

FLEXIT F

WHEREVER, WHENEVER.

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Spring 2018
Confidential & Proprietary

The fitness industry is ripe with opportunity, as the evolving needs of consumers challenge traditional models

\$21.8B

Rev/year of the gym and health club industry

57.25 m

Members of health clubs in the United States

67%

Of people with gym memberships never use them

\$39

Per gym membership is wasted due to underutilization

Consumers value fitness experiences that offer flexibility

Consumers are...

Conditioned to access fitness a-la-carte and pay only for what they use

Discouraged by memberships that require long-term commitments and are painful to exit

Empowered by variety in options to meet their fitness goals

Enabled by convenience to keep up with their busy lifestyles

Digitally connected and value seamless integration

Motivated by community

Gyms face significant challenges in meeting their customers' needs while navigating an increasingly competitive landscape

Gyms face...

High costs to launch and operate facilities, making it difficult to attract and retain profitable customers

Adversity to long term-commitment requiring alternative revenue streams

Proliferation of facilities, including boutique studios, that have stolen market-share

Transient customer-bases that require broad-reach to capture the available market

Demanding customers that desire personalization that is too costly to provide at scale

Tech-savvy customers that expect a digitally connected experience

The industry is taking notice

“

... People, especially millennials, are searching for **personalized experiences everywhere they go**, and that includes looking for unique fitness and workout experiences with a small group of people they connect with on a personal level. Even if they're traveling or away from home, they expect to be able to keep that routine by **walking into a local boutique gym on a per-session basis** or by using a digital fitness app outside, in a hotel – or almost anywhere for that matter ”

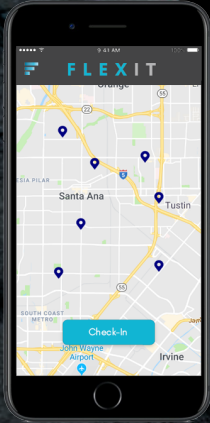
Adam Zeitsiff, CIO – Gold's Gym International
January 2018

What if...

there was solution that offered consumers the flexibility they expect while enabling facilities to deliver profitably?

Discover

gyms in your
community



Check-in

with a quick and easy
scan

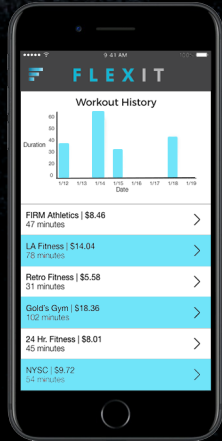


FLEXIT

THE A-LA-CARTE FITNESS SOLUTION THAT ALLOWS USERS TO WORK-OUT WHERE THEY WANT,
WHEN THEY WANT AND PAY ONLY FOR THE TIME THEY USE

