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FS8, INC.
FRANCHISE DISCLOSURE DOCUMENT

FS8
PILATES·TONE·YOGA

FS8, Inc.
3601 South Congress Avenue, Building E
Austin, TX 78704
(737) 787-1955
www.fs8.com
legal@fs8.com
www.fs8invest.com
https://www.linkedin.com/company/studiofs8
https://www.instagram.com/studiofs8
https://www.facebook.com/studiofs8

The franchise is for the establishment and operation of a FS8 Studio ("**FS8**" or the "**Studio**") which provides group fitness and low impact exercise training, using a distinctive system of exercise training. The total investment necessary to begin operation of a FS8 Studio ranges from $292,700 to $719,600. This includes $212,500 to $240,100 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 Liz Hebert, General Counsel, FS8, Inc., 3601 South Congress Avenue, Building E, Austin, TX 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: March 14, 2024.

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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 21 or 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 FS8 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 a FS8 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.

6. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

7. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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 FS8 INC.
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.

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

(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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TABLE OF CONTENTS

		Page
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	5
ITEM 3	LITIGATION	7
ITEM 4	BANKRUPTCY	10
ITEM 5	INITIAL FEES	11
ITEM 6	OTHER FEES	13
ITEM 7	ESTIMATED INITIAL INVESTMENT	19
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	25
ITEM 9	FRANCHISEE'S OBLIGATIONS	29
ITEM 10	FINANCING	31
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	32
ITEM 12	TERRITORY	41
ITEM 13	TRADEMARKS	43
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	45
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	46
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	48
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	50
ITEM 18	PUBLIC FIGURES	55
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	56
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	57
ITEM 21	FINANCIAL STATEMENTS	60
ITEM 22	CONTRACTS	61
ITEM 23	RECEIPTS	62

Exhibits

Exhibit A – Franchise Agreement
Exhibit B – State Addenda
Exhibit C – Financial Statements
Exhibit D – Operations Manual Table of Contents
Exhibit E – List of State Agencies/Agents for Service of Process
Exhibit F – Current and Former Franchisees
Exhibit G – Form of General Release

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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 FS8, Inc., 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 November 18, 2020, and our principal business address is 3601 South Congress Avenue, Building E, Austin, TX 78704. We do business under our corporate name and under the name "FS8." We sell franchises for exercise training businesses that do business under the mark "FS8" ("**FS8 Studios**" or "**Studios**"). We do not offer any franchises other than as described in this disclosure document, and we do not engage in any business activity other than FS8 franchising activities and supporting FS8 franchises. We have been offering FS8 franchises in the United States since June of 2021.

Our immediate parent is FS8 Holdings Inc., a Delaware corporation. Our ultimate parent is F45 Training Holdings Inc., a Delaware corporation ("**Holdings, Inc.**"). Both of these parent companies' principal place of business is the same as ours. Neither parent company has engaged in any other businesses and has never offered franchises in any lines of business.

Affiliates That Offer FS8 Franchises

We are affiliated by common ownership with FS8 Pty Ltd (ACN 646 184 125) ("**FS8 Pty**"), an Australian proprietary limited company with its principal place of business at 3601 South Congress Ave, Building E, Austin, Texas 78704. FS8 Pty has been offering franchises of the type offered herein in Australia since December 2020. Its primary business operations consist of offering and supporting FS8 franchises in Australia. Its principal business address in the United States is the same as ours. FS8 Pty is not engaged in any other businesses and has never offered franchises in any other lines of business.

F45 Training Asia Private Ltd., a Singapore limited partnership, and Functional 45 Training Limited, an Ireland limited partnership, also offer franchises that are similar to the FS8 franchises offered under this disclosure document outside of the United States. Our affiliates listed below began offering FS8 franchises on the dates and in the countries/regions as indicated: (1) F45 Training Asia Private Ltd., a Singapore limited partnership – Asia; July 8, 2021; and (2) Functional 45 Training Limited, an Ireland limited partnership – Europe and the United Kingdom; July 14, 2021. Their principal business address in the United States is the same as ours. Except as described

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below regarding F45, neither of these affiliates is engaged in any other businesses and has never offered franchises in any other lines of business. We expect that these entities will only offer FS8 franchises temporarily, until new franchisor entities are formed in these international markets.

Affiliates That Offer "F45" and "Vaura" Franchises

We have several affiliates that offer franchises for exercise studios under the name, mark, and brand "F45." Our affiliates listed below began offering franchises under a different trademark, "F45 Training" on the dates and in the countries/regions as indicated: (1) F45 Training Inc., a Delaware corporation – United States; August 1, 2015; (2) F45 Training Canada Limited, a Canada limited partnership – Canada; February 11, 2016; (3) F45 Training Asia Private Ltd., a Singapore limited partnership – Asia; December 23, 2015; (4) F45 Training Pty. Ltd., an Australia limited partnership – Australia, New Zealand, the Pacific; March 7, 2013; and (5) Functional 45 Training Limited, an Ireland limited partnership – Europe and the United Kingdom; April 6, 2016; (6) F45 India Private Limited, an Australia company – India, April 1, 2019 (collectively, "**F45 Affiliates**"). The F45 Affiliates' principal place of business within the United States is the same as ours.

