



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE STATEMENT ATTACHED

Blank lined area for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ SEE STATEMENT ATTACHED

Blank lined area for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE STATEMENT ATTACHED

Blank lined area for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ [Handwritten Signature] Date ▶ 3/8/21  
Print your name ▶ Thomas Bergmann Title ▶ Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

**LTF HOLDINGS INC.**  
**EIN: 47-3481985**  
**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any Investor's specific circumstances. Preferred shareholders are urged to consult their own tax advisors regarding U.S. tax qualification and consequences of the section 351 exchange described herein and the impact to tax basis resulting from the exchange.

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**Report of Organizational Actions Affecting Basis of Securities**

**Form 8937, Part II, Line 14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholder’s ownership is measured for the action.**

On June 24, 2020, certain shareholders of LTF Holdings, Inc. (together the “Investors”) entered into a Loan Agreement among LT Co-Borrower, LLC and LT Canada Co-Borrower, LP (together the “Borrowers”), each an indirect wholly owned entity of LTF Holdings Inc. (“Parent”). Pursuant to the Loan Agreement the Borrowers promised to pay to each Investor a certain amount of principal and interest.

On January 22, 2021, the Investors entered into a Contribution Agreement with Parent and Borrowers. Pursuant to the Contribution Agreement and on the same day each Investor contributed their right, title and interest in and to the Loan Agreement (such contribution, the “Investor Contribution”) to Parent in exchange for the issuance to each Investor shares of Series A Convertible Participating Preferred Stock, par value \$0.01 per share (the “Preferred Shares”), of Parent (the “Contribution”).

**Form 8937, Part II, Line 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

To the extent the Contribution satisfies the requirements of section 351(a) each Investor’s aggregate adjusted tax basis in the Preferred Shares received should equal its aggregate adjusted tax basis in the Loan Agreement immediately prior to the Investor Contribution. Further, the adjusted tax basis of each Parent Preferred Share received by an Investor in the Contribution should be the quotient of the Investor’s aggregate adjusted tax basis described above divided by the total number of Preferred Shares received by the Investor in the Contribution.

Investors’ holding period in the Preferred Share generally should include the period for which the Investors held the Loan Agreement.

**Form 8937, Part II, Line 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

To the extent the Contribution satisfies the requirements of section 351(a), pursuant to section 358 of the Code, basis in the stock received in a section 351 exchange shall be the same as the basis in the property exchanged—the Preferred Shares in exchange for the Loan Agreement—and allocated *pro rata* among each of the Preferred Shares received as described in Line 15 above.

**Form 8937, Part II, Line 17 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Sections 351(a); 358(a); 358(b); 1223; and 1275. The Investors should consult their tax advisors regarding the specific U.S. federal income tax treatment of these transactions (including, but not limited to,

qualification of the Contribution under section 351, computation of gain/loss, tax basis, and/or holding period).

**Form 8937, Part II, Line 18 – Can any resulting loss be recognized?**

To the extent the Contribution satisfies the requirements of section 351, loss is generally not permitted.

**Form 8937, Part II, Line 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Contribution occurred on January 22, 2021. The stock basis adjustments are taken into account in the tax year of the Investors during which the Contribution occurred. In the case of Investors who are calendar year taxpayers, for example, the Contribution is reportable in the tax year ending December 31, 2021. Please consult your independent tax advisor for further information.