

Risk Factors Comparison 2023-10-23 to 2022-03-23 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K, before deciding whether to invest in shares of our common stock. ~~In reviewing these risk factors, you should also consider the ongoing COVID-19 pandemic and its consequences, which implicate, and may amplify, the risks and uncertainties facing us, and their potential impact on our business, financial position and results of operations. Given the unpredictable, unprecedented, and fluid nature of the pandemic and its particular impact on our business, it may materially and adversely affect us in ways that are not anticipated by or known by us or that we do not consider to present material risk.~~ The risks and uncertainties described below are not the only ones we face. Additional risks, events and uncertainties that we are unaware of or that we deem immaterial may also become material factors that adversely affect our business. If any of the following risks actually occur, our business, results of operations and financial condition could be materially and adversely affected. In that event, the trading price of our common stock could decline and you might lose part or all of your investment in our common stock. Summary of Risk Factors Risks Related to ~~the Ongoing COVID-19 Pandemic~~ • ~~COVID-19 and the related governmental restrictions have had, and are expected to continue to have, a material and adverse effect on our business, financial condition and results of operations.~~ Risks Related to Operating in the Health Club and Fitness Industry • If we are unable to anticipate and satisfy consumer preferences and shifting views of health and fitness and successfully develop and introduce new, innovative and updated fitness services, our business may be adversely affected. • The high level of competition in the health club and fitness industry, **including on-demand fitness**, could materially and adversely affect our business. • **We rely on consumer discretionary spending, which may be adversely affected by economic downturns and other macroeconomic conditions or trends**. Risks Related to Our Franchisee Business Model and Strategy • Our financial results are affected by the number of ~~franchises~~ **Franchises sold** and studios we open and by the operating and financial results of such studios. • If we fail to identify, recruit and contract with qualified franchisees, our ability to open new franchised studios and increase our revenue could be materially adversely affected. • If we are unable to renew our franchise agreements with our existing franchisees, our business, results of operations and financial condition would be materially and adversely affected. • **The success** ~~We have limited control with respect to the operations of our~~ **business strategy depends** franchisees, which could have a negative impact on our business, **ability to effectively manage** and **support** our franchisees. • **franchise system** are impacted by factors that are beyond our control. • If we fail to successfully implement our growth strategy, which includes new studio development by existing and new franchisees, our brand and ability to increase our revenue and operating profits could be materially and adversely affected. • If we and our franchisees are unable to identify and secure suitable sites for new franchise studios, our revenue growth rate and operating profits may be negatively impacted. • **Our franchisees may incur rising costs related to construction of new studios and maintenance of existing studios, which could materially and adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.** • If we are unable to sustain pricing levels for our establishment fees, ~~World Packs~~ **Pack** and franchise fees, our business could be adversely affected. • If our relations with existing or potential franchisees deteriorate, our business could be adversely affected. • Our business is subject to various franchise laws and regulations, and changes in such laws and regulations, or failure to comply with existing or future laws and regulations and other legal developments that impact franchising, could materially and adversely affect our business. • **Our investments to enhance the customer experience, including through technology, may not generate the expected results.** • **Uncertainty in the law with respect to the assignment of liabilities in the franchise business model could adversely impact our profitability**. Risks Related to Our Brand and Strategy • Our success depends substantially on the value of our brand. • **Failure to preserve the value and relevance of our brand could have an adverse impact on our financial results**. • Our marketing strategy relies on the use of social media platforms and any negative publicity on such social media platforms may adversely affect the public perception of our brand which in turn could have a material and adverse effect on our business, results of operations and financial condition **and the market price of shares of our common stock**. In addition, our use of social media platforms could subject us to fines or other penalties. • **Our ability** ~~We and our franchisees may be unable to~~ **continue to expand** attract and retain members, which would materially and adversely affect our **ancillary product offerings is uncertain and the new** business **lines are subject** results of operations and financial condition. • We have identified three material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. • If we fail to obtain and retain high-profile strategic partnership arrangements, or if the reputation of any of our partners is impaired, our business may suffer. • Economic, political and other risks associated with our international operations could adversely affect our profitability and international growth prospects. • **Our planned growth could place strains investments in new business strategies, including new brand launches, may have adverse effects** on our **operating results** management, employees, information systems and internal controls, which may materially and adversely impact our business. • **The ongoing novel coronavirus COVID-19 pandemic** Acquisitions may expose us to significant risks and additional costs. • Any inability to successfully integrate acquisitions, or realize their anticipated benefits **another pandemic or epidemic**, could **and related governmental restrictions intended to prevent its spread** have had, and in the future may continue to have, a

material **and** adverse effect on **us** **our business, financial condition and results of operations**. Risks Related to Intellectual Property • We depend upon third-party licenses for the use of music to supplement our workouts and workout tutorials. An adverse change to, loss of, or claim that we or our franchisees do not hold necessary **music** licenses may have an adverse effect on our business, results of operations and financial condition. ~~• We require our franchisees to secure certain music licenses to use music in our studios and to supplement our workouts. Any failure to secure such licenses or comply with the terms and conditions of such licenses may lead to third party claims or lawsuits and / or have an adverse effect on our business.~~ • **Our We may not be able to adequately protect our** intellectual property rights, including patents, trademarks and trade names, may be infringed, misappropriated or challenged by **adequately ensure that we are not infringing the intellectual property of** others, **which could harm the value of the F45 brand and our business**. Risks Related to Technology and Privacy • We and our franchisees rely heavily on information systems, and any material failure, interruption or weakness in these systems may prevent us from effectively operating our business and damage our reputation. • **The occurrence of cyber incidents, or a deficiency in cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of confidential information, and / or damage to our employee and business relationships and reputation, all of which could harm our brand and our business.** • **We are subject to payment processing risk.** Risks Related to Our Suppliers and Supply Chain • Our dependence on a limited number of suppliers for equipment and certain products and services could result in disruptions to our business and could materially and adversely affect our revenue and gross profit. • **Increases in tariffs and trade restrictions on equipment we source from China could have an adverse impact on our business, results of operations and financial condition.** Risks Related to Our Indebtedness, **History of Losses and Negative Cash Flow** • We may be unable to generate sufficient cash flow, **or income** to satisfy our debt service obligations **and financial covenants**, which would adversely affect our results of operations and financial condition. • **The terms of our indebtedness could adversely affect our business.** • **Our obligations to the holders of our Senior Credit Agreement and Subordinated Credit Agreement are secured by a security interest in substantially all of our assets. If we default on those obligations, the holders of such indebtedness could foreclose on our assets.** Risks Related to Provisions in Our Charter Documents **Common Stock** • **The liquidity of our shares of common stock will likely be adversely affected by our delisting from the NYSE and our anticipated deregistration from the Securities and Exchange Commission and our ability to raise capital could be significantly impaired.** • Our current major stockholders ~~will continue to~~ have significant control over **our company** ~~us after this offering~~, which could limit your ability to influence the outcome of matters subject to stockholder approval, including a change of control. **Risks Related to Our Global Operations** • **Economic, political and other risks associated with our international operations could adversely affect our profitability and international growth prospects.** • **Fluctuations in currency exchange rates could negatively impact our business.** • **Failure to comply with anti-corruption and anti-money laundering laws, including the Foreign Corrupt Practices Act and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.** General Risks • **We have identified certain material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, our** ~~or franchisees~~ **if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired** ~~subject to claims related to~~ health and safety risks to members that arise at our studios. • **The ongoing novel coronavirus COVID-19 pandemic and governmental restrictions intended to prevent its spread have had, and are expected to continue to have, a material and adverse effect on our business, financial condition and results of operations, and the nature and extent of such impact is highly uncertain and unpredictable. On March 11, 2020, the World Health Organization designated the global outbreak of a new strain of coronavirus, COVID-19, a pandemic. The global and domestic response to the COVID-19 pandemic by both governments and businesses has been unprecedented and continues to evolve. Many countries, including the United States and Australia, have declared national emergencies and implemented preventive measures. These responsive measures have included mandates from federal, state, provincial and / or local authorities that restrict movement and travel, such as quarantines and shelter in place requirements, and restrict or require closure of some or all commercial and business activity. These measures became more severe over time and may continue indefinitely depending on the continued evolution of the outbreak, which remains unpredictable due to the potential for resurgences in certain geographies. We or our employees, franchisees, members, suppliers and other partners have been and may continue to be prevented from conducting business and other activities in the ordinary course for an indefinite period of time, including due to shutdowns, travel restrictions, social distancing requirements, stay at home orders and advisories and other restrictions that may be suggested or mandated by governmental authorities. Our business faces various risks related to health epidemics, pandemics and similar outbreaks, which may materially and adversely affect our business, financial position, results of operations and cash flows.** • **Our management team has been materially experienced significant turnover and we may not be able to retain an experienced management team.** • **If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected by the COVID-19 pandemic and..... COVID-19 and supply chain disruptions.** Risks Related to Our Business The fitness industry is highly susceptible to changes in consumer preferences. Our success depends on our ability to identify and originate trends as well as to anticipate and react to changing consumer demands in a timely manner. If we are unable to introduce new services and products in a timely manner, or before our competitors do, or our new services and products are not accepted by our customers, our growth and profitability could be negatively affected. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower membership and utilization rates. Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address those preferences will in part depend upon our continued ability to develop and introduce innovative, high-quality health and fitness services. Our failure to effectively introduce new health and fitness services that are accepted by consumers could result

in a decrease in revenue. In addition, developments or shifts in research or public opinion on the types of workouts and products we provide could negatively impact our business. Failure to predict and respond to changes in public opinion, public research and consumer preferences could materially and adversely impact **our business. The high level of competition in the health club and fitness industry could materially and adversely affect** our business. We operate in a highly competitive market, with multiple industry segments competing for consumers' share of the wallet allocated to fitness spend. While we operate specifically within the studio fitness category, we consider companies in the following key industry segments as potential competition: other studio fitness concepts; full-service health clubs; racquet, tennis, country and other athletic clubs; value-focused health clubs; and at-home fitness offerings, including digital fitness content. We also compete for qualified franchisees, management, fitness training professionals and other personnel. Our franchisees also compete for qualified fitness **trainers coaches**. We may not be able to compete effectively in the regions in which we currently operate or those in which we may operate in the future. Competitors may attempt to copy our business model, or portions thereof, which could erode our market share and brand recognition and impair our growth rate and profitability. Competitors, including companies that are larger and have greater resources than us, may compete with us to attract members and qualified fitness **trainers-coaches** in our regions. Other studio fitness concepts may lower their prices or create lower-priced brand alternatives within our markets. Furthermore, due to the increased number of low-cost studio fitness alternatives, we may face increased competition if our membership pricing increases or if discretionary spending declines. In addition, as we expand into new markets, we may face competitive challenges penetrating those markets due to, among other factors, competitors who may already have a significant presence in those markets, consumer unfamiliarity with our brand and our own unfamiliarity with the health and fitness market in such regions. Current and future competition may limit our and our franchisees' ability to attract new members and retain existing members, may limit our ability to attract and retain new and existing franchisees and may hinder our franchisees' ability to attract and retain qualified fitness **trainers-coaches**, which in each case could materially and adversely affect our business, results of operations and financial condition. The continued growth of on-demand fitness classes could adversely affect our business, results of operations and financial condition. At home on-demand fitness classes offer the benefit of a user-selected workout at home where users have the ability to vary the types of workouts they do on a daily basis, if desired. Many on-demand fitness classes can also be live streamed, allowing real-time interactions, including coaching cues from the class instructor. As the availability and variety of on-demand fitness classes (including live streaming classes) continue to grow, our members' preferences may shift away from the in-studio experience, which is central to our business model, to at-home on-demand classes. Millennials, who represent one of the largest, most active demographic groups, in particular, may exhibit a shift in preference to on-demand fitness classes as they enter new life phases, such as parenthood, and, as a result, find new constraints placed on their free time. As such, on-demand workouts may become better suited for their lifestyles. In addition, the COVID-19 pandemic ~~has~~ accelerated the growth of and demand for at-home fitness classes, which may extend beyond the pandemic. If we fail to timely identify and effectively respond to any such shift in consumer preference, our business, results of operations and financial condition could be adversely affected. ~~We rely on consumer discretionary spending, which may be adversely affected by economic downturns and other macroeconomic conditions or trends.~~ Our business and results of operations are subject to global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment, higher consumer debt levels, reductions in net worth, declines in asset values and related market uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices, and general uncertainty regarding the overall future of the political and economic environment. Consumer purchases of discretionary items, such as memberships and workout packs at our studios, generally decline during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. If consumer purchases of memberships and workout packs at our studios decline, our franchise fee revenue may be adversely affected. In addition, during an economic downturn, existing franchisees may elect not to renew their franchise agreements with us, and prospective franchisees may opt not to enter into a franchise agreement with us, each of which could have a material and adverse effect on **our business, results of operations and financial condition. We and our franchisees may be unable to attract and retain members, which would materially and adversely affect** our business, results of operations and financial condition. The success of our business depends on our and our franchisees' ability to attract and retain members. Our and our franchisees' marketing efforts may not be successful in attracting members to studios, and membership levels may materially decline over time, especially at studios in operation for an extended period of time. Members may cancel their memberships at any time after giving proper advance written notice, subject to an initial minimum term applicable to certain memberships. Our franchisees may also cancel or suspend memberships if a member fails to provide payment for an extended period of time. In addition, we experience attrition and we and our franchisees must continually engage existing members and attract new members in order to maintain membership levels. It is possible that a portion of our member base may not regularly use our studios and may cancel their memberships. Some of the factors that could lead to a decline in membership levels include, among other factors: • changing desires and behaviors of consumers or their perception of our brand; • government shutdowns, social distancing requirements, stay at home orders and advisories or any other restrictions or suggestions adopted by governmental authorities; • changes in discretionary spending trends; • market maturity or saturation; • a decline in our ability to deliver quality service at a competitive price; • a failure to introduce new features, products or services that members find engaging; • the introduction of new products or services, or changes to existing products and services, that are not favorably received; • technical or other problems that affect the member experience; • an increase in monthly membership dues due to inflation; • direct and indirect competition in our industry; • a decline in the public's interest in health and fitness; and • a general deterioration of economic conditions or a change in consumer spending preferences or buying trends. In order to increase membership levels, our franchisees may from time to time offer promotions or lower monthly dues or annual fees. If our franchisees are not successful in optimizing pricing or

