, filed suit in federal court in Michigan against us and certain of our current and former officers and employees. The Complaint alleges claims for breach of contract, breach of the implied covenant of good faith and fair dealing, violations of the Michigan Franchise Investment Law, violations of the California Franchise Investment Law ("CFIL"), fraudulent inducement, negligent misrepresentation, and violations of the Delaware Deceptive Trade Practices Act ("DDTPA"). The Complaint seeks unspecified monetary damages, rescission of the franchise agreements entered into by the plaintiff, exemplary and special damages in an unspecified amount, restitution in an unspecified amount, attorneys' fees and costs, and other unspecified relief. On September 28, 2023, the Court dismissed the claims for breach of the implied covenant of good faith, unjust enrichment, violations of the CFIL, and DDTPA, and dismissed all claims against Gilchrist, Deutsch, Armstrong, and Abrahams. F45 and Marano have answered with respect to the remaining claims, and F45 has filed counterclaims against Functional HIIT and its principal, Donald Jordan, who has answered and filed counterclaims on his

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own behalf against F45 and Marano. Discovery is commencing and is scheduled to close on June 21, 2024. Dispositive motions are to be filed by August 22, 2024. No trial date has been set.

Nascot Enterprises, LLC v. F45 Training Inc. and Marc Marano, No. 2:23-cv-11524-GAD-APP (E.D. Mich.). On or about June 26, 2023, Nascot Enterprises, LLC, an F45 franchisee, filed suit in federal court in Michigan against us and a former franchise salesperson, Marc Marano. The Complaint alleges claims for breach of contract, breach of the implied covenant of good faith and fair dealing, violations of the Michigan Franchise Investment Law, violations of the California Franchise Investment Law ("CFIL"), fraudulent inducement, negligent misrepresentation, and violations of the Delaware Deceptive Trade Practices Act ("DDTPA"). The Complaint seeks unspecified monetary damages, rescission of the franchise agreements entered into by the plaintiff, exemplary and special damages in an unspecified amount, restitution in an unspecified amount, attorneys' fees and costs, and other unspecified relief. Marano was voluntarily dismissed from the case on October 12, 2023. On the same date, F45 moved to dismiss all claims against it. That motion is being briefed and is set to be argued on March 7, 2024. Discovery has not commenced and no trial or other post-motion deadlines have been set.

Kenzie Goer v. F45 Training Holdings, Inc., Chris Payne, Adam Gilchrist, Michael Raymond, Darren Richman, and Mark Wahlberg; Civil Action No.1:22-cv-01291, US District Court for the Western District of Texas (filed December 8, 2022). The plaintiff, Kenzie Goer, a holder of F45 Training Holdings, Inc. common stock, filed a Complaint against our parent company, F45 Training Holdings, Inc. ("Holdings, Inc.") and five officers and/or directors of Holdings, Inc., for alleged damages that were suffered as a result of alleged securities law violations and false and/or misleading statements and/or material omissions. The Complaint includes a claim for violation of Section 11 of the Securities Act of 1933 against all defendants, based on allegations of untrue statements and omissions of material fact in the Form S-1 Registration Statement and accompanying Prospectus and Supplemental Prospectus (collectively, the "Registration Statement") issued in connection with Holdings, Inc.'s July 16, 2021 initial public offering (the "Offering"). The Complaint also includes a claim for violation of Section 15 of the Securities Act of 1933 against the individual defendants, based on their participation in the preparation and dissemination of the allegedly materially misstated Registration Statement which they executed. The plaintiff has requested an unspecified amount of damages, attorney's fees, expert's witness fees and costs. The plaintiff has asserted these claims on behalf of an alleged class of unnamed persons and entities that purchased or otherwise acquired the common stock of Holdings, Inc. pursuant to the Registration Statement issued in connection with the Offering. The case is pending. We understand that Holdings, Inc. and the individual defendants deny all of the charges and intend to file responses when due, and that Holdings, Inc. and the individual defendants intend to vigorously defend this suit.

