

**INTERACTIVE
STRENGTH**

**CLMBR⁺
+
FORME**



Q3 2024

SHAREHOLDER LETTER

INTERACTIVE STRENGTH INC.

Key TRNR measures are now trending in the right direction both year-on-year and sequentially

\$2.0M

Revenue

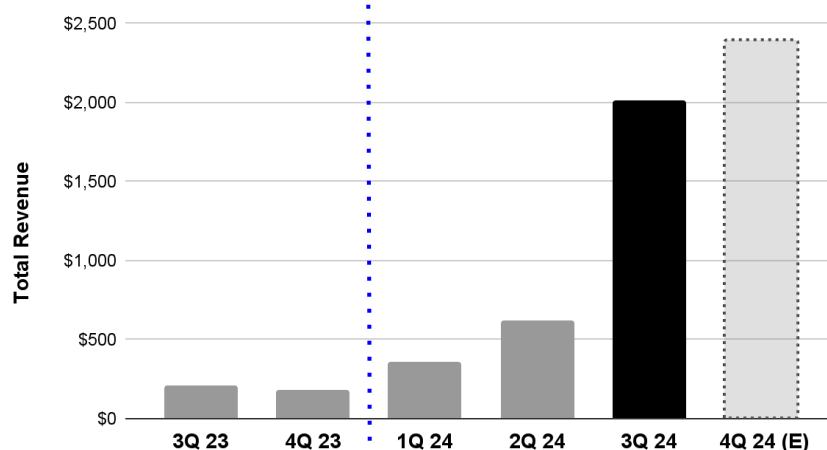
\$2.3M

Cash on the balance sheet

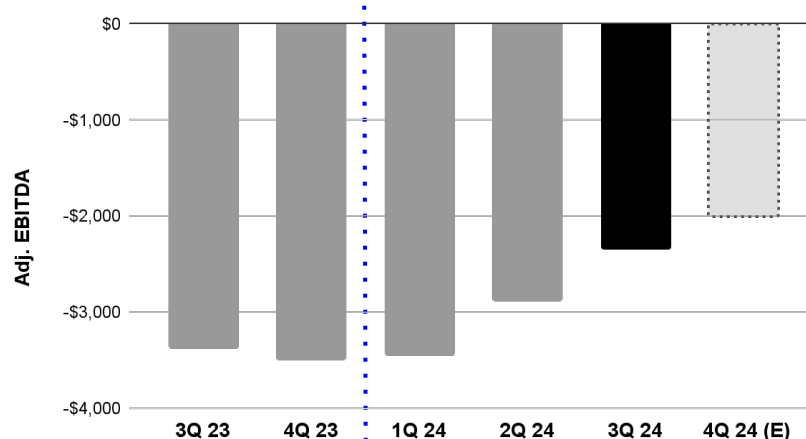
\$5.8M

Stockholder Equity

Revenue



Adj. EBITDA



CLMBR acquisition completed

COMMENTARY

It has become clear that, within the larger health and wellness market globally, there are dozens of fragmented pockets of profitable growth where TRNR's public listing has exceptional and immediate value

Fellow Shareholders:

Starting with our Q3 results, we'll be updating you via letter going forward, continuing the process started in August, 2024 of offering an expanded picture of both our new operating strategy and our performance.

Before commenting on our quarterly financials, I want to spend some time on that bigger picture. Why? Significant shifts in our medium- and long-term strategy now drive our short-term results.

To judge those results properly, shareholders must have a clear understanding of what we're aiming to achieve and why it makes sense.

Specifically, stockholders should bear in mind two key points.

First: with the acquisition of CLMBR's assets earlier this year, Interactive Strength began what we expect to be a roughly 24-month transformation as a business that is expected to result in a scaled and profitable company.

Close watchers of our company will have [noted the update to our business model and growth strategy in August's second-quarter 10-Q filing](#) in the Management's Discussion & Analysis section, reflecting an important shift in TRNR's focus.