finding other ways to add memberships in new and existing studios, our membership levels may decrease, and in turn growth in monthly membership dues or annual fees may suffer, which will have an increasing impact on our financial results as we continue to move to a percentage of gross monthly studio revenue based franchise fee model. Any decrease in our average dues or fees or higher membership costs may materially and adversely impact our results of operations and financial condition. Additionally, further expansion into international markets may create new challenges in attracting and retaining members that we may not successfully address, as these markets carry unique risks as discussed below. As a result of these factors, we cannot be certain that our membership levels will be adequate to maintain or permit the expansion of our operations. A decline in membership levels would have an adverse effect on our business, results of operations and financial condition. Our financial results are affected by the number of Franchises Sold and studios we open and by the operating and financial results of such studios, which impact will become more significant as we continue to implement a variable franchise fee structure. Under the terms of our franchise agreements, each of our franchisees is required to pay us an establishment fee upon signing a new franchise agreement, and monthly franchise and related fees throughout the term of the franchise agreement. A substantial portion of our revenue comes from such fees. For the years ended December 31, 2020-2022 and 2021, we derived 63-69.8-7% and 55-58.0-9% of our revenue, respectively, from franchise Franchise revenue. As a result, our financial results depend on the number of Franchises Sold and number of studios. If we are unable to sell new franchises that eventually open studios, or renew existing franchise agreements, our financial results would be adversely affected. Prior to July 2019, our monthly franchise fees were generally a flat monthly fee. Since then, we have transitioned our model in the United States for new franchisees to a franchise fee based on the greater of a fixed monthly franchise fee or a percentage of gross monthly studio revenue. In select markets outside of the United States, and for renewals of existing franchisees in the United States, we are in the process of developing a strategy for transitioning to a similar model. There can be no assurance that we will be successful in implementing this model with new franchisees or in transitioning existing franchisees to this model in our markets. We anticipate that monthly franchise fee payments by our franchisees, whether in the form of a flat fee or variable fee, will continue to represent a substantial portion of our revenue in the future. Accordingly, we are reliant on the performance of our franchisees in successfully operating their studios and generating sufficient revenue to enable them to pay monthly franchise fees and other fees to us on a timely basis. If our franchisees are not successful in operating their studios, they may not be able to pay required monthly franchise fees to us, which could harm our operating results through reduced franchise fee revenue. ~~Throughout the COVID-19 pandemic, some franchisees have been unable to pay the required monthly franchise fees due to the temporary closure of studios, and as a result, our franchise fee revenue has been reduced. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of the COVID-19 Pandemic.”~~ As we continue to implement the variable franchise fee structure, our financial results will become even more dependent on the operational and financial results of our franchisees. Further, such shift in franchise fee structure will likely result in greater variability in our results from year to year and from quarter to quarter because our franchise fee revenue will be directly impacted by the sales performance of our franchisees. As a result, as this structure continues to be implemented, we expect period- to- period comparisons of our operating results to be less reliable as an indication of our performance for any future period. If we fail to identify, recruit and contract with qualified franchisees, our ability to open new franchised studios and increase our revenue could be materially and adversely affected. The opening of additional franchised studios depends, in part, upon the availability of prospective franchisees who meet our criteria. We may not be able to identify, recruit or contract with suitable franchisees in our target markets on a timely basis or at all. Although we have developed criteria to evaluate and screen prospective franchisees, our franchisees may not ultimately have the business acumen or be able to access the financial or management resources that they need to open and successfully operate the studios contemplated by their franchise agreements with us. Franchisees ~~and~~ may elect to cease studio development for other reasons, including ~~the COVID-19 pandemic and~~ applicable franchise laws ~~that~~ may limit our ability to terminate or modify these franchise agreements. If we are unable to recruit suitable franchisees or if franchisees are unable or unwilling to open new studios as planned, our growth may be slower than anticipated, which could materially and adversely affect our ability to increase our revenue and materially and adversely affect our business, results of operations and financial condition. In addition, we have begun entering into long- term multi- unit studio agreements with individual parties. These agreements provide for a large number of studios to be open on a set schedule and be operated by a single party. If that party does not perform or is unable to open and operate the studios as anticipated, it could materially and adversely affect our planned openings of new studios and expected revenue from the studios. Our business and results of operations depend on maintaining franchise agreements with our existing franchisees. Our typical franchise agreement has an initial five- year term. Upon the expiration of the initial term, we or the franchisee may, or may not, elect to renew the franchise agreement. Whether or not a franchise agreement is renewed is contingent on: • the franchisee’s execution of the then- current form of franchise agreement, which may include increased or different franchise fee revenue, marketing fees and other fees and costs; • the satisfaction of certain conditions, including re- equipment and remodeling of the studio and other requirements; • the payment of a renewal fee; and • other conditions which are outside our control, including those that impact our franchisees, such as economic conditions, their financial situation, the success of their studio, their other commitments and their ability to renew their studio lease on acceptable terms or to find a suitable alternative location. Our franchisees’ ability to negotiate favorable terms on an expiring lease or to negotiate favorable terms on leases with renewal options, or conversely for a suitable alternative location, could depend on conditions in the real estate market, competition for desirable properties and our franchisees’ relationships with current and prospective landlords or may depend on other factors that are not within our or our franchisees’ control. As of December 31, 2021-2022, the initial franchise term in 341-381 franchise studios will expire during 2023 and 591 franchise studios are operating under expired franchise agreements. In addition, as of December 31, 2022 approximately 288 franchisees’ studios were not operating, but had not terminated their franchise agreements. If we are unable to renew our franchise agreements in respect of such studios or a significant portion thereof, our business, results of operations and financial

condition would be materially and adversely affected. The timing of the opening of Franchises Sold may differ materially from historical experience, and the number of new franchised studios that actually open in the future may differ materially from the number of signed commitments we currently have or anticipate from existing and new franchisees. As of December 31, 2021-2022, a significant number of Franchises Sold did not yet have operating studios. Generally, **The timing of the opening of each new studio will open approximately nine months after we have signed the franchise agreement with the franchisee outside of the period of the COVID-19 pandemic. The timing of the opening of each new studio, however,** is subject to many factors outside of our control, including those discussed below in “ We have grown rapidly in recent years and have limited operating experience at our current scale of operations. If we fail to successfully implement our growth strategy, which includes new studio development by existing and new franchisees, our brand and ability to increase our revenue and operating profits could be materially and adversely affected,” and accordingly the timing of the opening of new studios may differ materially from historical experience. Further, as we continue to expand our business into new international markets, the risks our franchisees may face in such markets, such as political and economic instability, local laws and regulations and inadequate brand infrastructure, may result in longer periods for opening new studios. A portion of our Franchises Sold may not ultimately open as new franchised studios. Approximately 3.0% and 1.0% of the Franchises Sold at the beginning of the period in the years ended December 31, 2020-2022 and December 31, 2021, respectively, were subsequently terminated. **Additionally, approximately 530 Franchises Sold during the year ended December 31, 2022 were subsequently terminated during the year ended December 31, 2022.** The historic conversion rate of signed commitments to new franchised studios may not be indicative of the conversion rates we will experience in the future and the total number of new studios actually opened in the future may differ materially from the number of signed commitments disclosed at any point in time. **Additionally, Total Franchises Sold includes 913 franchises sold under development agreements which have development schedule timelines providing for openings of studios through 2028. Failure of the franchisees to adhere to the timeline of required development schedules provided within the development agreements may result in many of these studios not ultimately opening. At December 31, 2022, three development agreements, representing approximately 518 or 14 % of Total Franchises Sold, were not in compliance with their development schedule timelines.** To the extent our franchisees, **including those under development agreements,** are unable to open new studios as we anticipate, we will not realize the revenue growth that we expect. Our failure to add a significant number of new studios would adversely affect our ability to increase our revenue and income from operations. **We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business, and our franchisees are impacted by factors that are beyond our control.** Franchisees are independent business operators and are not our employees, and we do not exercise control over the day-to-day operations of their studios. We provide training and support to franchisees, and set and monitor operational standards, but the quality of franchised studios may be diminished by any number of factors beyond our control. Franchisees may not successfully operate studios in a manner consistent with our standards and requirements, including those relating to our marketing strategy, applicable laws or regulations, or may not hire and train qualified **trainers-coaches** and other personnel. Further, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their approved locations. Applicable state franchise laws may limit our ability to terminate or modify franchise agreements with non-complying or unsuccessful franchisees. If franchisees do not operate to our expectations or if consumers have negative perceptions or experiences with our franchised studios, our image and reputation, and the image and reputation of other franchisees, may suffer materially and system-wide membership could decline significantly, which could reduce our franchise fees and other revenue. As small business owners, some of our franchisees may be negatively and disproportionately impacted by capital requirements, negative economic conditions, including **the COVID-19 pandemic pandemics**, recession, inflation and increased unemployment levels, or other issues. Furthermore, franchisees’ business obligations may not be limited to the operation of our studios, making them subject to business and financial risks unrelated to the operation of our studios. These unrelated risks, and the effect of decreased consumer confidence or changes in consumer behavior, could materially harm our franchisees’ financial condition, which would cause our franchise fees and other revenue to decline and materially and adversely affect our business, results of operations and financial condition as a result. Moreover, disputes with franchisees could damage our brand image and reputation and our relationships with our franchisees, generally - **The success of our business strategy depends on our ability to effectively manage and support our franchise system.** We operate a nearly 100 % franchise model. As such, the success of our business strategy depends on our franchise network, which requires ongoing support and oversight from us, including comprehensive training on membership marketing and day-to-day operations, business support systems, marketing support, management information systems and support with other systems and procedures. Failure to provide our franchisees with adequate training, support and resources could materially and adversely affect both our new and existing franchisees, as well as cause disputes between us and our franchisees. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition. We have grown rapidly in recent years and have limited operating experience at our current scale of operations. If we fail to successfully implement our growth strategy, which includes new studio development by existing and new franchisees, our brand and ability to increase our revenue and operating profits could be materially and adversely affected. We have expanded our operations rapidly and have limited operating experience at our current size. **For example, we sold some of our first franchises to members of our original studio, and opened nearly 200 studios over the following 30 months. In less than nine ten years, we have scaled our global footprint to 3, 301-663 Total Franchises Sold in 74-67 countries-- countries, including 1-2, 749-100 Total Studios, of which 1, 580 had re-opened following closures due to the COVID-19 pandemic, as of December 31, 2021-2022. In addition, we have increased our employee headcount as our operations have expanded, and we expect headcount growth to continue for the foreseeable future.** Our growth strategy relies substantially upon new studio openings by existing and new franchisees, and we are continuously seeking to identify target markets where we can enter or expand, taking into account numerous factors such as