State of Washington Consent Order, Order No.: S-19-2681-19-CO01. F45 signed a Consent Order with the Washington State Department of Financial Institutions Securities Division (the "Division"), which was entered effective October 18, 2022. The Division alleged that F45's franchise disclosure document for a prior period was not compliant with the Franchise Investment Protection Act of Washington, RCW Sec. 19.100 ("FIPA"), and that F45 practices during this period did not comply with certain provisions of the FIPA. The Division concluded that: (i) F45 violated RCW 19.100.170(1) because it made untrue statements of material fact or omitted material facts to the Division in its franchise registration applications; (ii) F45 violated RCW 19.100.170(2) because it made untrue statements of material fact or omitted to state material facts necessary to make the statements, in light of the circumstances in which they were made, not misleading; (iii) F45 violated RCW 19.100.080 because it required prospective franchisees to make payments to F45 in connection with proposed franchise sales before providing a copy of its current FDD to them; and (iv) F45 violated RCW 19.100.180(2)(a) because it restricted or inhibited the right of a franchisee to join an association of franchisees. F45 neither admitted nor denied the findings of fact or the conclusions of law stated in the Consent Order. F45, on behalf of itself and its agents and employees, agreed to cease

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and desist from offering or selling franchises in violation of RCW 19.100.170, RCW 19.100.080, and RCW 19.100.180. F45 agreed to pay $15,437.50 and offer rescission to seven franchisees in Washington in connection with the Consent Order.

State of Washington Consent Order, Order No.: S-23-3534-23-CO-01. F45 signed a Consent Order with the Washington State Department of Financial Institutions Securities Division (the "Division") on November 20, 2023, and we anticipate that it will become effective in December 2023 when it is executed by the Division. The Division alleged that during the period of August 2022 through December 2022, F45 provided several Washington franchisees with FDDs that inaccurately described Washington Consent Order No. S-19-2681-19-CO01 (the "2022 Consent Order"). In February 2023, in response to comments and a request from the Division, F45 revised the description of the 2022 Consent Order in the FDD (which is the action disclosed immediately above). The Division concluded that F45's offer of franchises with the inaccurate description of the 2022 Consent Order violated RCW 19.100.170, the antifraud section of the Franchise Investment Protection Act, because it made untrue statements of material fact or omitted to state material facts necessary to make the statements, in light of the circumstances in which they were made, not misleading. F45 neither admitted nor denied the findings of fact or the conclusions of law stated in the Consent Order. F45, on behalf of itself and its agents and employees, agreed to: (i) cease and desist from offering or selling franchises in violation of RCW 19.100.170; and (ii) pay investigative costs in the amount of $2,675.

State of California Consent Order, File No.: 21265. F45 signed a Consent Order with the Commissioner of Financial Protection and Innovation of the State of California (the "Commissioner"), which was entered effective October 17, 2023. The Commissioner alleged that: (i) from November 2015 to September 2019, F45 provided to certain prospective franchisees in California financial performance representations, including a cash flow model, videos, and advertising materials, that included information that was not in F45's FDDs; and (ii) during 2016 and 2017, F45 had agreements with sports teams, athletes, and coaches compensating them for the use of their logos, names, and likeness, and did not disclose these agreements in its FDDs registered in California. The Commissioner concluded that F45 made unlawful financial performance representations and failed to include required disclosures involving the use of public figures to promote franchise sales in violation of Corporations Code section 31201. F45, on behalf of itself and its agents and employees, agreed to (a) desist and refrain from violating Corporations Code section 31201; (b) cause certain persons to attend remedial California franchise law compliance education; (c) pay an administrative penalty of $152,500; and (d) offer rescission to certain franchisees in California that entered franchises during the specified time period.

Settlement Agreement Between The Michigan Department of Attorney General and F45 Training, Inc. Case No.: 2022-0357768-A. F45 entered into a Settlement Agreement with the Michigan Department of Attorney General ("DAG"), which was made effective August 24, 2023. The Settlement Agreement arose out of DAG's Corporate Oversight Division investigation into allegations that F45 employees or agents may have made estimates, projections, or representations about actual or potential franchisee financial performance in violation of Sections 5 or 8 of the Michigan Franchise Investment Law MCL 445.1501 *et seq* (the "MFIL"). F45 agreed to pay $95,000 to DAG which DAG will use to compensate F45 franchisees in DAG's sole discretion. In addition, F45 agreed to make rescission offers in accordance with MFIL Section 445.1531 to certain franchisees in Michigan who purchased their franchises directly from F45 on or after May 8, 2019. F45 also agreed to refund a $2,500 deposit to one prospective franchisee that did not open a studio. F45 agreed to comply with the provisions of the MFIL in any future franchising activities in Michigan. The Settlement Agreement is neither an admission of liability on the part of F45 nor a concession by DAG that its claims are not well-founded.

