



6000 Broken Sound Parkway NW, Suite 200
 Boca Raton, FL 33487
 (954) 530-6903
www.orangetheoryfitness.com

Franchised Units:	753	In Business Since:	2009	Royalty:	6%
Company-Owned Units:	<u>18</u>	Average Franchise Fee:	\$60K	IFA Member:	Yes
Total Operating Units:	771	Total Investment Range:	\$563.5 – 999.1K	Term of Initial Contract:	10 Years

COMPANY'S DESCRIPTION HERE
(MAX. 600 WORDS & 2 IMAGES)

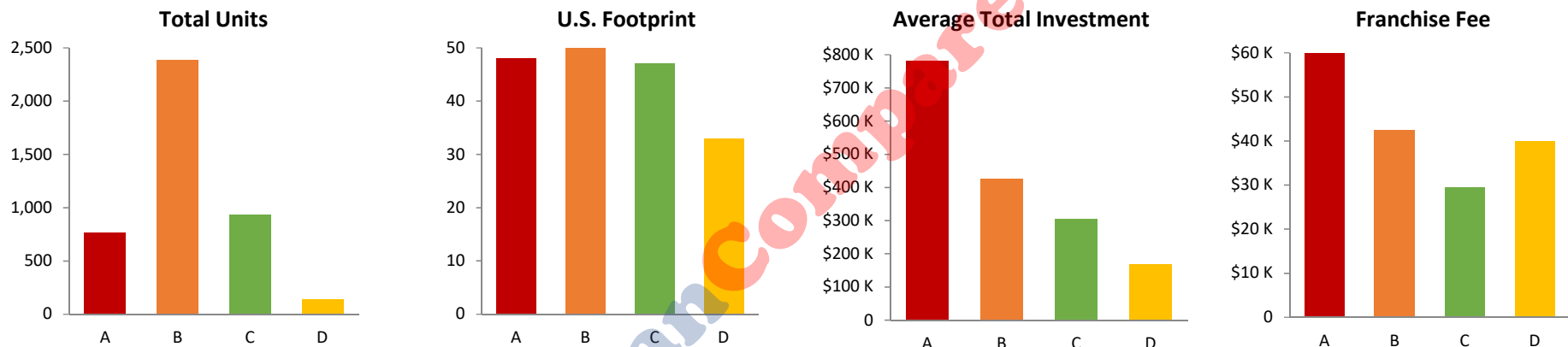
FranCompare™ Franchise Recognition Program 2019

Fitness Centers (Under \$500K Invest.) Industry

	Company Name (DBA)	Legal Name	Final Score
A	Orangetheory Fitness	Ultimate Fitness Group, LLC	704
B	Anytime Fitness	Anytime Fitness, LLC	687
C	Snap Fitness	Snap Fitness, Inc.	656
D	Fitness Together	Fitness Together Franchise, LLC	631

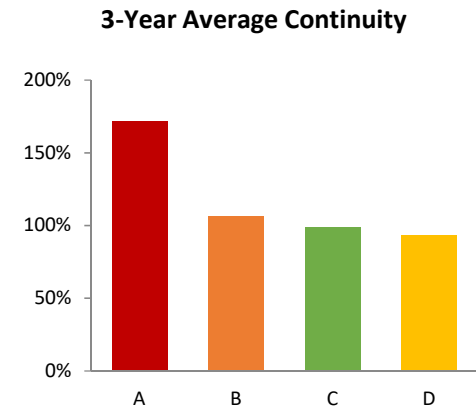
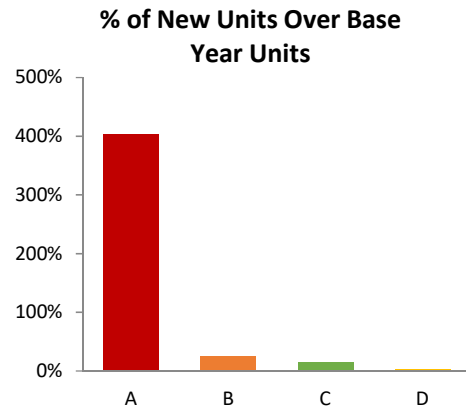
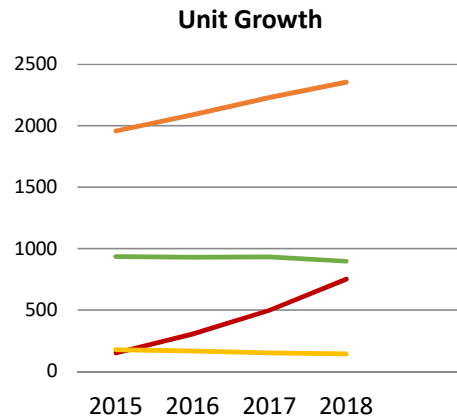
Key Unit Investment Variables