the location of our current studios, demographics and traffic patterns. Our franchisees face many challenges in opening new studios, including: • availability and cost of financing; • selection and availability of suitable studio locations; • competition for studio sites; • negotiation of acceptable lease and financing terms; • **availability of financing, including the impact of rising interest rates**; • securing required domestic or foreign governmental permits and approvals, including zoning approvals; • health and fitness trends in new geographic regions and acceptance of our offerings; • employment, training and retention of qualified personnel in local markets; • ability to open new studios during the timeframes we and our franchisees expect; • the general legal and regulatory landscape in which their studios operate; • actual or perceived threats to public health due to the COVID- 19 pandemic; • determining and setting appropriate membership fees to ensure the success of their studios; and • general economic and business conditions. In particular, because new studio development is funded entirely by franchisee investment, our growth strategy is dependent on our franchisees' (or prospective franchisees') ability to access funds to finance such development. Franchisees of new studios may have difficulty securing adequate financing, particularly ~~while the COVID-19 pandemic continues to persist, as well as~~ in new markets, where there may be a lack of adequate history and brand familiarity. If our franchisees or prospective franchisees are not able to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new studios, and our future growth could be materially and adversely affected. **For example, in May 2022, the Company entered into a \$ 150 million credit agreement (the " New Facility ") with Fortress Credit Group for the purpose of providing financing to franchisees. However, the New Facility was terminated on August 14, 2022, prior to providing any financing to franchisees as a result of the Company no longer maintaining compliance with covenants requiring minimum market capitalization thresholds.** In addition, our franchisees' ability to successfully open and operate new studios in new or existing markets may be adversely affected by a lack of awareness or acceptance of our brand, as well as a lack of existing marketing efforts and operational execution in these new markets. To the extent that we are unable to implement effective marketing and promotional programs and foster recognition and affinity for our brand in new markets, our franchisees' new studios may not perform as expected, and our growth may be significantly delayed or impaired. In addition, new studios may not be successful or our average studio membership sales may not increase at historical rates, which could materially and adversely affect our business, results of operations and financial condition. To successfully expand our business, we, along with our franchisees, must identify and secure sites for new franchise studios that meet our established criteria. In addition to finding sites with the right demographic and other measures we employ in our selection process, we also evaluate the penetration of our competitors in the market. We and our franchisees face significant competition for sites that meet our criteria, and as a result we and our franchisees may lose those sites, our competitors could copy our format or our franchisees could be forced to pay significantly higher lease payments for those sites. If we and our franchisees are unable to identify and secure sites for new studios in suitable locations, our revenue growth rate and operating profits may be negatively impacted. Additionally, if our or our franchisees' analysis of the suitability of a studio site is incorrect, our franchisees may not be able to recover the capital investment in developing and building the new studio and in turn may not be able to pay required royalties to us. As we increase our number of studios, our franchisees may also open studios in higher- cost geographies, which could entail greater lease payments and construction costs, among others. The higher level of invested capital at these studios may require higher operating margins and higher net income per studio to produce the level of return our franchisees and potential franchisees expect. Failure to provide this level of return could materially and adversely affect our business, results of operations and financial condition. Opening new studios in close proximity may negatively impact our existing studios' revenue and profitability. As of December 31, ~~2021~~ **2022**, we had 3, ~~301~~ **663** Total Franchises Sold in ~~67~~ **74** countries, and we plan to open many new studios in the future, some of which will be in existing markets. We intend to continue opening new franchise studios in our existing markets as part of our growth strategy, some of which may be located in close proximity to studios already in those markets. Opening new studios in close proximity to existing studios may attract some memberships away from those existing studios, which may lead to diminished revenue and profitability for us and our franchisees rather than increased market share, especially as we continue to move to a percentage of gross monthly studio revenue -based franchise fee model. In addition, as a result of new studios opening in existing markets and because older studios will represent an increasing proportion of our studio base over time, our ~~same~~ **Same store Store sales Sales** increases may be lower in future periods than they have been historically. Our ~~franchisees may incur rising costs related to construction of new studios and maintenance of existing studios, which could materially and adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.~~ Our studios require both upfront and ongoing investments, including periodic remodeling and equipment replacement. If our franchisees' costs are greater than expected, franchisees may not achieve their expected targeted return. In addition, increased costs may result in lower profits to the franchisees, which may cause them to terminate their franchise agreement or make it harder for us to attract new franchisees, which in turn could materially and adversely affect our business, results of operations and financial condition. In addition, if a franchisee is unwilling or unable to acquire the necessary financing to invest in the maintenance and upkeep of its studios, including periodic remodeling and replacement of equipment, the quality of its studios could deteriorate, which may have a negative impact on our brand image and our ability to attract and maintain members, which in turn may have a negative impact on our business, results of operations and financial condition. If we are unable to sustain pricing levels for our establishment fees, World Pack and franchise fees, ~~our business could be adversely affected.~~ **If we are unable to sustain pricing levels for our establishment fees, World Pack and franchise fees,** whether due to competitive pressure or otherwise, our revenue and operating profit could be significantly reduced. Further, our decisions around the development of new ancillary products and services are grounded in assumptions about eventual pricing levels. **During the fourth quarter of 2022, the Company provided limited time offers of World Packs at reduced prices as compared to initially agreed upon contractual terms. If these limited time offers are made in the future, or if** there is price compression in the market after these decisions are made, it could have a negative effect on our business. **If our relations with existing or potential franchisees deteriorate, our business could be**

adversely affected. Our growth depends on maintaining good relations with our franchisees. Franchisees, as independent business operators, may from time to time disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under our franchise agreements, including with respect to alleged breaches of contract or wrongful termination under the franchise arrangements. Disagreement may lead to disputes with our franchisees, and we expect such disputes to occur from time to time. Disputes between us and our franchisees, whether in court or otherwise, could relate to either party's violation of its contractual obligations. We may also engage in litigation with franchisees to enforce the terms of our franchise agreements and compliance with our brand standards as we determine necessary to protect our brand, the consistency of our studios and the customer experience or to enforce our contractual indemnification rights if we are brought into a matter involving a third party due to the franchisee's alleged acts or omissions. In addition, we may be subject to claims by our franchisees relating to our ~~franchise disclosure document~~, or FDD, including claims based on financial information contained in our FDD. Furthermore, existing and future franchise-related legislation could subject us to additional litigation risk in the event we terminate or fail to renew a franchise relationship. Unfavorable judgments or settlements relating to franchisee disputes could result in monetary or injunctive relief against us, including the voiding of non-compete, territorial exclusivity or other development-related provisions upon which we rely. Any negative outcome in such disputes could materially and adversely affect our results of operations as well as our ability to expand our franchise system and may damage our reputation and brand. To the extent that we have disputes with our franchisees, the attention, time and financial resources of our management and our franchisees will be diverted from the operation of our business, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Even our success in franchisee disputes could damage our franchisees' finances or operations, or our relationships with them or our ability to attract new franchisees. Our business is subject to various franchise laws and regulations, and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, and other legal developments that impact franchising could materially and adversely affect our business. As a franchised business, we are subject to the FTC Franchise Rule, which is a trade regulation imposed on franchising promulgated by the FTC that regulates the offer and sale of franchises in the United States and that requires us to provide to all prospective franchisees certain mandatory disclosure in an FDD. In addition, we are subject to state franchise registration and disclosure laws in a number of states that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to register our franchise offering in those states prior to our making any offer or sale of a franchise in those states and to provide an FDD to prospective franchisees in accordance with such laws. States requiring franchise registration include, but are not limited to, California, New York, Illinois, Michigan, Hawaii and Washington. We are also subject to franchise registration and disclosure laws in other countries in which we operate, including Australia, Canada, China, France, French Polynesia, Indonesia, Malaysia, Mexico, New Caledonia, Russia, South Africa, South Korea, Spain, Taiwan and the United States, that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to register a franchise disclosure document in a prescribed format and to provide that franchise disclosure document to prospective franchisees, in accordance with such laws, and that regulate certain aspects of the franchise relationship.

Further, FTC Franchise Rule requires the FDD to include updated audited financial statements for the previous completed fiscal year to be compliant. As a result of the delay in our ability to provide audited financial statements as of and for the year ended December 31, 2022, we have not been able to update our FDDs for sales purposes during 2023. Therefore, we have not been able to sell any franchises in the United States in 2023 since April 2023 and will not be able to commence sales until the filing of our 2023 FDDs.

We are currently subject to similar laws in other countries in which we currently offer franchises, and we may also become subject to laws in additional countries in the future. We are not currently, and in the past we have not been, in compliance with certain applicable franchise registration and disclosure laws in certain jurisdictions. Further, as we expand into new markets outside of our more significant markets of Australia, New Zealand, Canada, the United States, the United Kingdom and Singapore, we may have limited knowledge of local franchise laws and regulations and may take time to apprise ourselves of such laws and regulations. Failure to comply with applicable franchise registration and disclosure laws may result in being prohibited from selling in that geography, a franchisee's right to rescind its franchise agreement and damages, pursuant to the terms of its franchise agreement, and may result in investigations or actions from federal, state or local franchise authorities, civil fines or penalties and stop orders, among other remedies. We are also subject to franchise relationship laws in a number of jurisdictions that regulate many aspects of the franchise relationship including, depending upon the jurisdiction, renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes may be resolved, discrimination and franchisees' right to associate, among others. Our failure to comply with such franchise relationship laws could result in fines, damages and our inability to enforce franchise agreements where we have violated such laws. Any non-compliance on our part could result in liability to franchisees and regulatory authorities, inability to enforce our franchise agreements and a reduction in our anticipated franchise fee revenue, which in turn may materially and adversely affect our business and results of operations. We and our franchisees are also subject to the U. S. Fair Labor Standards Act of 1938, as amended, and various other laws in the United States, Canada, Australia and other foreign jurisdictions governing such matters as minimum-wage requirements, overtime and other working conditions. A number of our franchisees' employees may be paid at rates related to the U. S. federal or state minimum wage, and the U. S. federal and / or state minimum wage may increase. Any increases in labor costs might result in our franchisees inadequately staffing studios. In addition, such increases in labor costs and other changes in labor laws could affect studio performance and quality of service, decrease franchise fee revenue and adversely affect our brand. We and our franchisees' operations and properties are subject to extensive federal, international, state, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Failure to comply with these legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability, which could materially and adversely affect our business. We and our franchisees are responsible for compliance with applicable laws that regulate the relationship between

studios and their members. Many jurisdictions have consumer protection regulations that may limit the collection of membership dues or fees prior to opening, require certain disclosures of pricing information, mandate the maximum length of contracts and “cooling off” periods for members (after the purchase of a membership), set escrow and bond requirements for studios, govern member rights in the event of a member relocation or disability, provide for specific member rights when a studio closes or relocates, or preclude automatic membership renewals. Our franchisees’ failure to comply fully with these rules or requirements may subject us or our franchisees to fines, penalties, damages and civil liability, or result in membership contracts being void or voidable. In addition, any changes to such laws or in their interpretation could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members.

Uncertainty Our long- term business objectives depend on the successful system- wide execution of our strategies. We continue to build upon our investments in technology and modernization in order to transform the customer experience, including modernization of our mobile applications, introduction of new equipment within our studios, and addition of new group based training formats. As part of these law investments, we are continuing to place emphasis on improving our franchise model and strengthening relationships with both respect to the assignment of liabilities in the franchisee and customers which may not generate the expected results. If these initiatives are not well executed, or if we do not fully realize the intended benefits of these significant investments, our business results may suffer model could adversely impact our profitability.

One of the legal foundations fundamental to the franchise business model has been that, absent special circumstances, a franchisor is generally not responsible for the acts, omissions, or liabilities of its franchisees, whether with respect to the franchisees’ employees or otherwise. In the last several years, this principle has been the subject of differing and inconsistent interpretations at the National Labor Relations Board and in the courts, and the question of whether a franchisor can be held liable for the actions or liabilities of a franchisee under a vicarious liability theory, sometimes called “joint employer,” has become highly fact dependent and generally uncertain. A determination that we are a “joint employer” with our franchisees or that our franchisees are part of one unified system subject to joint and several liability could subject us and / or our franchisees to liability for employment- related and other liabilities of our franchisees and could cause us to incur other costs that have a material adverse effect on our results of operations. Additionally, in certain jurisdictions, including Australia, we may be liable if our franchisees fail to comply with employment and work health safety legislation. Any finding that we are liable for such non- compliance could adversely affect our business, results of operations and financial condition. We are subject to a variety of additional risks associated with our franchisees. Our franchise business model subjects us to all of the risks described above and a number of other risks, any one of which may impact our franchise fee revenue collected from our franchisees, may harm the goodwill associated with our brand and may materially and adversely impact our business and results of operations. Additional risks include the following: Franchisee litigation; effects of regulatory efforts –We and our franchisees are subject to a variety of litigation risks, including, but not limited to, member claims, personal injury or wrongful death claims, vicarious liability claims, litigation with or involving our relationship with franchisees, litigation alleging that the franchisees are our employees or that we are the co- employer of our franchisees’ employees, employee allegations against the franchisee or us of improper termination, sexual harassment or hostile work environment allegations, discrimination or employee classification, landlord / tenant disputes and intellectual property claims, among others. Each of these claims may increase costs, reduce the execution of new franchise agreements and affect the scope and terms of insurance or indemnifications we and our franchisees may have. In addition, we and our franchisees are subject to various regulatory efforts to enforce employment laws, such as efforts to categorize franchisors as the co- employers of their franchisees’ employees, legislation to categorize individual franchised businesses as large employers for the purposes of various employment benefits, and other legislation or regulations that may have a disproportionate impact on franchisors and / or franchised businesses. Any of these changes could impose greater costs and regulatory burdens on franchising and negatively affect our ability to sell new franchises. Franchisee insurance –Our franchise agreements require each franchisee to maintain certain insurance types and levels of coverage. Losses arising from certain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks, or franchisees may fail to procure the required insurance. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made on a timely basis. Any such loss or delay in payment could have a material adverse effect on a franchisee’ s ability to satisfy its obligations under its franchise agreement or other contractual obligations, which could cause a franchisee to terminate its franchise agreement and, in turn, negatively affect our operating and financial results. Franchise agreements and franchisee relationships –Our franchisees develop and operate their studios under terms set forth in our franchise agreements. These agreements give rise to long- term relationships that involve a complex set of mutual obligations and mutual cooperation. We have a standard agreement that we typically use with our franchisees, but various franchisees have negotiated specific terms in these agreements. Furthermore, we may from time to time negotiate terms of our franchise agreements with individual franchisees or groups of franchisees. We seek to have positive relationships with our franchisees, based in part on our common understanding of our mutual rights and obligations under our agreements, to enable both the franchisees’ business and our business to be successful. However, we and our franchisees may not always maintain a positive relationship or always interpret our agreements in the same way. Our failure to have positive relationships with our franchisees could individually or in the aggregate (including as a result of franchisees forming an independent association of franchisees) cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members. While revenue from franchisees are not concentrated among one party or a small number of parties, the success of our business does depend in large part on our ability to maintain contractual relationships with franchisees in profitable studios. A typical franchise agreement has a five- year term. As of December 31, 2021-2022, our largest franchisee group accounted for approximately 11-9.5% of our Total franchisees Franchisees sold Sold. If we fail to maintain or renew our contractual relationships on acceptable terms, or if one or more of these significant franchisees were to become insolvent or