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Chad Remley and Defining Functional Movement II, LLC v. F45 Training, Inc., Greenlea Fitness, LLC, Andrew Finney, and Colby Cowan, Case No. 23CV-39, in the Chancery Court of Sumner County, Tennessee at Gallatin: On or around March 24, 2023, the Plaintiffs, a former F45 franchisee and its principal, filed a complaint, and on June 22, 2023, they filed an amended complaint against F45 Training, Inc., Greenlea Fitness, LLC, Andrew Finney, and Colby Cowan seeking damages. The Plaintiffs allege that F45 committed fraud by representing that it provided a uniform franchise system without intending to enforce certain no-poach provisions in the Franchise Agreement; failing to disclose information relating to a prior lawsuit; and failing to enforce certain anti-poaching provisions. The Plaintiffs further allege that F45 conspired to tortiously interfere with the Plaintiffs' prospective economic advantage by failing to prevent misconduct by Andrew Finney (an F45 franchisee) and related entities and an employee; violated a Tennessee franchise law; and misappropriated the Plaintiffs' trade secret customer lists. On September 28, 2023, the Chancery Court dismissed the Tennessee franchise law claim with prejudice, and all of the remaining claims against F45 without prejudice pursuant to the Franchise Agreement's forum selection clause, which required the Plaintiffs to litigate their claims against F45 in the location where F45 maintains its principal place of business. The Plaintiffs have sought leave to file an interlocutory appeal of the ruling dismissing F45 from the case.

Other than the litigation described above, no other litigation is required to be disclosed in this Item.

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ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

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ITEM 5
INITIAL FEES

Establishment Fee and Document Preparation Fee

On the Effective Date of the Franchise Agreement, you must pay us: (i) a $35,000 establishment fee; and (ii) up to a $2,500 document preparation fee that will be applied to our cost to prepare the Franchise Agreement and any ancillary documents. We have a program under which we may discount the establishment fee by up to 50 percent for certain approved US military veterans. The establishment fee and document preparation fee are not refundable under any circumstances. Upon execution of the Franchise Agreement and payment of the establishment fee and document preparation fee, you will be provided access to the F45 Intranet, including our intellectual property and confidential information we make available to you through the Intranet. Additionally, you will also be provided with access to F45 Support and F45 Tech to begin setting up and operating your Studio.

Equipment Pack Fee

You must also pay us or our affiliate $100,000 inclusive of shipping (but not applicable taxes and duties) for an "Equipment Pack," (the "**Equipment Pack Fee**") which includes the purchase of most of the inventory and equipment needed to start operating your Studio. You must pay us a non-refundable deposit of $10,000 toward the Equipment Pack Fee when you sign the Franchise Agreement, and the balance of the payment for the Equipment Pack Fee is due at the earlier of (a) when the order for your Equipment Pack is made, or (b) six (6) months after the Effective Date of the Franchise Agreement (the "**Final Payment Date**"). The Equipment Pack Fee includes shipping but excludes taxes and other delivery costs as well as other duties you may be required to pay. The Equipment Pack fee is not refundable. The Equipment Pack Fee of $100,000 is current as of the date of this disclosure document. In light of the current or potential disruptions in the market, supply chain issues, and other factors, we may experience unexpected and significant changes in the cost of the equipment. However, the Equipment Pack Fee is valid through the Final Payment Date. If you do not pay the Equipment Pack Fee prior to the Final Payment Date, the price may be increased to the then-current price of the Equipment Pack.

Nutritional Supplements

Upon ordering your Equipment Pack, you must also purchase from us or our affiliate for resale in your Studio an inventory of nutritional supplements in the amount of $3,000, the variety of which we will determine. This payment is nonrefundable.