30%



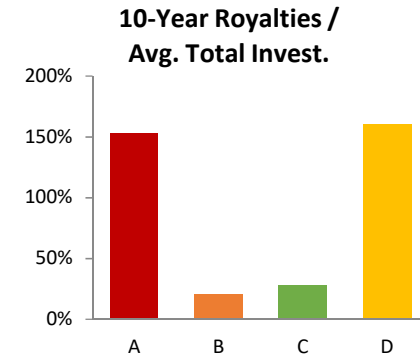
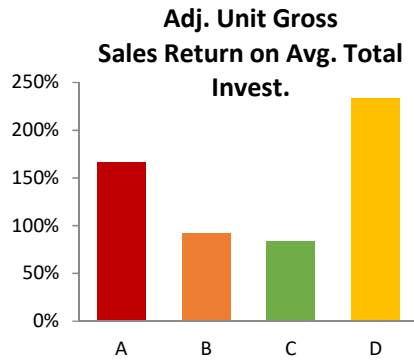
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

	Orangetheory Fitness		Anytime Fitness		Snap Fitness		Fitness Together		
Weighting for Primary FDD Variables (300 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	753		2,355		898		144		
Year-End Total Company-Owned Units	18		33		35		0		
Year-End Total Units	771	50	2,388	50	933	50	144	40	50
% of Franchised Units	97.7%		98.6%		96.2%		100.0%		
% of Company-Owned Units	2.3%	5	1.4%	5	3.8%	7	0.0%	0	10
U.S. Footprint (# of U.S. States)	48	35	50	35	47	35	33	35	35
Total Low Investment	\$563,529		\$131,002		\$149,771		\$147,000		
Total High Investment	\$999,121		\$722,796		\$462,800		\$192,400		
Average Total Investment Per Unit	\$781,325		\$426,899		\$306,286		\$169,700		
Low Unit Size Estimate (Square Feet)	2,600		4,000		3,500		1,200		
High Unit Size Estimate (Square Feet)	3,600		5,500		6,000		1,500		
Average Unit Size (Square Feet)	3,100		4,750		4,750		1,350		
Average Total Investment Per Square Feet	\$252		\$90		\$64		\$126		
Average Franchise Fee (Single Unit)	\$59,950	10	\$42,500	18	\$29,500	30	\$39,900	21	40
Average Annual Royalty Fee (On-Going After Trial Period)	8.0%	40	1.5%	90	2.3%	90	6.0%	80	90
Term of Initial Contract (Years)	10	20	6	10	10	20	10	20	35
Term of First Contract Renewal (Years)	10	11	5	6	10	11	10	11	20
Average Transfer Fee (Single Unit)	\$22,481	2	\$9,750	8	\$5,000	10	\$19,950	3	10
Year Incorporated	2009	5	2002	9	2003	9	1996	10	10
Franchising Since	2010		2002		2004		1996		
Issuance Date of FDD (Issue Date)	4/18/2018		3/29/2018		4/5/2018		3/12/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

Weighting for Primary FDD Variables (250 Points)	Orangetheory Fitness		Anytime Fitness		Snap Fitness		Fitness Together		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Base-Year Beginning Franchised Units	152		1,957		936		179		
New Franchised Units Over Following 3 Years	613		490		141		6		
Total Franchised Units at the End of Year 3	753		2,355		898		144		
% of New Units Over Base Year Units	403.3%	40	25.0%	13	15.1%	8	3.4%	0	40
3-Year Compound Annual Unit Growth	70.5%	70	6.4%	25	-1.4%	0	-7.0%	0	70
3-Year Average Continuity Rate	171.8%	140	106.4%	115	98.6%	100	93.0%	85	140