otherwise were unwilling to pay amounts due to us, our business, reputation, results of operations and financial condition could be materially and adversely affected. Franchise agreement termination –Each franchise agreement is subject to termination by us, as the franchisor, in the event of a default, generally after expiration of applicable cure periods, although, under certain circumstances, a franchise agreement may be terminated by us upon notice without an opportunity to cure. The default provisions under the franchise agreements are drafted broadly to provide that we may terminate the agreement in the event of a breach. Such breach may include, among other things, any failure by the franchisee to meet operating standards and franchisee actions that may threaten the licensed intellectual property. In some regions in which we operate, a franchisee may have a right to terminate its franchise agreement under certain circumstances. Franchisee turnover –There can be no guarantee of the retention in the future of any franchisees, including the top performing franchisees, or that we will maintain the ability to attract, retain and motivate sufficient numbers of franchisees of the same caliber. The quality of existing franchisee operations may be diminished by factors beyond our control, including franchisees’ failure or inability to hire or retain qualified managers and other personnel, **increased competition, rising operating costs, supply chain interruptions, increasing regulatory and legal complexity, and other factors**. ~~The Training~~ **training** of managers and other personnel may be inadequate. These and other such negative factors could materially and adversely affect our business. Bankruptcy of franchisees –A franchisee bankruptcy could have a substantial negative impact on our ability to collect payments due under such franchisee’s franchise agreement (s). In a franchisee bankruptcy, the bankruptcy trustee may reject its franchise agreement (s), development area (s) and / or franchisee lease / sublease pursuant to Section 365 under the U. S. bankruptcy code or similar laws in other countries, in which case there would be no further franchise fee payments from such franchisee, and we may not ultimately recover those payments in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection. Franchisee changes in control –Our franchises are operated by independent business owners. Although we have the right to approve franchise owners, and any transferees, it can be difficult to predict in advance whether a particular franchise owner will be successful. If an individual franchise owner is unable to successfully establish, manage and operate the studio, the performance and quality of service of the studio could be adversely affected, which could reduce memberships and negatively affect our franchise fee revenue and brand image. Although our agreements prohibit “ changes in control ” of a franchisee without our prior consent as the franchisor, a franchise owner may desire to transfer a studio to a transferee franchisee. In addition, our franchise agreements in several regions, including the United States, provide that in the event of the death or disability of a franchisee (if a natural person) or a principal of a franchisee entity, the executors and representatives of the franchisee are required to transfer the relevant franchise agreements to a successor franchisee approved by the franchisor. In any transfer situation, the transferee may not be able to perform the former franchisee’s obligations under the franchise agreement and successfully operate the applicable studio. In such a case, the performance and quality of service of such studio could be adversely affected, which could also reduce memberships and negatively affect our franchise fee revenue and brand image. Some of our franchisees are operating entities –Franchisees may be natural persons or legal entities. Our franchisees that are operating companies (as opposed to limited purpose entities) are subject to business, credit, financial and other risks, which may be unrelated to the operation of their studios. These unrelated risks could materially and adversely affect a franchisee that is an operating company and its ability to service its members and maintain studio operations while making franchise fee payments, which in turn may materially and adversely affect our business and results of operations. Risks Related to our Brand and Strategy Our success is dependent in large part upon our ability to maintain and enhance the value of our brand, including our studio members’ connection to our brand. Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Our reliance on social media as a marketing strategy makes us particularly susceptible to widespread negative publicity. Incidents which could damage our brand may relate to our policies, the way we manage our relationships with our franchisees, our growth strategies, our development efforts or the ordinary course of our or our franchisees’ businesses. Other incidents that could be damaging to our brand may arise from events that are or may be beyond our control, such as: • actions taken (or not taken) by one or more franchisees or their employees relating to health (including responses to ~~the COVID-19 pandemic~~ **pandemics and endemics**), safety, welfare or otherwise; • data security breaches or fraudulent activities associated with our and our franchisees’ electronic payment systems; • litigation and legal claims; • third- party misappropriation, dilution or infringement or other violation of our intellectual property; • illegal activity targeted at us or others; or • conduct by individuals affiliated with us which could violate ethical standards or otherwise harm the reputation of our brand. Consumer demand for our studios and our brand’s value could diminish significantly if any such incidents or other matters erode consumer confidence in us or our studios, which would likely result in fewer memberships sold or renewed. If studio memberships decline, prospective franchisees may not open new studios, existing franchisees may not renew their franchise agreements and studio sales may decline, all of which would lower franchise fee revenue, which in turn could materially and adversely affect our business, results of operations and financial condition. Our marketing strategy relies on the use of social media platforms and any negative publicity on such social media platforms may adversely affect the public perception of our brand which in turn could have a material and adverse effect on our business, results of operations and financial condition and the market price of shares of our common stock. In addition, our use of social media could subject us to fines or other penalties. We rely on social media marketing, through Instagram, YouTube and Facebook, as a means to engage with our existing members as well as attract new members. Existing and new members alike interact with the brand both organically, through posts by the F45 Training community, as well as through dedicated F45 Training social media accounts. While the use of social media platforms allows us access to a broad audience of consumers and other interested persons, our use of, and reliance on, social media as a key marketing tool exposes us to significant risk of widespread negative publicity. Social media users generally have the ability to post information to social media platforms without filters or checks on accuracy of the content posted. Information concerning us or our brand may be posted on such platforms at any time. Such information may be adverse to our interests or may be inaccurate, each of which can harm our reputation and **the** value of our brand. The harm may

be immediate without affording us an opportunity for redress or correction. In addition, social media platforms provide users with access to such a broad audience that collective action against our studios, such as boycotts, can be more easily organized. If such actions were organized, we could suffer reputational damage as well as physical damage to our studios. Social media platforms may be used to attack us, our information security systems and our reputation, including through use of spam, spyware, ransomware, phishing and social engineering, viruses, worms, malware, distributed denial of service attacks, password attacks, "Man in the Middle" attacks, cybersquatting, impersonation of employees or officers, abuse of comments and message boards, fake reviews, doxing and swatting. As such, the dissemination of information on social media platforms and other online platforms could materially and adversely affect our business, results of operations and financial condition, regardless of the information's accuracy. In addition, our use of social media platforms as a marketing tool could also subject us to fines or other penalties. As laws and regulations, including those from the ~~Federal Trade Commission, or~~ FTC, and enforcement rapidly evolve to govern the use of these platforms, the failure by us, our employees, our franchisees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms could materially and adversely impact our and our franchisees' business, results of operations and financial condition or subject us to fines or other penalties. ~~A principal component of our marketing program has been to collaborate with high-profile marketing partners, such as Mark Wahlberg, to help us extend the reach of our brand. We have entered into partnerships with several additional high profile individuals. Although we have collaborated with several well-known partners in this manner, we may not be able to attract and collaborate with new marketing partners in the future, including those who we are in current discussions with. In addition, if the actions of our partners were to damage their or our reputation, our partnerships may be less attractive to our current or prospective members. These relationships are also dependent on a positive working relationship between us and our partners. If a dispute arises between us and any of our partners, or if the relationship becomes damaged, the partnership may not be successful and could threaten our ability to continue entering into successful high-profile collaborations in the future. Further, we invest part of our marketing spend to attract these high-profile partners, and we anticipate that securing such partnerships will require significant equity grants, as is contemplated by partnerships that we are currently pursuing. Even after such significant investment, these partnerships may prove ineffective and fail to extend the reach of our brand. They may also have varying effects, if any, on the perception of the brand. Any of these failures by us or our partners could materially and adversely affect our business and revenue.~~ Our ability to continue to expand our ancillary product offerings is uncertain, and these new business lines are subject to risks. We currently plan to continue the long-term growth of our business by, in part, capitalizing on member engagement by enhancing our offering of health and fitness related-related products, such as footwear and apparel, prepared meal plans, nutrition and supplements, and wearables, such as ~~the our patented~~ LionHeart ~~heart Heart rate Rate monitor~~ **Monitor**, across our global network of studios. Because all of these offerings are currently in the planning stages or relatively new, it is difficult for us to anticipate the level of sales they may generate. Further, the market for such products is highly saturated and subject to consumer preferences, which may change from time to time. Certain product offerings, like prepared meals, nutrition and supplements, are also subject to unique risks like contamination and food-borne illnesses, and require certain food safety programs and compliance with food and health regulatory regimes. Such risks and added compliance could have a material impact on our business. There is no guarantee that our members will embrace our expanded ancillary product offerings or that we will be able to execute this growth strategy. ~~Our investments~~ **We have invested, and in the future may invest,** in new business strategies, including new ~~brand launches, may have adverse effects on our operating results. We have invested, and in the future may invest, in new business strategies, including new~~ modalities and channels **such as FS8 and Vive**. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses, economic, political, legal and regulatory challenges associated with operating in new businesses, regions or countries, inadequate return on capital, potential impairment of tangible and intangible assets, and significant write-offs. New ventures are inherently risky and may not be successful, **as was the case with our Malibu Crew and Avalon House concepts**. The failure of any significant investment could adversely affect our business, reputation, results of operations and financial condition. **During the year ended December 31, 2022, the Company began the wind down of Malibu Crew and Avalon House concepts which the Company is no longer pursuing. On March 11, 2020, the World Health Organization designated the global outbreak of a new strain of coronavirus, COVID-19, a pandemic. The global and domestic response to the COVID-19 pandemic by both governments and businesses has been unprecedented and may continue to evolve. Many countries, including the United States and Australia, declared national emergencies and implemented preventive measures. Our business has been materially adversely affected by the COVID-19 pandemic and the global response and may continue to be affected by the COVID-19 pandemic and changes in consumer and business behaviors related to the COVID-19 pandemic.** At the initial **and in subsequent peak peaks** of the pandemic, nearly all of our studios closed due to COVID-19. **Subsequent to** While most of our studios ~~studio~~ **have reopened re-openings**, in some locations resurgences of the pandemic ~~have~~ led some state and local governments to return to stricter regulations on businesses, **and resulting in** certain studios that reopened ~~have had~~ to re-close and additional studios may again be closed in the future, pursuant to such local regulations. These ~~ongoing~~ **restrictions have had and may continue to have** a material adverse effect on the number of studios open as well as pending and future sales to franchisees. **Additionally, shutdowns resulted in an increase to studio build-out time delaying certain studio opening timelines.** Certain governments ~~require~~ **required**, and more may ~~begin to~~ **in the future** require, stringent guidelines with respect to the operation of fitness studios, including a reduced number of class participants, increased spacing requirements between participants and restrictions on sharing gym equipment. These requirements and any associated compliance costs have had and may ~~continue to~~ **in the future** have an adverse impact on our operations, including our franchisees' ability to retain members. **Additionally** Considerable uncertainty still surrounds the COVID-19 virus, as well as the **COVID-19** responses taken on a local, national and global level. The pandemic may continue to be widespread, and that could accelerate or magnify **the restrictions have had significant impacts**

one- **on consumer** or more of the risks described above or elsewhere in this Annual Report on Form 10-K. While we expect the pandemic and related events will continue to have a negative effect on our business **behavior**, the full extent and scope of the impact on our business and industry as well as on national, regional and global markets and economies is highly uncertain and cannot be predicted. Any future developments concerning COVID-19 are outside our control and cannot be accurately predicted at this time, such as the duration and spread of the pandemic, the extent and effectiveness of governmental action to contain the disease, and the impact of these and other factors on our franchisees, employees, members and suppliers. The prolonged economic disruption due to COVID-19 has had and could continue to have a material negative impact on our business, financial condition, and results of operations. For additional information on the impact of COVID-19 on our business, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of the COVID-19 Pandemic.” COVID-19 has subjected our business, operations and financial condition to a number of risks, including, but not limited to, the following: Risks Related to Revenue – COVID-19 has adversely impacted our revenue in a number of respects. Throughout the pandemic, some franchisees were unable to pay the required monthly franchise fees due to the temporary closure of studios, and as a result, our franchise fee revenue was negatively impacted. In addition, due to temporary studio closures, we did not realize the anticipated benefits from our variable franchise fee structure due to the operational and financial results of our franchisees being adversely impacted by the pandemic. Risks Related to Operations – The COVID-19 pandemic and related shelter-in-place restrictions and other containment efforts have had ~~and continue to have~~ a significant impact on our operations, including mandated studio closures, stringent guidelines with respect to the operation of our studios, including reduced number of class participants, increased spacing requirements between participants and **restrictions on sharing gym equipment. Many of our studios are located within central business districts which have been impacted by changes to return to office requirements as a result of the growth in telework. These requirements and any associated compliance costs have had and may continue to have an adverse impact on our operations, including our franchisees’ ability to retain members.** Risks Related to Growth – Our growth has been and may continue to be harmed by COVID-19. A number of franchisees may elect to cease studio development due to the COVID-19 pandemic. In addition, due to COVID-19, our studios experienced membership declines. Risks Related to ~~Funding.~~ **Consumer and Business Behavior** ~~There is no guarantee~~ **COVID-19 pandemic and related restrictions have had and may continue to have a significant impact on both consumer and business behavior. We believe that debt financings these changes to consumer and business behavior may continue to be impacted by the COVID-19 pandemic, ongoing restrictions and government mandates. In particular, we cannot predict if and when workers will return** ~~be available in the future to working full~~ **fund our** obligations, or will be available on terms consistent with our expectations. Risks Related to Supply Chain Management. Our ability to identify, source and procure components of our inventories which we sell to customers may continue to be harmed by COVID-19 and **time in offices in major urban areas**. We depend upon third-party licenses for the use of music to supplement our workouts and workout tutorials. An adverse change to, loss of, or claim that we or our franchisees do not hold necessary licenses may have an adverse effect on our business, results of operations and financial condition. We use music to supplement our workouts. To secure the rights to use music to supplement our workouts and workout tutorials, we or our franchisees generally must obtain licenses from rights holders such as record labels, music publishers, performing rights organizations, collecting societies, artists and other copyright owners or their agents. The process of obtaining licenses involves identifying and negotiating with many rights holders, some of whom are unknown or difficult to identify, and implicates a myriad of complex and evolving legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed and by whom. Rights holders also may attempt to take advantage of their market power to seek onerous financial terms from us. Our relationship with certain rights holders may deteriorate. Artists and / or artist groups may object and may exert public or private pressure on rights holders to discontinue or to modify license terms. Additionally, there is a risk that aspiring rights holders, their agents, or legislative or regulatory bodies will create or attempt to create new rights that could require us to enter into new license agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify. We require our franchisees to secure certain music licenses to use music in our studios and to supplement our workouts. Any failure to secure such licenses or to comply with the terms and conditions of such licenses may lead to third party claims or lawsuits and / or have an adverse effect on our business. We or our franchisees generally need to obtain public performance licenses for the use of musical compositions in our studios and to supplement our workouts. In the United States, public performance rights for musical compositions are secured from music publishers, individual artists, or, more typically, through intermediaries known as performing rights organizations, ~~or (“PROs,”)~~ **or (“PROs,”)** which (a) issue blanket licenses to copyright users for the public performance of compositions in their repertory, (b) collect royalties under those licenses, and (c) distribute such royalties to copyright owners. We require our franchisees to enter into and maintain requisite licenses for their use of musical compositions with our workouts from the appropriate PROs. We currently do not maintain such licenses. The royalty rates available from PROs today may not be available in the future. Licenses provided by two PROs, ASCAP and BMI, currently are governed by consent decrees, which were agreements between each of the two PROs, on the one hand, and by the U. S. Department of Justice, on the other hand, in an effort to curb anti-competitive conduct. Removal of, or changes to the terms or interpretation of, these agreements, could affect our franchisees’ ability to obtain licenses from these PROs on current and / or otherwise favorable terms, which could harm our business, results of operations and financial condition. Additionally, licenses with PROs and collecting societies may not provide full coverage for performance of all of the musical compositions which we use in our studios in the countries in which we operate or which we may operate in the future. Some publishers, songwriters and other rights holders choose not to be represented by PROs or collecting societies, adversely affecting our ability to secure licensing arrangements for musical compositions that such rights holders own or control. In addition to public performance licenses, we generally may need to obtain additional music licenses in connection with the musical ‘daily mixes’ that we share with our franchisees. Any failure to obtain such licenses or to comply with the