To reiterate, we're moving away from only scaling a single, direct-to-consumer, connected-fitness platform and brand - FORME. We are moving *toward* building a portfolio of specialty fitness brands and equipment, through acquiring already-scaled and/or partially-scaled businesses in complementary niches of the larger health and wellness market. CLMBR was the first such asset, and we are actively working on acquiring others.

Over the coming months, we'll offer more detail with respect to the market and economic analyses and thinking that underpins this strategy shift. For now, suffice to say that it has become clear that, within the larger health and wellness market globally, there are many attractive assets that could add profitability and growth when a part of a larger business, which is where TRNR's public listing has exceptional and immediate value. We are also finding exciting organic growth in verticals like golf, medical/physical therapy and corporate wellness.

Using our listing, as well as the distribution and manufacturing partnerships derived from our early focus on FORME, Interactive Strength has a much faster path to scaled, profitable growth than through pursuing D2C home fitness alone.

Second: our third quarter 2024 performance is the first quarter to begin to validate the new value proposition summarized above.

INTERACTIVE STRENGTH INC.

The graphs on the first page of this letter illustrate that this quarter's performance, combined with our guidance for the fourth quarter, reflect our positive expectations for growth. We acknowledge that our financial results overall remain subscale, so far. We had higher expectations in the first half of this year for both top and bottom line growth. We are not yet EBITDA positive, and we don't expect to be until some point in 2025.

Interactive Strength now has the ability to improve both top and bottom-line performance - in Q3's case, both year-on-year and over the past two sequential quarters

Yet also: as of the second quarter of 2024, we have our arms fully around the CLMBR acquisition; we have stabilized our NASDAQ listing compliance; and we are performing in line with our guidance.

More importantly, TRNR is starting to show the power of its new business model. Each set of charted data trends in the right direction, across a variety of key metrics. This clearly illustrates that Interactive Strength now has the ability to improve both top and bottom-line performance - in Q3's case, both year-on-year and over the past two sequential quarters.

I'm particularly pleased we managed to improve gross margins and profits as well as control operating costs. As we layer in additional revenues from CLMBR and continue to build out the FORME platform, and as we acquire additional, higher-revenue businesses, this operating discipline will lay the foundation for our expected EBITDA profitability in 2025.

THIRD QUARTER HIGHLIGHTS

The company made progress in terms of both results and operations in Q3

PERFORMANCE

TRNR's business began to experience the step-change we flagged earlier in the year on its top line, and disciplined operations also helped control costs and improve gross margins.

Highlights include:

Revenues of just over \$2 million, in line with guidance for the quarter and a 10x improvement YOY for Q3 as well as over a 3x improvement sequentially.

Adjusted EBITDA loss of \$2.3 million for Q3, a 30% improvement YOY and nearly a 20% improvement from Q2 2024.

Net loss and earnings per diluted share of \$7 million and \$1.50 for the quarter, vs. \$10 million and \$29.35 in Q3 2023.

Stockholder Equity of \$5.8 million, well in excess of the \$2.5 million needed for NASDAQ listing compliance.

OPERATIONS

As noted in prior quarters, we believe the company has significant potential internationally, particularly for CLMBR. This expectation was borne out in Q3 with TRNR notching exclusive distribution deals in Germany, the Gulf Region and Indonesia; and securing key certifications for CLMBR with regulators and distributors.

Highlights include:

Achieved RSG Group’s “global vendor” certification status - which will help accelerate our ability to sell CLMBR internationally into the company’s network of gyms including Gold’s Gym, John Reed and McFit.

Earned preferred vendor partner status with Crunch Fitness and an invitation to Crunch’s 2024 franchise convention, further cementing our relationship with the Crunch brand.

Passed EU compliance requirements for selling CLMBR across the EU, unlocking TRNR’s ability to fulfill existing orders in Germany, Austria and Switzerland.

Secured exclusive distribution deal and six-figure order in Gulf Region with MefitPro.

Won an exclusive deal for CLMBR to be distributed in Indonesia with Primafit, a leading distributor of best-in-class brands in that major regional market.

Regained compliance with NASDAQ listing requirements for shareholder equity and won its listing appeal with the exchange.