Grand Opening

Beginning 120 days before the date that you open your Studio ("**Opening Date**") and continuing through 30 days after the Opening Date, you must spend a minimum of $25,000 on grand opening promotions ("**Grand Opening Expenditures**"). The grand opening promotions and marketing activities must be conducted in accordance with a budget that has been prepared by you and approved by us, or as otherwise recommended by us. If we direct, you must pay us, or third parties approved by us, part or all of the Grand Opening Expenditures. If we require that you pay us or third parties all or part of the Grand Opening Expenditures, then we or the required third party will conduct grand opening promotions on your behalf. If we require that you pay us the Grand Opening Expenditures, then you must make such payment the earlier of: (i) the date your Equipment Pack is ordered; or (ii) 4 months before the scheduled Opening Date of the Studio. This payment is nonrefundable.

Other Equipment

As described in Item 7, you are required to purchase other miscellaneous items to operate your Studio. These items may be purchased from us or, or from third parties approved by us. This includes: (i)

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architectural floor plan design, engineering and construction/permit documents ($10,000 to $20,000); (ii) computer system ($1,000 to $2,000); (iii) AED ($1,500 to $2,100); (iv) F45 body fat scanner ($8,500); and equipment taxes ($0 to $15,000). The cost of the equipment is nonrefundable. The payment terms may be different in the event you purchase the equipment from a third party approved by us.

As described in Item 6, you are required to purchase at least $1,500 (not including shipping, taxes, and duties (if any)) of merchandise, goods, and equipment from us every three months during the term of the franchise agreement, and we reserve the right to vary the amount of these purchases from time to time upon notice to you.

General

Except as described above, the initial fees and payments are non-refundable, and are generally uniform and consistently applied to all new franchisees.

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ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	The greater of 7% of Gross Sales[2] or $2,500 per month	On the first day of each calendar month based on the services provided and Gross Sales received in the prior month.	You must pay the royalty fee by electronic funds transfer, or any other means reasonably specified by Franchisor in writing. We reserve the right to increase the royalty rate based on changes to the Consumer Price Index.
Brand Fund	Up to 2% of Gross Sales, or $200 per month, whichever is higher	Payable monthly on the first day of each month for the prior month	See Note 2 for the definition of Gross Sales. In the 2022 fiscal year, we elected to require franchisees to contribute to the Brand Fund.
Marketing Fee	$2,500 per month	On the Opening Date of your Studio and the first day of each subsequent calendar month	We or a third party we designate will use the Marketing Fee monies to pay for local advertising for your Studio.[3] If we communicate to you in writing that you are not required to pay the Marketing Fee directly to us, you must spend at least $2,500 per month for local advertising for your Studio. You may spend more at your option.
Local Cooperative Advertising ("Co-op")	As determined by Co-op; currently, there are no Co-ops	As determined by Co-op	If you are part of and contribute to a local Co-op where your Studio is located, we will credit dollar for dollar the amount you contribute to the Co-op toward your required Marketing Fee requirement for your Studio (or Local Advertising Expenditure, if applicable).[3]

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Type of Fee[1]	Amount	Due Date	Remarks
Promotional Programs	Cost of programs and related fees, but no more than the monthly royalty fee	When billed	If, at any time during the term of the Franchise Agreement, but not before the end of the 12-month period following the Opening Date of the Studio, your Gross Sales are not at least 70% of the annual, average gross sales of all F45 franchisees that have operated their Studios for at least 12 months, then we may require you to participate in a special promotional program(s) that we implement, and you must pay the costs and fees associated with such program(s).
Non-Compliance Fee	Not to exceed $2,000 per violation	10 days after notice of violation	In order to recover damages the brand incurs or other losses we suffer because of your non-compliance with the Franchise Agreement or the Standards, we may assess a non-compliance fee if you do not cure the non-compliance as we require. We may charge you this fee in addition to the on-site evaluation fee described below.
Service Fee[4]	Currently, $500 per month	On the first day of each calendar month beginning the month you first begin using the Services.	We reserve the right to increase the Service Fee at the beginning of each calendar year.
Induction Seminar	Up to $1,000 for attendance at our induction seminar (for two attendees)	When your registration for the induction seminar is confirmed	You must pay us $300 for the third and each additional person who attends induction. You are responsible for paying the costs of travel, lodging, meals and compensation for you and your attendees to attend the induction seminar.
Nutritional Supplements for Resale	Currently, an initial amount equal to $3,000; ongoing amount will vary[5]	When billed	You must continue to purchase from us, our affiliates, or other suppliers nutritional supplements for resale in your Studio and maintain the amount of inventory we require, which will be a reasonable amount.

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