terms and conditions of such licenses may lead to third party claims or lawsuits and / or have an adverse effect on our business. In addition to the licenses secured by our franchisees, we generally may need to obtain additional licenses from rights holders of musical compositions and sound recordings, which may include individual artists, record labels, PROs and / or music publishers and administrators. We note that we cannot compel any such rights holders to license their music to us, and the licenses we are able to obtain may not cover every right that we need. We also note that identifying all rights holders for a given musical work can be challenging and, given the high level of content concentration in the music industry, the market power of a few licensors and the lack of transparent ownership information for compositions and sound recordings, we may be unable to license a large amount of music or the music of certain popular artists, which could harm our business, results of operations and financial condition. **We have previously received a demand letter** alleging possible infringement of certain compositions and recordings from **Universal owners of certain Music music rights Group**, with whom we have entered into a tolling agreement and have ongoing discussions. **We have previously received demand letters** from **global the Australasian Performing Right Association and the Australian Mechanical Copyright Owners Society, or APPRA AMCOS, and the Phonographic Performance Company of Australia Ltd., or the PPCA**, and entered into licensing arrangements with these rights **organizations** holders. There can be no assurance that we will not have to go through a similar process with other rights holders. Further, there can be no assurance that any licensing arrangements entered into with APPRA AMCOS, PPCA or any other rights holder will address or eliminate potential liability for prior infringements or violations of rights. Although we seek to comply with the statutory, regulatory and judicial frameworks with respect to the use of music in our studios and to supplement our workouts and workout tutorials, we cannot guarantee that we or our franchisees currently hold, or will always hold, every necessary right to use all of the music that is used in connection with our workouts and workout tutorials, and we cannot assure you that neither we nor our franchisees are infringing or violating any third- party intellectual property rights or that we or our franchisees will not do so in the future. These challenges, and others concerning the use of music in connection with our workouts and workout tutorials, may subject us to significant music royalty payments and significant liability for copyright infringement, breach of contract or other claims, which may materially and adversely affect our business. **Our intellectual property rights, trademarks and trade names may be infringed, misappropriated or challenged by others. Our brand and related intellectual property are important to our continued success, which depends on our ability to use our existing trademarks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We rely on a combination of trademarks and trade names to protect our brand.** We seek to protect our patents, trademarks, trade names, copyrights and other intellectual property by exercising our rights under applicable state, provincial, federal and international laws. Policing unauthorized use and other violations of our intellectual property rights is difficult and the steps we take may not prevent misappropriation, infringement or other violations of our intellectual property. **In November 2019, we filed a statement of claim against BodyFit Training Company Pty Ltd. in Federal Court of Australia, New South Wales, for infringement of our technology patents. BodyFit Training Company Pty Ltd filed a counter claim to invalidate certain of our patents. In February 2022, the Federal Court of Australia held that the technology patents in this matter were invalid. While we are appealing this decision, there can be no assurances that the patents will be reinstated. We also filed in September 2020, a complaint against BodyFit Training USA Inc. in United States District Court for the District of Delaware for patent infringement.** If we are unable to successfully protect such patents or **our other** intellectual property rights for any reason, or if any third party (including BodyFit Training or its affiliates) misappropriates, dilutes or infringes our intellectual property, the value of our brand may be harmed, which could have an adverse effect on our business, results of operations and financial condition. Any damage to our reputation could cause membership levels to decline or make it more difficult to attract new members. We may also from time to time be required to initiate litigation, **as is the case with BodyFit Training and its affiliates** to enforce our patents, trademarks, service marks and other intellectual property. Third parties may also assert that we have infringed, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against us. Litigation is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources and negatively affect our membership sales and profitability regardless of whether we are able to successfully enforce or defend our rights. **It may be costly and time consuming to protect our intellectual property, and the steps we have taken to do so may not be adequate. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others, and third parties may claim infringement by us in the future. In particular, we may be involved in intellectual property claims, including often aggressive or opportunistic attempts to enforce patents used in information technology systems, which might affect our operations and results. Any claim of infringement, whether or not it has merit, could be time- consuming, result in costly litigation and harm our business. We cannot ensure that franchisees and other third parties who hold licenses to our intellectual property will not take actions that hurt the value of our intellectual property.** We face risks, such as unforeseen costs and potential liability in connection with content we produce, license and distribute through our content delivery platform. As a producer and distributor of content, we face potential liability for negligence, copyright and trademark infringement, or other claims based on the nature and content of materials that we produce, license and distribute. We also may face potential liability for content used in promoting our studios and workouts, including marketing materials. We may decide to remove content from our workouts, not to place certain content in our studios, or to discontinue or alter our production of certain types of content if we believe such content might not be well received by our members or could be damaging to our brand and business. To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our studios, or if we become liable for content we produce, license or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability could harm our results of operations. We may not be indemnified against claims or costs of these types, and we may not have insurance coverage for these types of claims, which may materially and adversely affect our business. We and our franchisees rely heavily on

information systems, and any material failure, interruption or weakness may prevent us from effectively operating our business and damage our reputation. We and our franchisees increasingly rely on information systems, including our technology-enabled platform through which we distribute workouts to our global franchisee base, point-of-sale processing systems and other information systems managed by third parties, to interact with our franchisees and members, book workouts and collect, maintain and store member information, billing information and other personally identifiable information, including for the operation of studios, collection of cash, legal and regulatory compliance, management of our supply chain, accounting, staffing, payment of obligations, ACH transactions, credit and debit card transactions and other processes and procedures. Our and our franchisees' ability to efficiently and effectively manage our respective businesses depends significantly on the reliability and capacity of these systems, and any potential failure of third parties to provide quality uninterrupted service is beyond our control. Our and our franchisees' operations depend upon our ability, and the ability of our franchisees and third-party service providers (as well as their third-party service providers), to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, denial-of-service attacks and other disruptions. The failure of these systems to operate effectively, stemming from maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow, a breach in security or other unanticipated problems, could result in interruptions to or delays in our business and member service and reduce efficiency in our operations. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems may also cause service interruptions, operational delays due to the learning curve associated with using a new system, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. If our information systems, or those of our franchisees and third-party service providers (as well as their third-party service providers), fail and our or our partners' third-party back-up or disaster recovery plans are not adequate to address such failures, our revenue and profits could be reduced, and the reputation of our brand and our business could be materially and adversely affected. If we or our franchisees fail to properly maintain the confidentiality and integrity of our data, our reputation and business could be materially and adversely affected. In the ordinary course of business, we and our franchisees transmit and collect studio member and employee data, including home address, gender, dates of birth and other highly sensitive personally identifiable information in information systems that we maintain and in those maintained by franchisees and third parties with whom we contract to provide services. We also collect personal member information through the use of our LionHeart heart rate monitors. Some of these data are sensitive and could be an attractive target of a criminal attack by malicious third parties with a wide range of motives and expertise, including lone wolves, organized criminal groups, "hacktivists," disgruntled current or former employees and others. The integrity and protection of member and employee data are critical to us. Despite the security measures we have in place to comply with applicable laws and rules, our facilities and systems, and those of our franchisees and third-party service providers (as well as their third-party service providers), may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Furthermore, the size and complexity of our information systems, and those of our franchisees and our third-party vendors (as well as their third-party service providers), make such systems potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, franchisees or vendors, or from attacks by malicious third parties. Because such attacks are increasing in sophistication and change frequently in nature, we, our franchisees and our third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of our systems, or those of our franchisees and third-party vendors (as well as their third-party service providers), may not be discovered and remediated promptly. Changes in consumer behavior following a security breach or perceived security breach, act of cyber terrorism or sabotage, vandalism or theft, computer virus, loss or corruption of data or programming or human error or other similar event affecting a competitor, large retailer or financial institution may materially and adversely affect our business. Additionally, the handling of personally identifiable information by our or our franchisees' businesses is regulated at the federal, state and international levels. Federal, state and international agencies may also consider and implement from time to time new privacy and security requirements that apply to our businesses. Compliance with contractual obligations and evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our handling of personally identifiable information that are housed in one or more of our or our franchisees' databases, or those of our third-party service providers. Actual or perceived noncompliance with privacy laws or an actual or perceived security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us or by one of our franchisees or vendors, could have material adverse effects on our and our franchisees' business, operations, brand, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against our licenses to do business and injunctive relief by court or consent order. Despite our efforts, the handling of personally identifiable information may not be in compliance with applicable law, or this information could be disclosed or lost due to a hacking event or unauthorized access to our information system, or through publication or improper disclosure, any of which could affect the value of our brand. ~~The occurrence of cyber incidents, or a deficiency in cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of confidential information, and / or damage to our employee and business relationships and reputation, all of which could harm our brand and our business.~~ We could be subject to a cyber-incident or other adverse event that threatens the confidentiality, integrity or availability of information resources, including intentional attacks or unintentional events where parties gain unauthorized access to systems to disrupt operations, corrupt data or steal confidential information about customers, franchisees, vendors and employees. A number of retailers and other companies have recently experienced serious cyber incidents and breaches of their information technology systems. As our reliance on technology has increased, so have the risks

posed to our systems, both internal and those we have outsourced. The three primary risks that could directly result from the occurrence of a cyber- incident include operational interruption, damage to the relationship with members and franchisees and private data exposure, which each in turn could create additional risks and exposure. In the ordinary course of business, we and our franchisees transmit and collect personally identifiable data regarding our members. We also maintain important internal company data, such as personally identifiable information about our employees and franchisees and information relating to our operations. Our use of personally identifiable information is regulated by foreign, federal and state laws, as well as by certain third- party agreements. As privacy and information security laws and regulations and contractual obligations with third parties evolve, we may incur additional costs to ensure that we remain in compliance with those laws and regulations and contractual obligations. If our security and information systems are compromised or if our employees or franchisees fail to comply with these laws, regulations, or contract terms, and this information is obtained by unauthorized persons or used inappropriately, it could materially and adversely affect our reputation and could disrupt our operations and result in costly litigation, judgments, or penalties arising from violations of federal and state laws and payment card industry regulations. Under certain laws, regulations and contractual obligations, a cyber- incident could also require us to notify customers, employees or other groups of the incident or could result in adverse publicity, loss of sales and profits, or an increase in fees payable to third parties. We could also incur penalties or remediation and other costs that could materially and adversely affect the operation of our business and results of operations. We currently do not maintain any cyber security insurance coverages. ~~We are subject to payment processing risk.~~ We and our franchisees use third parties to process payments from our members for our products and services. In addition, we use third parties to process payments from our franchisees. To the extent there are disruptions in the payment processing systems that we and our franchisees use, such as delays in receiving payments from payment processors, or changes to rules or regulations concerning payment processing, our revenue and results of operations could be adversely impacted. Further, if the third party processors we and our franchisees use become unwilling or unable to continue processing payments on our or their behalf, we and our franchisees would have to find alternative methods of collecting payments, which could adversely impact member retention. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operation and, if not adequately controlled and managed, could create negative consumer perceptions of our service. Some of our products and services contain open -source software, which may pose particular risks to our proprietary software, technologies, products and services in a manner that could harm our business. We use open -source software in our products and services and anticipate using open -source software in the future. Some open -source software licenses require those who distribute open -source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open -source code on unfavorable terms or at no cost. The terms of many open -source licenses to which we are subject have not been interpreted by U. S. or foreign courts, and there is a risk that open -source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open -source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open -source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re- engineer them to avoid infringement. This re- engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful. Additionally, the use of certain open -source software can lead to greater risks than use of third- party commercial software, as open -source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open -source software, and we cannot ensure that the authors of such open -source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open -source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have processes to help alleviate these risks, including a review process for screening requests from our developers for the use of open -source software, but we cannot be sure that all open -source software is identified or submitted for approval prior to use in our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, results of operations and financial condition.