Secured exclusive distribution for CLMBR in Germany, the world’s largest fitness market outside the US.

OUTLOOK

Based on deliveries in the quarter so far and the current order book, the Company expects to generate \$2.4 million in revenue at the midpoint during the fourth quarter, and to improve our Adjusted EBITDA loss to be below \$2.0 million.

The major driver of expected revenue is whether orders to customers in Europe are delivered in the fourth quarter, as determined by the timing of receiving the required certifications.

Description of Non-GAAP Financial Measures

In addition to our results determined in accordance with accounting principles generally accepted in the United States, or GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance.

The Company's non-GAAP financial measure in this press release consist of Adjusted EBITDA, which we define as net (loss) income, adjusted to exclude: other expense (income), net; income tax expense (benefit); depreciation and amortization expense; stock-based compensation expense; loss on debt extinguishment; vendor settlements; transaction related expenses; and IPO readiness costs and expenses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Loss (in thousands)	\$ (7,141)	\$ (10,408)	\$ (29,172)	\$ (39,971)
Adjusted EBITDA (in thousands)	\$ (2,348)	\$ (3,373)	\$ (8,691)	\$ (13,532)

The Company believes the above adjusted financial measures help facilitate analysis of operating performance and the operating leverage in our business. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as stock-based compensation expense, depreciation and amortization expense, other expense (income), net, and provision for income taxes that can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired;
- Our management uses Adjusted EBITDA in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- Adjusted EBITDA provides consistency and comparability with our past financial performance, facilitate period-to-period comparisons of our core operating results, and may also facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.
- Our use of Adjusted EBITDA, or any other non-GAAP financial measures we may use in the future, is presented for supplemental informational purposes only and should not be considered as a substitute for, or in isolation from, our financial results presented in accordance with GAAP. Further, these non-GAAP financial measures have limitations as analytical tools. Some of these limitations are, or may in the future be, as follows:
 - Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
 - Adjusted EBITDA excludes stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
 - Adjusted EBITDA does not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (3) tax payments that may represent a reduction in cash available to us;
 - Adjusted EBITDA does not reflect impairment charges for fixed assets and capitalized content, and gains (losses) on disposals for fixed assets;
 - Adjusted EBITDA does not reflect gains associated with debt extinguishments.
 - Adjusted EBITDA does not reflect gains associated with vendor settlements.
 - Adjusted EBITDA does not reflect IPO readiness costs and expenses that do not qualify as equity issuance costs.
 - Adjusted EBITDA does not reflect non cash fair value gains (losses) on convertible notes, warrants and unrealized currency gains (losses).

Further, the non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. For example, the expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results. Because companies in our industry may calculate such measures differently than we do, their usefulness as comparative measures is limited. Because of these limitations, Adjusted EBITDA should be considered along with other operating and financial performance measures presented in accordance with GAAP.

Cautionary Statement Regarding Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. Forward-looking statements include, but are not limited to, statements regarding: the expectations to receive the required certifications to deliver to European countries and that achieving that certification will allow distributors to fulfill the demand indications, statements regarding that Europe has some of the largest fitness markets in the world after the United States and the expectation that there will be strong demand for CLMBRs, the expectations to generate revenue projections during the fourth quarter based on expected deliveries, the Company's expectations and its belief that the Company will potentially reach profitability in 2025, the utility of non-GAAP financial measures; and the anticipated features and benefits of our product and service offerings. These forward-looking statements are subject to risks and uncertainties which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. These risk and uncertainties include, but are not limited to, the following: our ability to achieve or maintain profitability; our future capital needs and ability to obtain additional financing to fund our operations; our ability to continue as a "going concern"; the growth rate, if any, of our business and revenue and our ability to manage any such growth; risks related to our subscription or any future revenue model; our limited operating history; our ability to compete successfully; fluctuations in our operating results and factors affecting the same; our reliance on sales of our Forme Studio equipment and CLMBR equipment; our ability to sustain competitive pricing levels; the growth rate, if any, of our target markets and our industry; the ability of our customers to obtain financing to purchase our products; our ability to forecast demand for our products and services, anticipate consumer preferences, and manage our inventory; our ability to attract and retain members, personal trainers, health coaches, and fitness instructors; our ability to expand our commercial and corporate wellness business; unforeseen costs and potential liability in connection with our products and services; our dependence on third-party systems and services; and risks related to potential acquisitions, intellectual property, litigation, dependence on key personnel, privacy, cybersecurity, and other regulatory, tax, and accounting matters, and international operations (including the impact of any geopolitical risks such as regional unrest or outbreak of hostilities or war), as well as the risks and uncertainties discussed in our most recently filed periodic reports on Form 10-Q and subsequent filings and as detailed from time to time in our SEC filings. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. All forward-looking statements set forth in this release are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. These forward-looking statements reflect our management's beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this press release. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Accordingly, you should not rely upon forward-looking statements as predictions of future events. Forward-looking statements set forth in this release speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.