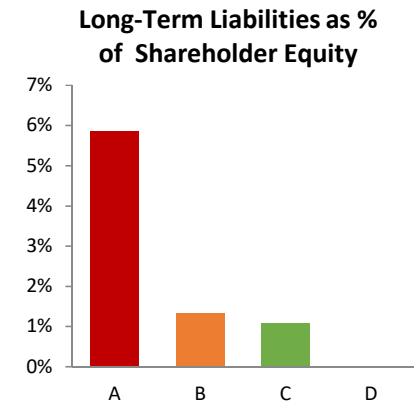
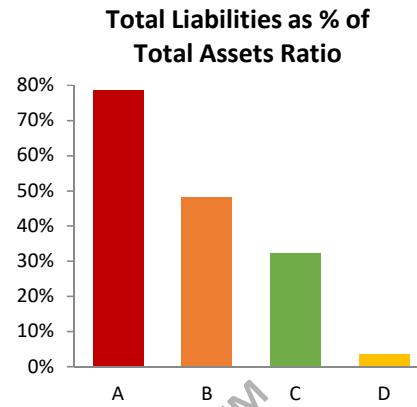
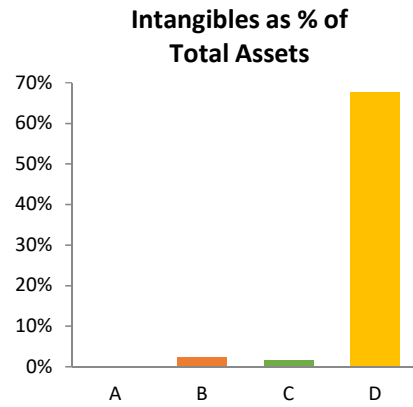
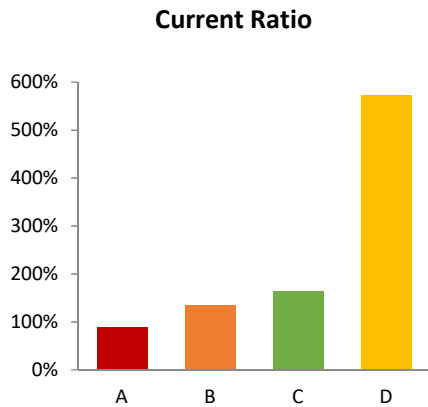
- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in year 1 sales as a function of the average investment might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a percentage of Average Total Investment put these differences into perspective.

	Orangetheory Fitness		Anytime Fitness		Snap Fitness		Fitness Together		
Weighting for Primary FDD Variables (350 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Company-Wide Average Gross Sales or Revenue	\$1,131,165		\$434,800		\$284,713		\$344,271		
Period Operated	Over 1 Year		Over 1 Year		Over 2 Years		Over 1 Year		
Calculation Based on # of Units Evaluated	499 of 753		2,158 of 2,355		838 of 898		142 of 144		
Calculation Based on Franchised or Company-Owned Units	Franchised		Projection		Projection		Franchised		
% Adjustment*	115%		90%		90%		115%		
Adjusted Average Gross Sales or Revenue	\$1,300,840		\$391,320		\$256,241		\$395,912		
Adjusted Unit Gross Sales Return on Avg. Total Investment	166.5%	140	91.7%	90	83.7%	80	233.3%	162	175
Cum.10-Year Gross Sales (Compounded at 5% Growth / Year)	\$14,939,055		\$5,742,311		\$3,760,137		\$4,546,714		
10-Year Sales / Average Total Investment	19.1	55	13.5	35	12.3	25	26.8	65	75
10-Year Total Royalty Payments	\$1,195,124		\$87,006		\$87,006		\$272,803		
10-Year Royalties / Average Total Investment	153.0%	20	20.4%	50	28.4%	50	160.8%	17	50
Detailed Income Statement (EBITDA All Units Optimal)	0%	0	70%	35	70%	35	0%	0	50

* To adjust stated Average Gross Sales to a "standard" of greater than 2 years, the following adjustments were applied:

Over 1 Year = 115%; Over 2 Years = 100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.

If a financial projection is used to determine revenue versus actual data, the Adjusted Gross Sales is reduced by 10%.



- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including **Goodwill**, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

Balance Sheet Items (\$000)	Orangetheory Fitness		Anytime Fitness		Snap Fitness		Fitness Together		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)									
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		12/31/2017		12/31/2017		12/31/2017		
Current Assets	\$20,815		\$16,115		\$21,184		\$1,455		
Intangibles & Goodwill	\$0		\$618		\$694		\$4,746		
Other Assets	\$9,303		\$8,497		\$18,940		\$811		
Total Assets	\$30,118		\$25,230		\$40,818		\$7,012		
Current Liabilities	\$23,355		\$12,030		\$12,876		\$254		
Long-Term Liabilities	\$374		\$173		\$303		\$0		
Total Liabilities	\$23,729		\$12,203		\$13,179		\$254		
Shareholders' Equity	\$6,389		\$13,027		\$27,639		\$6,758		
Total Liabilities & Shareholders' Equity	\$30,118		\$25,230		\$40,818		\$7,012		

Key Financial Ratio (%)s	Orangetheory Fitness		Anytime Fitness		Snap Fitness		Fitness Together		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)									
Current Ratio (or Working Capital Ratio)	89.1%	6	134.0%	22	164.5%	24	572.8%	25	25
Intangibles & Goodwill as % of Total Assets	0.0%	20	2.4%	19	1.7%	19	67.7%	2	20
Total Liabilities as % of Total Assets Ratio	78.8%	15	48.4%	32	32.3%	33	3.6%	35	35
Long-Term Liabilities as % of Shareholders' Equity Ratio	5.9%	20	1.3%	20	1.1%	20	0.0%	20	20

Total Score	704	687	656	631	/1000
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FranCompare™

FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2018 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on www.FranchiseDisclosures.com. If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

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Feel free to contact us at:

FranCompare™

1814 Franklin Street, Suite 800

Oakland, CA 94612

(888) 612-9908