Risks Related to Our Suppliers and Supply Chain Management Equipment and certain products and services used in our studios, including our exercise equipment, components of our tech packs and point- of- sale software and hardware, are sourced from **and stored by** third- party suppliers. We purchase substantially all of our gym equipment from a single supplier in China **and we use a single logistics company to coordinate the storage of all equipment** . In addition, we rely on third- party suppliers to manage and maintain our websites and online membership processes. Although we believe that adequate substitutes are currently available, we depend on these third- party suppliers to operate our business efficiently and consistently meet our business requirements. The ability of these third- party suppliers **and logistics providers** to successfully provide reliable and high- quality supplies and services is subject to technical and operational uncertainties that are beyond our control, including, for our overseas suppliers, vessel availability **and**, port delays or congestion **, and access to warehousing** . Any disruption to our suppliers' operations could impact our supply chain and our ability to service our existing studios **, ship our products** and open new studios on time or at all and thereby generate revenue. If we lose such suppliers or **logistic providers** ~~our~~ ~~or~~ ~~suppliers~~ **these parties** encounter financial hardships unrelated to the demand for our equipment or other products or services, we may not be able to identify or enter into agreements with alternative suppliers on a timely basis on acceptable terms, if at all **, or access equipment stored in warehouses** . Transitioning to new suppliers would be time consuming and expensive and may result in interruptions in our operations. If we should encounter delays or difficulties in securing the quantity of equipment we or our franchisees require to open new and refurbish existing studios, our suppliers encounter difficulties meeting our and our franchisees' demands for

products or services, our websites experience delays or become impaired due to errors in the third- party technology or there is a deficiency, lack or poor quality of products or services provided, or there is damage to the value of one or more of our vendors' brands, our ability to serve our members and grow our brand would be interrupted. If any of these events occurs, it could have a material adverse effect on our business and operating results. ~~Increases in tariffs and trade restrictions on equipment we source from China could have an adverse impact on our business, results of operations and financial condition.~~ We purchase substantially all of our gym equipment from a single supplier in China. Since the beginning of 2018, there has been increasing rhetoric, in some cases coupled with legislative or executive action, from several U. S. and foreign leaders regarding tariffs against foreign imports of certain goods and materials. For example, **in 2018 and 2019, the United States has imposed significant tariffs on specified various products imported from China following the U. S. Trade Representative Section 301 Investigation as part of the standard four- year review process. These-- The United States has also stated that further tariffs have had and may have been imposed on additional products imported from China if a trade agreement is not reached. On January 15, 2020, a " phase one " trade deal was signed between the United States and China and was accompanied by a decision from the United States to cancel a plan to increase tariffs on an additional list even greater impact on the cost of our gym equipment depending on the outcome of the current trade negotiations, which have been protracted and recently resulted in increases in U. S. tariff rates on specified products from China. However, including given the limited scope of the phase one agreement, concerns over the stability of bilateral trade relations remain. At this time, there is no assurance that a broader trade agreement will be successfully negotiated between the United States and China to reduce or eliminate the existing tariffs. If additional tariffs are imposed on our gym equipment and equipment included in our World Packs, or other retaliatory trade measures are taken, our costs could increase and we may be required to raise our prices, which could materially and adversely affect our results.** Increases in the cost of our gym equipment, including that included in our World Packs, could have a material effect on our gross margins as we may not be able to pass such costs onto our franchisees. In addition, if trade tensions between the United States and China continue to escalate, we may experience delays or disruptions in the delivery of our gym equipment to our franchisees, which could adversely impact our business, results of operations and financial condition. We have limited control over our suppliers, manufacturers and logistics partners, which may subject us to significant risks, including the potential inability to produce or obtain quality products on a timely basis or in sufficient quantity. We have limited control over our suppliers, manufacturers and logistics partners, which subjects us to risks, such as the following: • inability to satisfy demand for our World Pack products or other products or services that we currently offer in studios or may offer in the future; • reduced control over delivery timing ; ~~particularly due to delays associated with labor shortage and other challenges related to the pandemic,~~ as well as product reliability; • reduced ability to monitor the manufacturing process and components used in our World Pack products and other products; • limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions; • variance in the manufacturing capability of our third- party manufacturers; • price increases; • failure of a significant supplier, manufacturer, or logistics partner to perform its obligations to us for technical, market or other reasons; • difficulties in establishing additional supplier, manufacturer, or logistics partner relationships if we experience difficulties with our existing suppliers, manufacturers or logistics partners; • shortages of materials or components; • misappropriation of our intellectual property; • exposure to natural catastrophes, political unrest, terrorism, labor disputes and economic instability resulting in the disruption of trade from foreign countries in which our World Pack products and other products are manufactured or the components thereof are sourced; • changes in local economic conditions in the jurisdictions where our suppliers, manufacturers and logistics partners are located; • the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, tariffs, taxes and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and • insufficient warranties and indemnities on components supplied to our manufacturers or performance by our partners. **In addition, our ability to identify, source and procure components of our inventories which we sell to customers may continue to be harmed by COVID- 19 and supply chain disruptions. We may be unable to generate sufficient cash flow or income to satisfy our debt service and other obligations, which would adversely affect our results of operations and financial condition. We have historically generated material losses and negative cash flow.** Our ability to make scheduled payments on, or to refinance our obligations under, our indebtedness will depend on our subsidiaries' and our franchisees' future operating performance and on economic, financial, competitive, legislative, regulatory and other factors. Many of these factors are beyond our control. We can provide no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our obligations under our indebtedness or to fund our other needs. ~~In The Company' s forecast for the twelve months from the date of the financial statements included in this Annual Report on Form 10- K could result in the possibility of insufficient resources to meet our ongoing obligations and maintain compliance with the minimum liquidity requirement of \$ 10. 0 million under the terms of our indebtedness. The Company has determined that these circumstances represent conditions about the Company' s ability to continue as a going concern before consideration of management' s plans. As such, in order for us to satisfy our obligations under our indebtedness and to fund our other needs, we must continue to execute our business strategy. If we are unable to do so, we may not be able to operate as a going concern and~~ may need to refinance all or a portion of our indebtedness on or before maturity. We can provide no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. ~~The terms of our indebtedness could adversely affect our business.~~ We are party to a senior secured Amended and Restated Credit Agreement, dated August 13, 2021, (the " Senior Credit Agreement "), with JPMorgan Chase Bank, N. A., as Administrative Agent, Australian Security Trustee, Lender, Swingline Lender and Issuing Bank, consisting of a \$ 90 million revolving credit facility. **Subsequent to year end, or we entered into a Third Amendment to the terms of the Senior Credit Agreement. This**

amendment reduced amounts available under the Senior Credit Agreement to \$ 70 million, comprised of a \$ 68 million term loan and a \$ 2 million Revolving revolving credit Facility facility , with a two- year term . The Secured Senior Credit Agreement contains restrictive covenants that, among others, limit our ability to: • incur indebtedness pay dividends and make distributions and repurchase stock; • engage in transactions with affiliates; • incur liens ; • incur indebtedness not under the Secured Credit Agreement; • engage in sale- leaseback transactions; • make investments; • sell assets; • engage in sale- leaseback transactions; • enter into swap agreements; • pay dividends and make distributions and repurchase stock; • engage in transactions with affiliates; and • maintain or contribute to a defined employee benefit plan or arrangement that is not subject to the laws of the U. S. The Senior ; and In addition, the Secured Credit Agreement contains certain financial covenants, including the maintenance of a minimum liquidity requirement consolidated total leverage ratio and a consolidated fixed charge coverage ratio. Our ability In addition we are a party to borrow under the Revolving Facility depends on our compliance a Subordinated Credit Agreement, dated as of February 14, 2023 with Alter Domus, as Administrative Agent, and certain lenders, including Kennedy Lewis Capital Partners Master Funds II and III LP, consisting of a \$ 90 million term loan. The terms of these the Subordinated Credit Agreement contains certain restrictive and financial covenants. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet these financial covenants. We cannot assure you that we will meet these financial covenants in the future, or that the lenders will waive any failure to meet these financial covenants. Our obligations to under the holders of our Senior Credit Agreement is secured by a security interest in substantially all of our assets, if we default on those obligations, the holders of such indebtedness could foreclose on our assets. Our obligations under the Secured Credit Agreement and the related transaction documents are secured on a first lien basis by a security interest in substantially all of our assets. Our obligations under the Subordinated Credit Agreement and the related transaction documents are secured on a second lien basis by a security interest in substantially all of our assets. As a result, if we default on our obligations under the Senior Credit Agreement or the Subordinated Credit Agreement, the collateral agent on behalf of the lenders (subject to the intercreditor agreement) could foreclose on the security interests and liquidate some or all of our assets, which would harm our business, financial condition and results of operations and could require us to reduce or cease operations and you may lose all or part of your investment. Risks The liquidity of our shares of common stock will likely be adversely affected by our delisting from the NYSE and anticipated deregistration from the Securities and Exchange Commission. Effective September 5, 2023, the NYSE delisted the Company's common stock from the NYSE because, in the opinion of the NYSE, the Company's common stock was no longer suitable for listing based on its " abnormally low " price levels. The Company's common stock is now quoted on the " Expert Market " tier operated by OTC Markets. Quotes on the Expert Market are restricted from public viewing and the Company's common stock is not eligible for proprietary broker- dealer quotations. All quotes in the Company's common stock reflect unsolicited customer orders. Unsolicited- Only stocks have a higher risk of wider spreads, increased volatility, and price dislocations. Investors may have difficulty selling our stock. An initial review by a broker- dealer under SEC Rule 15c2- 11 is required for brokers to publish competing quotes and provide continuous market making. We can provide no assurance that trading in our common stock will continue. Because our stock now trades on the OTC Markets rather than being listed on a national securities exchange, we do not expect to attract the extensive analyst coverage that accompanies companies listed on national exchange, which may affect the liquidity of our common stock. Moreover, even if our trading in our common stock continues, our common stock is and will likely become more illiquid (especially following deregistration), which could negatively impact market prices for our stock and make it more difficult for stockholders to sell their shares. As previously disclosed by the Company, after the Company has made all necessary SEC filings and is otherwise able to do so, the Company intends to file with the Commission a Form 15 to voluntarily deregister the Company's common stock under Section 12 (g) of the Exchange Act and suspend its reporting obligations under Section 15 (d) of the Exchange Act. Following the termination of the registration, the Company's obligations to file periodic reports, such as annual reports on Form 10- K, quarterly reports on Form 10- Q and current reports on Form 8- K, would be suspended immediately upon the filing of the Form 15 with the SEC. Following deregistration, we would not expect to publish periodic financial information or furnish such information to our stockholders except as may be required by applicable laws or stock exchange rules. As a result of the foregoing factors, deregistration may result in less disclosure about us and may negatively affect the liquidity and trading prices of our common shares. We would expect securities and industry analysts to likely cease coverage of us at such time. Further, no assurances can be given that our common stock will ever actively trade, especially after the planned termination of the registration of our common stock under Section 12 (g) of the Exchange Act and suspension of our reporting obligations under Section 15 (d) of the Exchange Act. In any of these events, there will likely remain a highly illiquid market for the Company's common stock and you may be unable to dispose of your common stock at desirable prices or at all. We may require additional capital and our ability to raise capital is limited and will likely be significantly impaired. The Company currently funds its operations primarily from cash on hand, credit facilities and operating cash flow. The Company has historically incurred losses and negative cash flows from operations. The Company's forecast for the twelve months from the date of the financial statements included in this Annual Report on Form 10- K could result in the possibility of insufficient resources to meet its ongoing obligations and maintain compliance with the minimum liquidity requirement of \$ 10. 0 million in its credit agreement. The Company has determined that these circumstances represent conditions about the Company's ability to continue as a going concern before consideration of management's plans. As such, in the future, we may need to raise additional funds to support our obligations and operations through the issuance of new equity securities, debt or a combination of both. Additional financing, however, may not be available on favorable terms, or at all. Further, any sale or perception of a possible sale by our stockholders, and any Related related to Our decline in the market price of our Common common Stock stock Our