INTERACTIVE STRENGTH INC.

Item 1. Financial Statements

INTERACTIVE STRENGTH INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(In thousands, except share and per share amounts)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,269	\$ —
Accounts receivable, net of allowances	519	1
Inventories, net	4,773	2,607
Derivatives	19	—
Vendor deposits	1,976	1,815
Prepaid expenses and other current assets	684	933
Total current assets	10,240	5,356
Property and equipment, net	164	444
Right-of-use-assets	492	283
Intangible assets, net	7,184	2,254
Long-term inventories, net	3,198	2,908
Vendor deposits long term	310	309
Goodwill	13,519	—
Other assets	2,646	5,248
Total Assets	\$ 37,753	\$ 16,802
Liabilities, preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 12,880	\$ 10,562
Accrued expenses and other current liabilities	3,174	906
Operating lease liability, current portion	302	54
Deferred revenue	104	77
Loan payable current portion	5,298	5,806
Senior secured notes	—	3,096
Income tax payable	7	7
Derivatives	—	122
Convertible note payable	4,784	904
Total current liabilities	26,549	21,534
Operating lease liability, net of current portion	210	229
Other long term liabilities	1,050	—
Warrant liabilities	156	591
Loan payable noncurrent	3,996	—
Total liabilities	\$ 31,961	\$ 22,354
Commitments and contingencies (Note 14)		
Stockholders' equity (deficit)		
Series A preferred stock, par value \$0.0001; 10,000,000 and 0 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 5,368,865 and 0 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	1	—
Series B preferred stock, par value \$0.0001; 1,500,000 and 0 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 1,500,000 and 0 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	—	—
Series C preferred stock, par value \$0.0001; 5,000,000 and 0 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 2,861,128 and 0 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	—	—
Common stock, par value \$0.0001; 900,000,000 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 17,170,456 and 354,802 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	8	7
Additional paid-in capital	202,509	161,252
Accumulated other comprehensive (loss) income	(105)	100
Accumulated deficit	(196,621)	(166,911)
Total stockholders' equity (deficit)	5,792	(5,552)
Total liabilities, preferred stock and stockholders' equity (deficit)	\$ 37,753	\$ 16,802

INTERACTIVE STRENGTH INC.