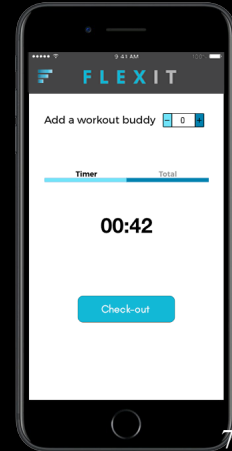
Review

your activity and
progress

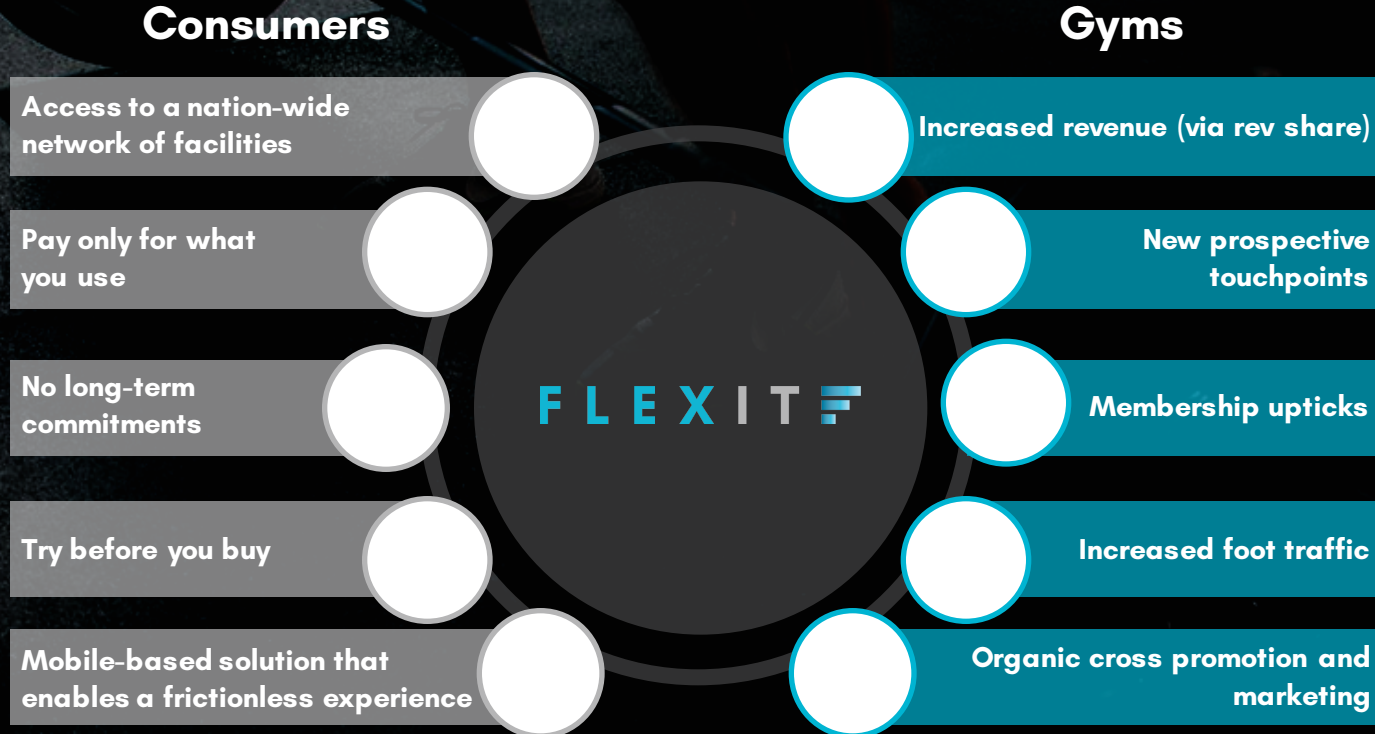


FLEXIT

using the mobile app



FLEXIT provides solutions to both

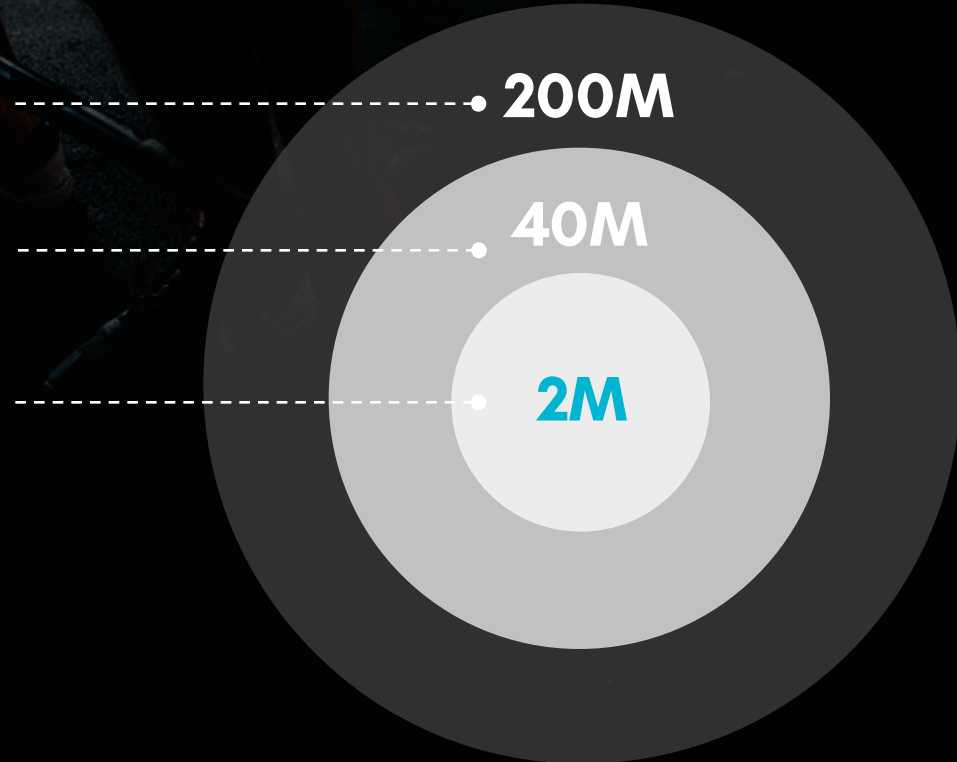


FLEXIT provides technology to scale for a growing market

Total available market (TAM):
US Population 18-65

Serviceable addressable market (SAM):
Adults who work out 2x/week

Serviceable obtainable market (SOM):
Realistic reach



FLEXIT has a multifaceted approach to acquiring and retaining customers

Digital

Cost: \$\$\$
Effectiveness: High

PR

Cost: \$\$\$
Effectiveness: High

Social Media

Cost: \$
Effectiveness: Medium

Search Engine

Cost: \$\$
Effectiveness: Medium

Influencer

Cost: \$\$
Effectiveness: Medium

Partnerships

Cost: \$\$
Effectiveness: Low

Email

Cost: \$
Effectiveness: Medium

Affiliate

Cost: \$
Effectiveness: Medium

Offline

Cost: \$
Effectiveness: Low

FLEXIT is more affordable and experiential than its competition



What about the platform's risks?