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, and sometimes the names or marks used at these non-traditional venues are "F45 Training" instead of FS8. The Studios operated at these locations are a smaller footprint and provide limited equipment and services and are offered under a different arrangement. Currently there are no FS8™ locations in the United States, but our affiliate may operate, license, or grant franchises to operate these concepts in the United States later in 2024. We anticipate that an FS8® studio will be operated and managed by F45 U LLC at a military base, and will be opened later in 2024.

Except for the F45 Affiliates that offer FS8 franchises in certain markets outside of the United States, as described above, the F45 Affiliates neither offer franchises in other lines of business nor engage in business activities beyond offering, operating, and supporting F45 franchises, except as otherwise noted herein.

Several of our affiliates operate and/or grant franchises for the operation of studios that provide Pilates workouts under the name and mark "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 "Vive Active" currently, and grants franchises for "Vaura" in Australia. 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 2024 under the "Vaura" marks, and F45 Training Asia Private Ltd., a Singapore limited partnership – Asia began offering Vive Active franchises on October 1, 2022, but will offer franchises under the "Vaura" marks starting in 2024. As of December 31, 2023, there are no Vaura franchises being offered in the US and there is one licensed Vaura studio actively open and providing classes in the US.

Agent for Service of Process

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

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The Franchised Business We Offer

We sell franchises for the right to use a distinctive system of group and low impact exercise training under the FS8 trade name, trademark, and business system ("**System**") for: (i) the operation of a FS8 Studio; (ii) the provision of services that we designate from time to time (including, by way of example only, certain at-home workouts, workouts designed for low impact training, or boot camps) ("**Approved Services**"); and (iii) the provision of certain products related to the operation of a FS8 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 a FS8; 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 "FS8" 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, attached hereto as Exhibit A, gives you the right to establish and operate one Studio at a specified location within a protected area.

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 a "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 FS8 Studio, we offer certain optional add-ons for your FS8 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 cold plunges, infrared saunas, massage guns, massage chairs, and compression therapy.

Competition

The market for fitness, exercise, and physical training services is highly competitive. There is

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competition for management and other personnel for the Franchise Business and for commercial real estate sites suitable for a FS8 Studio. 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 us, 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 our inception, and is the Chief Revenue Officer of each of our Affiliates and of our parent since October 2018. 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 Palm Beach, Florida.

Patrick Grosso: Chief Legal Officer and Chief Financial Officer

Patrick Grosso has been our Chief Financial Officer, as well as the Chief Financial Officer of our Affiliates and parent since December 2023. From July 2023 through December 2023 he served as Interim Chief Financial Officer. He has been our Chief Legal Officer since our inception, and of each of our Affiliates and our parent 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 for the Vegas Golden Knights in Las Vegas, Nevada from July 2017 to December 2021. Brian is based in West Palm Beach, Florida.

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Janina Czado: General Manager

Janina Czado has been our General Manager since September 2021. Previously, she served as the Vice President of Public Relations and Communications from March 2020 to August 2021 and the Marketing Manager from June 2016 to July 2021 for F45 Training Pty Ltd. in Sydney, Australia. Janina is based in Sydney, Australia.

Elizabeth ("Liz") Hebert: General Counsel

Liz Hebert has served as our General Counsel since December 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

FS8 Matters

No litigation regarding FS8 is required to be disclosed in this Item.

The following matter(s) involve one or more of our officers and directors, as related to one of our affiliates.

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 our affiliate, F45 Training Incorporated ("F45") that offers "F45" franchises, and certain of F45's current and former officers and employees, including Luke Armstrong who is our Chief Revenue Officer. Mr. Armstrong was dismissed with prejudice as a defendant in this case on September 28, 2023, however the case remains pending against F45. 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, in addition to dismissing all claims against Mr. Armstrong, 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 other individual defendants. No trial date has been set.

Affiliate Matters

The following matter(s) involve one or more of our affiliates that offers franchises, but not under the FS8 mark.

State of Washington Consent Order, Order No.: S-19-2681-19-CO01. Our affiliate, F45 Training Incorporated ("F45") that offers "F45" franchises, 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

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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 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. Our affiliate, F45 Training Incorporated ("F45") that offers "F45" franchises, signed a Consent Order with the Washington State Department of Financial Institutions Securities Division (the "Division") on November 20, 2023, and it became effective on December 4, 2023, when it was 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.

Settlement Agreement Between The Michigan Department of Attorney General and F45 Training, Inc. Case No.: 2022-0357768-A. Our affiliate, F45 Training Incorporated ("F45") that offers "F45" franchises, 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.

State of California Consent Order, File No.: 21265. Our affiliate, F45 Training Incorporated ("F45") that offers "F45" franchises, 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

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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.

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 $50,000 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 FS8 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 FS8 Support and FS8 Tech to begin setting up and operating your Studio.

Equipment Pack Fee

You must also pay us or our affiliate $110,000 (plus shipping, 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. The Equipment Pack Fee is due when the order for your Equipment Pack is made. The Equipment Pack Fee excludes shipping, 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 $110,000 is current as of the date of this disclosure document. In light of 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 for 12 months from the Effective Date of the Franchise Agreement ("**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.

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.

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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) 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); and (iv) equipment pack shipping, taxes, and duties ($11,000 to $27,000). 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	7% of Gross Sales.[2]	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.
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. As of the date of this disclosure document, Franchisor has not yet implemented 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. If established, your contribution will not exceed $2,500 per month.	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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