INTERACTIVE STRENGTH INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Fitness product revenue	\$ 1,617	\$ 206	\$ 1,927	\$ 502
Membership revenue	224	38	586	94
Training revenue	173	62	484	183
Total revenue	2,014	306	2,997	779
Cost of revenue:				
Cost of fitness product revenue	(1,349)	(360)	(2,075)	(1,529)
Cost of membership	(768)	(960)	(2,768)	(2,861)
Cost of training	(185)	(109)	(522)	(300)
Total cost of revenue	(2,302)	(1,429)	(5,365)	(4,690)
Gross loss	(288)	(1,123)	(2,368)	(3,911)
Operating expenses:				
Research and development	2,212	2,357	6,708	7,796
Sales and marketing	194	282	562	1,473
General and administrative	5,060	6,313	15,438	30,043
Total operating expenses	7,466	8,952	22,708	39,312
Loss from operations	(7,754)	(10,075)	(25,076)	(43,223)
Other income (expense), net:				
Other income (expense), net	256	(179)	(506)	25
Interest expense	(1,831)	(154)	(6,750)	(1,382)
Gain upon debt forgiveness	—	—	—	2,595
Loss on issuance of warrants	(4,780)	—	(5,551)	—
Gain (loss) upon extinguishment of debt and accounts payable	110	—	(1,622)	—
Change in fair value of convertible notes	—	—	(316)	(252)
Change in fair value of earnout	—	—	1,300	—
Change in fair value of derivatives	956	—	201	—
Change in fair value of warrants	5,902	—	9,148	2,266
Total other income (expense), net	613	(333)	(4,096)	3,252
Loss before provision for income taxes	(7,141)	(10,408)	(29,172)	(39,971)
Income tax expense	—	—	—	—
Net loss attributable to common stockholders	\$ (7,141)	\$ (10,408)	\$ (29,172)	\$ (39,971)
Net loss per share - basic and diluted	\$ (1.53)	\$ (29.35)	\$ (15.22)	\$ (136.06)
Weighted average common stock outstanding—basic and diluted	4,653,452	354,656	1,916,375	293,773
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (7,141)	\$ (10,408)	\$ (29,172)	\$ (39,971)
Other comprehensive (loss) gain:				
Foreign currency translation (loss) gain	(242)	172	(205)	(79)
Total comprehensive loss	\$ (7,383)	\$ (10,236)	\$ (29,377)	\$ (40,050)

INTERACTIVE STRENGTH INC.

INTERACTIVE STRENGTH INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)
(In thousands, except share amounts)

	Convertible Preferred Stock Series B		Convertible Preferred Stock Series A		Convertible Preferred Stock Series B		Convertible Preferred Stock Series C		Common Stock		Class A Common Stock		Class B Common Stock		Subscription Receivable Preferred Stock Series A	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balances at December 31, 2022	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	112,436	365	(115,538)	(2,733)
Issuance of Common stock	—	—	—	—	—	—	—	—	216,923	3	60,417	4	856	—	—	4,449	—	—	4,452
Issuance of Common stock upon conversion of Class A Common Stock	—	—	—	—	—	—	—	—	60,417	4	(60,417)	(4)	—	—	—	—	—	—	—
Issuance of Class B common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	16,161	—	—	14	—	—	14
Issuance of Common stock upon conversion of Class B Common Stock	—	—	—	—	—	—	—	—	17,017	—	—	—	(17,017)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15,057	—	—	15,057
Net exercise of options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	323	—	—	323
Foreign currency translation gain (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(115)	—	(115)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,961)	(15,961)
Balances at March 31, 2023	—	\$ —	—	\$ —	—	\$ —	—	\$ —	294,357	\$ 7	—	\$ —	—	\$ —	—	\$ 132,279	\$ 250	\$ (131,499)	\$ 1,037
Initial public offering, net of issuance cost of \$1.2 million	—	—	—	—	—	—	—	—	37,500	—	—	—	—	—	—	10,820	—	—	10,820
Initial public offering costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,607)	—	—	(4,607)
Issuance of Common stock upon conversion of convertible notes	—	—	—	—	—	—	—	—	14,129	—	—	—	—	—	—	4,521	—	—	4,521
Exercise of stock warrants	—	—	—	—	—	—	—	—	8,477	—	—	—	—	—	—	2,468	—	—	2,468
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,510	—	—	4,510
Foreign currency translation gain (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(136)	—	(136)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(13,602)	(13,602)
Balances at June 30, 2023	—	\$ —	—	\$ —	—	\$ —	—	\$ —	354,463	\$ 7	—	\$ —	—	\$ —	—	\$ 149,991	\$ 114	\$ (145,101)	\$ 5,011
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,951	—	—	4,951
Foreign currency translation gain (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	172	172
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(10,408)	(10,408)
Balances at September 30, 2023	—	\$ —	—	\$ —	—	\$ —	—	\$ —	354,463	\$ 7	—	\$ —	—	\$ —	—	\$ 154,942	\$ 286	\$ (155,509)	\$ (274)

INTERACTIVE STRENGTH INC.