ability to raise capital in the future may be limited. Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. However, the lapse or waiver of the lock up restrictions discussed above or any sale or perception of a possible sale by our stockholders, and any related decline in the market price of our common stock, could impair our ability to raise capital. Separately, additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to service our debt or fund our capital requirements and operations. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest. Further, as a result of the delayed filing with the Commission of our Annual Report on Form 10-K for the year ended December 31, 2022 and subsequent quarterly reports on Form 10-Q, we are not eligible to register the offer and sale of our securities using a registration statement under the Exchange Act and do not expect to be eligible at any time in the future to as we expect to deregister our common stock as soon as we are able to. As a result, we will not be. The trading price of our common stock has been very low recently, may continue to be very low, and may be subject to volatility, and have limited market liquidity. As a result, you could lose all or part of your investment. Since April 2023, there has been no public market for shares of our common stock has generally been below \$ 1.00 per share. Our “ abnormally low ” trading price resulted in the NYSE delisting our common stock from the exchange. Our common stock is now quoted on the OTC Markets. The OTC Markets is a significantly more limited market than the NYSE or Nasdaq. The quotation of our shares on the OTC Markets may result in a less liquid market available for existing and potential stockholders to trade shares of our common stock, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future, any of which could result in a loss of all or part of your investment. The trading price of our common stock has also historically been and is likely to continue to be highly volatile, as well as illiquid, and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include: • additional impacts on our business from the COVID-19 pandemic; • market conditions in the broader stock market; • illiquidity and lack of marketability by being an OTC traded stock; • challenges associated with timely SEC filings (which is expected to continue until we deregister our common stock); • actual or anticipated fluctuations in our quarterly financial and operating results; • introduction of new products or services by us or our competitors; • issuance of new or changed securities analysts’ reports or recommendations; • results of operations that vary from expectations of securities analysis and investors; • guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; • strategic actions by us or our competitors; • announcement by us, our competitors or our vendors of significant contracts or acquisitions; • sales, or anticipated sales, of large blocks of our stock (including sales related to the expiration of the lock-up period 180 days following the IPO on July 15, 2021); • additions or departures of key personnel; • regulatory, legal or political developments; • public response to press releases or other public announcements by us or third parties, including our filings with the SEC; • litigation and governmental investigations; • changing economic conditions; • changes in accounting principles; • default under agreements governing our indebtedness; • exchange rate fluctuations; and • other events or factors, including those from natural disasters, war, actors of terrorism or responses to these events. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. Such If any of our stockholders brought a class action lawsuit was filed against us in December 2022 in the United States District Court for the Western District of Texas. The complaint purported to allege securities class action claims under Sections 11 and 15 of the Securities Act of 1933, we could and challenged misleading statements regarding our business model in our registration statement issued in connection with our initial public offering in July 2021. The claims were later amended to include claims under Section 10 of the Exchange Act of 1934 and to challenge statements in our initial public offering registration statement and later statements to investors regarding the company’s business model plans, and results. See Part I, Item 1, “ Business- Legal Proceedings ” in this Form 10-K for additional details. We may incur substantial costs defending the such lawsuit and any future lawsuits that stockholders may bring against us. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation. Our current major stockholders have significant control over our company, which could limit your ability to influence the outcome of matters subject to stockholder approval, including a change of control. These Our current major stockholders have significant control over our company, which could limit your ability to influence the outcome of matters subject to stockholder approval, including certain a change of control our directors, beneficially own approximately 79.9 % of our outstanding common stock. As a result, such stockholders, if they act together, will be able to influence or control matters subject to stockholder approval, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions, and would have the ability to control the management and affairs of our company. They may have interests that differ from yours and may vote in a way with which you disagree and that may be adverse to your interests. This For example, affiliates of Kennedy Lewis Investment Management LP (“ KLIM ”) beneficially own [14.8 %] of our common stock, but are also lenders under the company’s subordinated credit agreement. As such, KLIM and its affiliates may have interests different than yours. Our concentration of ownership may also have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a

premium for their shares of our common stock as part of a sale of our company and could affect the market price of our common stock. We are an “emerging growth company” and a “smaller reporting company” and as a result of the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies, our common stock may be less attractive to investors. We are an “emerging growth company,” as defined in the JOBS Act, and a “smaller reporting company,” as defined under the Exchange Act. As an emerging growth company and a smaller reporting company, we may follow reduced disclosure requirements and do not have to make all of the disclosures that public companies that are not emerging growth companies or smaller reporting companies do. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenue of \$ 1.07 billion or more; (b) the last day of the fiscal year following the fifth anniversary of the date of the completion of the initial public offering; (c) the date on which we have issued more than \$ 1 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, or SEC, which means the market value of our voting and non-voting common stock that is held by non-affiliates exceeds \$ 700 million as of the prior June 30th (and we have been a public company for at least 12 months and have filed at least one annual report on Form 10-K). For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include: • presenting only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations disclosure; • reduced disclosure about our executive compensation arrangements; • exemption from the requirements to hold non-binding stockholder advisory votes on executive compensation or golden parachute arrangements; • extended transition periods for complying with new or revised accounting standards; • exemption from the auditor attestation requirement in the assessment of our internal controls over financial reporting pursuant to Section 404 (b) of the Sarbanes-Oxley Act; and • exemption from complying with any requirement that may be adopted by the PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis). In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We are also a “smaller reporting company,” as defined in the Exchange Act, and we will remain a smaller reporting company until the fiscal year following the determination that our voting and non-voting common stock held by non-affiliates is more than \$ 250 million measured on the last business day of our second fiscal quarter, or our annual revenue is more than \$ 100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is more than \$ 700 million measured on the last business day of our second fiscal quarter. Similar to emerging growth companies, smaller reporting companies are able to provide simplified executive compensation disclosure and have certain other reduced disclosure obligations, including, among other things, being required to provide only two years of audited financial statements and not being required to provide selected financial data, supplemental financial information or risk factors. We may choose to take advantage of some, but not all, of the available exemptions for emerging growth companies and smaller reporting companies. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. **Moreover, once we complete the deregistration of our common stock under the Exchange Act, we will no longer be required to file periodic and other reports with the SEC. As a consequence, there will be less public information available about our business, operations, financial condition, results of operations or other matters.** If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our shares price may be more volatile. If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares or if our results of operations do not meet their expectations, our share price and trading volume could decline. The trading market for our shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. Securities and industry analysts do not currently, and may never, publish research on us. If no securities or industry analysts commence coverage of us, the trading price of our shares would likely be negatively impacted. In the event securities or industry analysts initiated coverage, and one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our share price could decline. Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote. Pursuant to our certificate of incorporation and bylaws, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock. Future sales of our common stock in the public market could cause the market price of our common stock to drop significantly, even if our business is doing well. Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Since we have no current plans to pay regular cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it. We have never declared or paid cash dividends on our capital stock, and we do not anticipate paying

any regular cash dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur. Therefore, any return on investment in our common stock is solely dependent upon the appreciation of the price of our common stock on the open market, which may not occur. **Our ability to raise capital in the..... common stock and diluting their interest.** We are a holding company and depend on the cash flow of our subsidiaries. We are a holding company with no material assets other than the equity interests of our subsidiaries. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets and intellectual property. Consequently, our cash flow and our ability to meet our obligations and pay any future dividends to our stockholders depends upon the cash flow of our subsidiaries and their ability to make payments, directly or indirectly, to us in the form of dividends, distributions and other payments. Any inability on the part of our subsidiaries to make payments to us could have a material adverse effect on our business, results of operations and financial condition. **Risks Related to**

Provisions in Our Charter Documents

Provisions of our organizational documents could make an acquisition of our business more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders. Our ~~amended and restated~~ certificate of incorporation and bylaws contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include: • a classified board of directors, with members of each class serving staggered three- year terms, and the ability of stockholders to remove directors only for cause; • advance notice requirements for stockholder proposals and director nominations; • the ability of the board of directors to establish the number of directors and fill any vacancies and newly created directorships; • no cumulative voting in the election of directors; • limitations on the ability of stockholders to call special meetings and to take action by written consent; and • super majority vote for stockholders to amend our ~~amended and restated~~ certificate of incorporation or ~~amended and restated~~ bylaws. **In addition, Section 203 of the DGCL may affect the ability of an “interested stockholder” to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an “interested stockholder.”** Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace current members of our management team. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or our management may be unsuccessful. Our ~~amended and restated~~ certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our ~~amended and restated~~ certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum, to the fullest extent permitted by law, for: **(i)** any derivative action or proceeding brought on our behalf; **(ii)** any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, employees or agents or our stockholders; **(iii)** any action asserting a claim arising pursuant to any provision of the DGCL; **(iv)** any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or bylaws; **or (v)** any action asserting a claim governed by the internal affairs doctrine **—**, shall be the Court of Chancery of the State of Delaware (or another state court or the federal court located within the State of Delaware if the Court of Chancery does not have or declines to accept jurisdiction), in all cases subject to the court’s having jurisdiction over indispensable parties named as defendants. In addition, our ~~amended and restated~~ certificate of incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act but that the forum selection provision will not apply to claims brought to enforce a duty or liability created by the Exchange Act. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation and amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and operating results. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to this exclusive forum provision, but will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. **Risks Related to Our Global Operations** As of December 31, 2021 **2022**

, we had ~~3,301~~ **##** Total Franchises Sold in ~~67-74~~ **##** countries around the world. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion of our international operations will increase the impact of these risks. These risks include, among others: • inadequate brand infrastructure within foreign countries to support our international activities; • inconsistent regulation or sudden policy changes by foreign agencies or governments; • the collection of royalties from foreign franchisees; • difficulty of enforcing contractual obligations of foreign franchisees; • increased costs in maintaining international franchise and marketing efforts; • problems entering international markets with different cultural bases and consumer preferences; • political and economic instability of foreign markets, including due to the Russia- Ukraine conflict; • compliance with laws and regulations applicable to international operations, such as the Foreign Corrupt Practices Act and regulations promulgated by the Office of Foreign Asset Control; • **actual or perceived threats to public health due to any health pandemic or epidemic**; • fluctuations in foreign currency exchange rates; and • operating in new, developing or other markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations relating to contract and intellectual property rights. As a result, new studios facing these

risks in international markets may be less successful than studios in our existing markets. Further, effectively managing growth can be challenging, particularly as we continue to expand into new international markets where we must balance the need for flexibility and a degree of autonomy for local management against the need for consistency with our mission and standards - ~~Fluctuations in currency exchange rates could negatively impact our business.~~ We transact business in various currencies other than the U. S. dollar and have significant royalties and expenses denominated in currencies other than the U. S. dollar, subjecting us to currency exchange rate risks. A substantial portion of our international royalties and expenses are denominated in local currencies, including Australian dollars, euros, British pounds, Canadian dollar and Singaporean dollar, which fluctuate against the U. S. dollar. Since we derive significant royalties from our international operations, but incur the majority of our costs in the United States, the impact of foreign currency fluctuations, particularly the strengthening of the U. S. dollar, may have an asymmetric and disproportional impact on our business. We are subject to governmental export and import controls and economic sanctions laws that could subject us to liability and impair our ability to compete in international markets. The United States and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of certain technologies. Our products may be subject to U. S. export controls, which may require submission of a product classification and annual or semi-annual reports. Compliance with applicable regulatory requirements regarding the export of our products and services may create delays in the introduction of our products and services in international markets, prevent our international members from accessing our products and services, and, in some cases, prevent the export of our products and services to some countries altogether. Furthermore, U. S. export control laws and economic sanctions prohibit the provision of products and services to countries, governments and persons targeted by U. S. sanctions. Even though we take precautions to prevent our products from being provided to targets of U. S. sanctions, our products and services, including our firmware updates, could be provided to those targets or provided by our members. Any such provision could have negative consequences, including government investigations, penalties, reputational harm. Our failure to obtain required import or export approval for our products could harm our international and domestic sales and adversely affect our revenue. We could be subject to future enforcement action with respect to compliance with governmental export and import controls and economic sanctions laws that result in penalties, costs and restrictions on export privileges that could have an adverse effect on our business, results of operations and financial condition. ~~Failure to comply with anti-corruption and anti-money laundering laws, including the Foreign Corrupt Practices Act and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.~~ We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We are subject to the Foreign Corrupt Practices Act, or the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the USA PATRIOT Act, the U. K. Bribery Act and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws that prohibit companies and their employees and third-party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, U. S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and / or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations and financial condition. Our employees, contractors and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, operating results and prospects. Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U. S. government contracts, any of which could have a materially adverse effect on our reputation, business, results of operations and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. ~~We have identified certain material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.~~ In the course of preparing our financial statements, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses related to a failure to properly design ~~our financial closing and reporting process to record, maintain effective controls over the~~ review ~~of non-routine revenue~~ and monitor ~~purchase related contracts and their~~ compliance with generally accepted accounting principles for transactions on a timely basis. This includes an inadequate level of precision in management's reviews of accounting documentation and journal entries, including a lack of evidence to support that a review had been performed. In addition, a lack of segregation of duties existed in certain key financial reporting processes, including a lack of separation between the preparer and reviewer of journal entries; individual users with administrative access to the general ledger, billing and payroll systems also having access to post journal entries; and insufficient implementation of the automated approval hierarchy for invoices in our billing system to ensure reviews were being performed by the appropriate personnel. Lastly, a lack of formal documentation of policies and internal controls being followed by us existed, including, but not limited to, entity-level controls involving risk assessment procedures