Risks

Consumer are saturated by other fitness related services and may be resistant to adopt FLEXIT

Gyms are resistant to adopting FLEXIT because it may cannibalize membership-bases

Gyms are resistant to working with a new player in the space

Low barriers to entry increases competition

Increasingly noisy ecosystem

Mitigants

FLEXIT's customer acquisition strategy is designed to promote its value proposition using a compressive approach

FLEXIT is designed to bring new users and prospective members that will offset losses in membership

FLEXIT's corporate team has deep industry success, expertise and C-level relationships at the biggest national gym chains in the country

FLEXIT's competitive advantage is its deep industry relationships and existing soft commitments and industry knowledge

FLEXIT fills a niche segment of the market and addresses and untapped need

By the numbers

| FLEXIT P&L | | | | | |
|-----------------------------|-------------------|--------------------|--------------------|---------------------|---------------------|
| FYE June | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| Revenue | \$283,686 | \$1,451,549 | \$5,029,293 | \$10,967,885 | \$20,778,342 |
| <i>Yr/Yr Growth</i> | | 412% | 246% | 118% | 89% |
| Variable Costs | | | | | |
| Installation Expenses | 24,000 | 60,000 | 120,000 | 180,000 | 240,000 |
| Gym Servicing Expenses | 58,000 | 97,200 | 288,000 | 646,800 | 1,209,600 |
| Credit Card Costs | 16,517 | 59,785 | 168,404 | 273,921 | 515,186 |
| Total Variable Costs | 98,517 | 216,985 | 576,404 | 1,100,721 | 1,964,786 |
| Fixed Costs | | | | | |
| Marketing | 137,000 | 257,050 | 542,013 | 1,020,413 | 1,830,448 |
| Salaries & Benefits | 235,750 | 1,681,300 | 3,149,333 | 4,968,437 | 6,995,059 |
| G&A | 69,120 | 164,640 | 398,280 | 976,260 | 2,420,670 |
| Total Fixed Costs | 441,870 | 2,102,990 | 4,089,625 | 6,965,110 | 11,246,177 |
| EBITDA | -256,701 | -868,426 | 363,264 | 2,902,054 | 7,567,379 |
| <i>Margin</i> | -90.5% | -59.8% | 7.2% | 26.5% | 36.4% |
| D&A | 12,707 | 17,036 | 20,975 | 19,344 | 15,755 |
| Operating Income | -269,408 | -885,463 | 342,289 | 2,882,710 | 7,551,623 |
| Taxes | -56,576 | -185,947 | 71,881 | 605,369 | 1,585,841 |
| Net Income | -\$212,832 | -\$699,515 | \$270,408 | \$2,277,341 | \$5,965,782 |

| FYE JUNE | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|-----------------------|--------|--------|--------|--------|--------|
| Gyms on FlexIt | 240 | 840 | 2,040 | 3,840 | 6,240 |
| Gyms Signed Up | 220 | 600 | 1,200 | 1,800 | 2,400 |

| FYE JUNE | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|-------------------------------|--------|--------|--------|--------|--------|
| Beginning Active Users | 0 | 5,171 | 12,528 | 21,981 | 32,696 |
| Net New Users | 5,171 | 7,357 | 9,453 | 10,715 | 11,542 |
| Ending Active Users | 5,171 | 12,528 | 21,981 | 32,696 | 44,239 |
| Average Active Users | 3,447 | 8,352 | 14,654 | 21,798 | 29,493 |

| FYE JUNE | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------|--------|--------|--------|--------|--------|
| Entry-Tier | 50% | 40% | 30% | 25% | 20% |
| Mid-Tier | 25% | 35% | 40% | 40% | 40% |
| Premium-Tier | 25% | 25% | 30% | 35% | 40% |

Investment Details

Deal Terms

Raise

Up to \$500K

FLEXIT is seeking funding to support the growth of its business. FLEXIT needs \$100K to launch this summer, and an additional \$400K for its first 12 months of operations.

Uses of Capital

\$72K

Technology

Consumer App
Tablet App/Admin Panel

\$140K

PR/Marketing

Launch/Ongoing PR
Targeted Digital Strategy

\$53K

Working Capital

Hardware purchase
Inventory & Storage

\$235K

Personnel/Ops

CTO; COO; Biz Dev
Hardware Training

\$500K

Mission & Vision

FLEXIT's mission is to make fitness more accessible. FLEXIT will enable more individuals to workout where they want, when they want. FLEXIT will accrue more minute across its platform than the largest grossing individual gym chain in the country.

WORKOUT WHEREVER, WHENEVER.



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FlexIt, Inc. Is an a-la-carte non-membership solution to access health and fitness clubs wherever, whenever. FlexIt provides on-demand access to gyms so that users can enjoy the privileges of membership without the hassle, and pay solely for the time they use.

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