INTERACTIVE STRENGTH INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)
(In thousands, except share amounts)

	Convertible Preferred Stock Series B		Convertible Preferred Stock Series A		Convertible Preferred Stock Series B		Convertible Preferred Stock Series C		Common Stock		Class A Common Stock		Class B Common Stock		Subscription Receivable Preferred Stock Series A	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balances at December 31, 2023									354,802	7						161,252	100	(166,911)	(5,552)
Issuance of preferred stock Series A upon conversion of debt			3,430,895	1												10,082			10,082
Subscription receivable for issuance of Series A preferred stock			1,500,000											(3,000)					(3,000)
Issuance of preferred stock series B upon acquisition of CLMBR, Inc.	1,500,000	2,688																	
Issuance of common stock upon acquisition of CLMBR, Inc.								35,723	0							1,014			1,014
Issuance of Common stock upon waiver to enter into Note Agreement								6,250	0							177			177
Issuance of shares upon issuance of convertible notes								18,750	0							547			547
Issuance of Common stock from equity line of credit								32,777	0							692			692
Issuance of Common stock upon conversion of convertible notes								37,149	0							866			866
Issuance of Common stock upon exercise of stock options								394											
Stock-based compensation																3,586			3,586
Foreign currency translation gain (loss)																39			39
Net loss																		(11,394)	(11,394)
Balances at March 31, 2024	1,500,000	\$ 2,688	4,930,895	\$ 1				\$ 485,845	\$ 7					\$ (3,000)	\$ 178,216	\$ 139	\$ (178,305)	\$ (2,942)	
Issuance of preferred stock Series A upon conversion of debt			1,562,970	0												2,368			2,368
Subscription receivable for issuance of Series A preferred stock														3,000					3,000
Reclassification of series B preferred stock to permanent equity	(1,500,000)	(2,688)			1,500,000	0										2,955			2,955
1 for 40 reverse stock split sham round up								100,312											
Registered direct offering, net of issuance costs of \$0.2 million								142,046	0							809			809
Registered direct offering costs																(74)			(74)
Issuance of Common stock from At the Market offering, net of issuance costs of \$0.1 million								162,378	0							405			405
At the Market offering costs																(50)			(50)
Issuance of Common stock from equity line of credit								7,918	0							65			65
Issuance of Common stock upon conversion of convertible notes								251,084	0							1,084			1,084
Issuance of shares upon conversion of warrants			375,000	0												480			480
Issuance of Common stock upon exercise of warrants								23,112	0							92			92
Issuance of Common stock upon exercise of stock options								82											
Stock-based compensation																2,860			2,860
Foreign currency translation gain (loss)																(2)			(2)
Net loss																		(10,637)	(10,637)
Balances at June 30, 2024		\$	6,868,865	\$ 1	1,500,000	\$ 0		\$ 1,172,777	\$ 7					\$	\$ 189,210	\$ 137	\$ (188,942)	\$ 413	
Issuance of Common stock from Best Efforts Offering								210,000	0							296			296
Best Efforts offering costs																(16)			(16)
Series A Preferred dividends declared and paid in kind			59,668													538		(538)	
Issuance of preferred stock series C upon conversion of preferred series A and conversion of debt			(1,559,668)				2,861,128	0								2,720			2,720
Issuance of Common stock from At the Market offering								11,873,761	1							3,668			3,668
Issuance of Common stock upon exercise of warrants								2,626,880	0							2,563			2,563
Issuance of Common stock upon extinguishment of debt								1,286,957	0							373			373
Issuance of Common stock upon exercise of stock options								81											
Stock-based compensation																3,157			3,157
Foreign currency translation gain (loss)																(242)			(242)
Net loss																		(7,141)	(7,141)
Balances at September 30, 2024		\$	5,368,865	\$ 1	1,500,000	\$ 0	2,861,128	\$ 0	17,170,456	\$ 8				\$	\$ 202,509	\$ (105)	\$ (196,621)	\$ 5,792	

INTERACTIVE STRENGTH INC.

INTERACTIVE STRENGTH INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net loss	\$ (29,172)	\$ (39,971)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign currency	218	64
Depreciation	418	743
Amortization	4,687	4,188
Non-cash lease expense	203	66
Inventory valuation loss and inventory step up amortization	141	261
Stock-based compensation	9,448	23,773
Loss on extinguishment of debt and accounts payable	1,622	—
Gain upon debt forgiveness	—	(2,595)
Fair value of common stock issued with Best Efforts Offering	299	—
Interest expense	2,147	77
Amortization of debt discount	4,603	1,305
Common stock issued to lender in connection with entering Equity Line of Credit Agreement	368	—
Change in fair value of convertible notes	316	252
Loss on issuance of warrants	5,894	442
Loss on exchange of warrants for equity	358	—
Change in fair value of earnout	(1,300)	—
Change in fair value of derivatives	(201)	—
Change in fair value of warrants	(9,148)	(2,266)
Changes in operating assets and liabilities		
Accounts receivable	(1,134)	(7)
Inventories	684	(442)
Prepaid expenses and other current assets	342	464
Vendor deposits	(101)	323
Warrant liabilities	—	—
Other assets	(13)	(10)
Accounts payable	(3)	585
Accrued expenses and other current liabilities	862	(780)
Deferred revenue	(234)	37
Operating lease liabilities	(213)	(70)
Net cash used in operating activities	<u>(8,909)</u>	<u>(13,561)</u>
Cash Flows From Investing Activities:		
Acquisition of internal use software	—	(349)
Acquisition of business, cash paid, net of cash acquired	(1,447)	—
Acquisition of software and content	40	(797)
Net cash used in investing activities	<u>(1,407)</u>	<u>(1,146)</u>
Cash Flows From Financing Activities:		
Payments of loans	(831)	—
Proceeds from loans	1,280	—
Proceeds from related party loans	650	465
Payments of related party loans	(527)	(483)
Proceeds from issuance of common stock and pre-funded warrants upon offering, net of offering costs	4,510	10,820
Payments of offering costs	(90)	(1,453)
Proceeds from senior secured notes	—	3,030
Payments of senior secured notes	—	(2,000)
Redemption on convertible notes	(212)	—
Proceeds from issuance of convertible notes, net of issuance costs	4,756	—
Proceeds from the issuance of Class A common stock	—	4,247
Proceeds from issuance of common stock from At the Market Offering, net of issuance costs	4,023	—
Interest paid on loans and convertible notes	(1,093)	—
Proceeds from the exercise of common stock options and warrants	92	30
Proceeds from the issuance of common stock from equity line of credit	389	—
Net cash provided by financing activities	<u>12,947</u>	<u>14,656</u>
Effect of exchange rate on cash	(362)	(145)
Net Change In Cash and Cash Equivalents	<u>2,269</u>	<u>(196)</u>
Cash and restricted cash at beginning of the period	—	226
Cash and restricted cash at end of period	<u>\$ 2,269</u>	<u>\$ 30</u>
Supplemental Disclosure Of Cash Flow Information:		
Interest expense due but not paid	1,054	—
Non-Cash Investing and Financing Information:		
Property & equipment in accounts payable	18	18
Issuance of common stock and series B preferred stock for the acquisition of business	3,969	—
Offering costs in accounts payable and accrued expenses	69	3,155
Issuance of preferred stock through conversion of debt	15,170	—
Exercise and exchange of stock warrants	480	2,468
Conversion of convertible notes into common stock	1,949	4,521
Right-of-use assets obtained in exchange for new operating lease liabilities	—	313
Decrease in right-of-use asset and operating lease liabilities due to lease termination	—	61
Issuance of common stock from convertible notes and conversion of debt	920	—
Issuance of common stock from rights offering	—	202
Net exercise of options	—	323
Non-cash settlement of accounts receivable and debt	750	—
Stock-based compensation capitalized in intangible asset and other assets	155	745

**INTERACTIVE
STRENGTH**

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