and conclusions, tools to prevent a cybersecurity breach and controls designed to prevent or detect fraud. We have concluded that these material weaknesses in our internal control over financial reporting occurred because, prior to this offering, we were a private company and did not have the necessary business processes, systems, personnel and related internal controls necessary to satisfy the accounting and financial reporting requirements of a public company. We believe we have taken the necessary actions to substantially address each of the material weaknesses discussed above, and we plan to take additional steps to improve our accounting function. However, we may not be able to fully remediate these -- **the material weaknesses -- weakness** until it can be confirmed that such remedial measures have been operating effectively for a sufficient period of time. Further, we cannot assure you that any such actions will be sufficient to remediate the control deficiencies that led to our material weaknesses -- **weakness** in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or, **has caused and in the future could** cause us to fail to meet our reporting obligations, **and has resulted and may in the future** result in a restatement of our financial statements for prior periods. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that are filed with the SEC. **Ineffective disclosure controls and procedures and We are currently required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes- Oxley Act of 2002 and report the results in our Annual Report on Form 10- K, although these obligations are expected to cease upon our planned deregistration under the Exchange Act. There is no requirement for audit of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures, although these obligations are expected to cease upon our planned deregistration under the Exchange Act. To the extent applicable, if material weaknesses arise and they are not remedied, we will be unable to assert that our internal controls are effective. Any failure to have effective internal control over financial reporting or disclosure controls and procedures could also cause investors to lose confidence in the accuracy and completeness of our reported financial and reports (to other -- the information extent we provide them or alternative reports) . limit our ability to raise financing or lead to regulatory sanctions, if applicable, any of which would could likely have result in a negative material adverse effect on our business or decline in the trading market price of our common stock. In addition We have not held regular annual meetings in the past, and if we are unable required by the Delaware Court of Chancery to continue hold an annual meeting pursuant to meet Section 211 (c) of the Delaware General Corporation Law, or the DGCL, it could result in the unanticipated expenditure of funds, time and other Company resources. Section 2. 1 of our bylaws provides that an annual meeting shall be held on a date and at a time designated by our board of directors, and Section 211 (b) of the DGCL provides for an annual meeting of stockholders to be held for the election of directors. Section 211 (c) of the DGCL provides that if these there requirements is a failure to hold the annual meeting for a period of 13 months after the latest to occur of the organization of the corporation, we its last annual meeting or last action by written consent to elect directors in lieu of an annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of any stockholder or director. Section 211 (c) also provides that the failure to hold an annual meeting shall not be able affect otherwise valid corporate acts or result in a forfeiture or dissolution of the corporation. It has been longer than 13 months since we have held an annual meeting. To our knowledge, no stockholder or director has requested our Company’s management to remain listed hold such an annual meeting and no stockholder or director has applied to the Delaware Court of Chancery seeking an order directing our company to hold a meeting. However, if one or more stockholders or directors were to apply to the Delaware Court of Chancery seeking such an order, and if the Delaware Court of Chancery were to order an annual meeting before we are prepared to hold one, the preparation for the annual meeting and the meeting itself could result in the unanticipated expenditure of funds, time, and other Company resources. Our planned growth could place strains on the New York Stock Exchange (NYSE) our management, employees, information systems and internal controls, which may materially and adversely impact our business.** Over the past several years, we have experienced significant growth in our business activities and operations, including an increase in the number of system- wide studios. Our past expansion has placed, and our planned future expansion may place, significant demands on our administrative, operational, financial and other resources. Any failure to manage growth effectively could seriously harm our business. To be successful, we will need to continue to implement and improve our management information systems and our operating, administrative, financial and accounting systems and controls. We will also need to train new employees and maintain close coordination among our executive, accounting, finance, legal, human resources, risk management, marketing, technology, sales and operations functions. These processes are time- consuming and expensive, increase management responsibilities and divert management attention, and we may not realize a return on our investment. In addition, we believe the culture we foster at our studios is an important contributor to our success. However, as we expand, we may have difficulty maintaining our culture or adapting it sufficiently to meet the needs of our expanded operations. These risks may be heightened as our business continues to scale. Our failure to successfully keep pace with our planned expansion of studios could materially and adversely impact our business. **We and our franchisees could be subject to claims related to health and safety risks to members that arise at our studios.** Use of our studios poses potential health and safety risks to

members or guests through physical exertion and use of our services and facilities, including exercise equipment. Certain of such risks ~~were have been~~ exacerbated as a result of COVID- 19. Claims have been and in the future might be asserted against our franchisees and us for injuries suffered by or death of members or guests while exercising and using the facilities at a studio. We may not be able to successfully defend such claims, and any such claims could materially damage our brand and the public perception of our brand. We also may not be able to maintain our general liability insurance on acceptable terms in the future or maintain a level of insurance that would provide adequate coverage against such potential claims. In the past, we may not have maintained the level of general liability insurance coverage appropriate for a business of our scale, and historical claims may be brought against us. Depending upon the outcome of any such claims, whether historical or not, these matters may have a material adverse effect on our business, results of operations and financial condition. **Changes in accounting standards or the recognition of impairment or other charges may adversely affect our future operations and results. New accounting standards or changes in financial reporting requirements, accounting principles or practices, including with respect to our critical accounting estimates, could adversely affect our future results. We may also be affected by the nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment or other charges that reduce our earnings. In assessing the recoverability of our long-lived assets, we consider changes in economic conditions and make assumptions regarding estimated future cash flows and other factors. These estimates are highly subjective and can be significantly impacted by many factors such as global and local business and economic conditions, operating costs, inflation, competition, consumer and demographic trends and our restructuring activities. If our estimates or underlying assumptions change in the future, we may be required to record impairment charges. If we experience any such changes, they could have a significant adverse effect on our reported results for the affected periods.**

We depend on our senior management team and other key employees, and the loss of one or more key personnel or an inability to attract, hire, integrate and retain highly skilled personnel could have an adverse effect on our business, results of operations and financial condition. Our success depends largely upon the continued services of our senior management team and other key employees. We rely on our executives in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, identifying growth opportunities and leading general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. **For example, in the past 15 months, we have experienced significant turnover in our management team, which has disrupted our business operations, including our ability to file our SEC reports and filed our 2023 FDD.**

Our training professionals and sports scientists in our F45 Athletics Department are also imperative to our success, and we rely on them to develop safe, effective and fun workouts for our members based on our algorithm. If we are unable to attract or retain creative and experienced training professionals and sports scientists, we may not be able to generate workout content on a scale or of a quality sufficient to retain or grow our membership base. The loss of one or more of our executive officers or other key employees, including any of our training professionals or scientists, could have a serious adverse effect on our business. The replacement of one or more of our executive officers or other key employees would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives. To continue to execute our growth strategy, we also must identify, hire and retain highly skilled personnel. We might not be successful in maintaining our corporate culture and continuing to attract and retain qualified personnel. Failure to identify, hire and retain necessary key personnel could have a material adverse effect on our business, results of operations and financial condition. We have a limited operating history with which to evaluate and predict membership retention rates. The majority of our members may cancel their subscriptions at any time. We have limited historical data with respect to rates of member membership renewals, so we may be unable to accurately predict customer renewal rates. Additionally, prior renewal rates may not accurately predict future member renewal rates for a variety of reasons, such as members' dissatisfaction with our offerings and the cost of our subscriptions, macroeconomic conditions, or new offering introductions by us or our competitors. If our members do not renew their memberships, our revenue may decline and our business will suffer. Furthermore, in the future, we may replace or modify current membership models, which could result in additional costs. It is unknown how our members will react to new membership models and whether the costs or logistics of implementing these models will adversely impact our business. If the adoption of new membership models adversely impacts our member relationships, then member retention, member growth, our business, results of operations and financial condition could be harmed. ~~Acquisitions involve risks that the businesses acquired will not perform as expected and that judgments concerning the value, strengths and weaknesses of acquired businesses will prove wrong. We may not accurately assess the value, strengths, weaknesses or potential profitability of an acquisition target, and our acquisition strategy for a particular business may prove to be unsuccessful or expose us to additional risks. We may become liable for certain unforeseen pre-acquisition liabilities of an acquired business, including, among others, tax liabilities, environmental liabilities, contingent liabilities and liabilities for employment practices, and these liabilities could be significant. In addition, an acquisition could result in the impairment of client relationships and other acquired assets such as goodwill. We may also incur costs and experience inefficiencies to the extent an acquisition expands the industries, products, markets or geographies in which we operate due to our limited exposure to and experience in a given industry, market or region. Acquisitions may require that we incur additional debt to finance the transaction, which could be substantial and limit our operating flexibility or, alternatively, acquisitions may require that we issue stock as consideration, which could dilute share ownership. Acquisitions can also involve post-transaction disputes regarding a number of matters, including a purchase price or working capital adjustment, earn-out or other contingent payments, environmental liabilities or other obligations. Any acquisition strategy will place significant demands on our management's time, which may divert their attention from our day-to-day business operations, and may lead to significant due diligence and other expenses regardless of whether we pursue or consummate any acquisition. We may also not be able to manage our growth through acquisitions due to the number and the diversity of the businesses we acquire or for other reasons. If any of these risks were to occur, our business, financial condition and results of operations may be adversely~~

affected. Acquisitions will require that we integrate into our existing operations separate companies that historically operated independently or as part of another, larger organization, and had different systems, processes and cultures. Acquisitions may require integration of finance and administrative organizations and involve exposure to different legal and regulatory regimes in jurisdictions in which we have not previously operated. In fourth quarter of 2021, we announced the acquisition of Vive Active, an Australian fitness company that offers reformer and mat Pilates workouts through in-studio, at-home streaming and on-demand classes. We completed this acquisition in fourth quarter of 2021. We may not be able to successfully integrate Vive or any other business we acquire, or may not be able to do so in a timely, efficient or cost-effective manner. Our inability to effectively complete the integration of new businesses on schedule and in an orderly manner could increase costs and lower profits. Risks involved with the successful integration of an acquired business include, but are not limited to: • diverting the attention of our management and that of the acquired business; • merging or linking different accounting and financial reporting systems and systems of internal controls and, in some instances, implementing new controls and procedures; • merging computer, technology and other information networks and systems, including enterprise resource planning systems; • assimilating personnel, human resources and other administrative departments and potentially contrasting corporate cultures; • incurring or guaranteeing additional indebtedness; • disrupting relationships with or losses of key clients and suppliers of our business or the acquired business; • interfering with, or loss of momentum in, our ongoing business or that of the acquired company; • failure to retain our key personnel or that of the acquired company; and • delays or cost overruns in the integration process. Our inability to manage our growth through acquisitions, including the integration process, and to realize the anticipated benefits of an acquisition could have a material adverse effect on our business, financial condition and results of operations. Changes in legislation in U. S. and foreign taxation of international business activities or the adoption of other tax reform policies, as well as the application of such laws, could adversely impact our business, results of operations and financial condition. Recent or future changes to U. S., UK, Australian and other foreign tax laws could impact the tax treatment of our foreign earnings. We generally conduct our international operations through wholly owned subsidiaries, branches, or representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Further, we are in the process of implementing an international structure that aligns with our financial and operational objectives as evaluated based on our international markets, expansion plans and operational needs for headcount and physical infrastructure outside the United States. The intercompany relationships between our legal entities are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Although we believe we are compliant with applicable transfer pricing and other tax laws in the United States, the United Kingdom and other relevant countries, due to changes in such laws and rules, we may have to modify our international structure in the future, which will incur costs, may increase our worldwide effective tax rate, and may adversely affect our results of operations and financial condition. In addition, significant judgment is required in evaluating our tax positions and determining our **provision** (benefit) **provision** for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. As we operate in numerous taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views with respect to, among other things, the manner in which the arm's-length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property. If U. S., UK, Australian or other foreign tax laws further change, if our current or future structures and arrangements are challenged by a taxing authority, or if we are unable to appropriately adapt the manner in which we operate our business, we may have to undertake further costly modifications to our international structure and our tax liabilities and operating results may be adversely affected. We are subject to obligations to collect and remit sales tax and other taxes, and we may be subject to additional obligations in other jurisdictions or to tax liability for past sales, which could adversely harm our business. State and local jurisdictions have differing rules and regulations governing sales, use, value added and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, the applicability of such taxes to our trainings in various jurisdictions is unclear. While we do not believe we are currently required to collect and remit sales or similar taxes on our equipment in any jurisdiction in which we are not already collecting such tax, we could face the possibility of tax assessments and audits. A successful assertion that we should be collecting sales, use, value added or other taxes on our equipment in those jurisdictions where we do not do so or have not historically done so, or that we have not collected the correct amount with respect to past taxes, could result in substantial tax liabilities and related penalties for past sales, discourage customers from purchasing our services or otherwise harm our business, results of operations and financial condition. Our business is subject to the risk of **hurricanes**, earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by man-made problems such as terrorism. Our headquarters is in Austin, Texas, and we have two additional **global offices in Paddington, Australia and London, England**. Our business is vulnerable to damage or interruption from **hurricanes**, earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. The third-party systems and operations and manufacturers we rely on are subject to similar risks. For example, a significant natural disaster, such as **an a hurricane**, earthquake, fire, or flood, could have an adverse effect on our business, results of operations and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could also cause disruptions in our or our suppliers' and manufacturers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting locations that store significant inventory for us, including equipment and World Pack offerings, that house our servers, or from which we

generate content. These disruptions could negatively impact our ability to run our business and either directly or indirectly disrupt suppliers' and manufacturers' businesses, which could have an adverse effect on our business, results of operations and financial condition. Our business ~~faces various risks related to health epidemics, pandemics and similar outbreaks, which may materially and adversely affect our business, financial position, results of operations and cash flows.~~ Our business and financial results have been, and could be in the future, adversely affected by health epidemics, pandemics, and similar outbreaks impacting the markets and communities in which we and our customers, suppliers and franchisees operate. Despite our efforts to manage these matters, their ultimate effects also depend on factors beyond our knowledge or control, including the duration, severity, and recurrence of any outbreak and actions taken to contain its spread and mitigate its public health effects. Our management team has limited experience managing a public company. Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage **us as our transition to being a public company and we will be** subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. **These new Public company obligations and constituents will require significant attention from our senior management and, as will the processes involved with our planned deregistration of our common stock under the Exchange Act, each of which** could divert **their management' s** attention away from the day- to- day management of our business, which could adversely affect our business, results of operations and financial condition. ~~If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.~~ The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in "Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and stockholders' equity / deficit, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue related reserves, fair value measurements including common stock valuations, useful lives of property plant and equipment, product warranty, goodwill and finite- lived intangible assets, accounting for income taxes, stock- based compensation expense and commitments and contingencies. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock.