

One of The Leading Global Franchisors of Boutique Health & Wellness Brands

XPONENTIAL™

Q2 Financial Results | As of June 30, 2024 | Reported on August 1st, 2024



lindora



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Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of future performance based on management's judgment, beliefs, current trends, and anticipated financial performance. These forward-looking statements include, without limitation, statements relating to expected growth of our business; projected number of new studio openings; profitability; the expected impact of our movement away from company-owned transition studios; anticipated industry trends; projected financial and performance information such as system-wide sales; projected annual revenue, Adjusted EBITDA and other statements on the slide “FY 2024 Guidance”; our competitive position in the boutique fitness industry; our efforts to optimize our capital structure, and ability to execute our business strategies and our strategic growth drivers. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include, but are not limited to, our relationships with master franchisees, franchisees and international partners; difficulties and challenges in opening studios by franchisees; the ability of franchisees to generate sufficient revenues; risks relating to expansion into international markets; loss of reputation and brand awareness; general economic conditions and industry trends; and other risks as described in our SEC filings, including our Annual Report on Form 10-K for the full year ended December 31, 2023 filed by Xponential with the SEC and other periodic reports filed with the SEC. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements. All information provided in this presentation is as of today's date, unless otherwise stated, and Xponential undertakes no duty to update such information, except as required under applicable law.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe non-GAAP financial measures are useful in evaluating our operating performance. We use certain non-GAAP financial information in this presentation, such as EBITDA, Adjusted EBITDA and adjusted net income (loss), and adjusted net earnings (loss) per share, which exclude certain non-operating or non-recurring items, including but not limited to, equity-based compensation expenses and related employer payroll taxes, acquisition and transaction expenses (income), litigation expenses, financial transaction fees and related expenses, tax receivable agreement remeasurement, impairment of goodwill and other assets, loss on brand divestiture, executive transition costs, non-recurring rebranding expenses, and charges incurred in connection with our restructuring plan that we believe are not representative of our core business or future operating performance, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively with comparable GAAP financial measures, is helpful to investors because it provides consistency and comparability with past financial performance and provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We seek to compensate such limitations by providing a detailed reconciliation for the non-GAAP financial measures to the most directly comparable financial measures stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

In addition, we are not able to provide a quantitative reconciliation of the estimated full-year Adjusted EBITDA for fiscal year ending December 31, 2024 without unreasonable efforts to the most directly comparable GAAP financial measure due to the high variability, complexity and low visibility with respect to certain items such as taxes, TRA remeasurements, and income and expense from changes in fair value of contingent consideration from acquisitions. We expect the variability of these items to have a potentially unpredictable and potentially significant impact on future GAAP financial results, and, as such, we also believe that any reconciliations provided would imply a degree of precision that would be confusing or misleading to investors.

Mark King – Chief Executive Officer & Director



- 44 years of industry experience
- Profitably scaled some of the world's largest consumer companies
- In-depth franchise expertise

Single Greatest Determinant of our Success: Healthy and Profitable Franchisees



Q2 2024 Key Operating Metrics⁽¹⁾

Total Members

801K

+17% YoY

Total Visits

15.1M

+20% YoY

Run-Rate AUVs⁽²⁾

\$638K

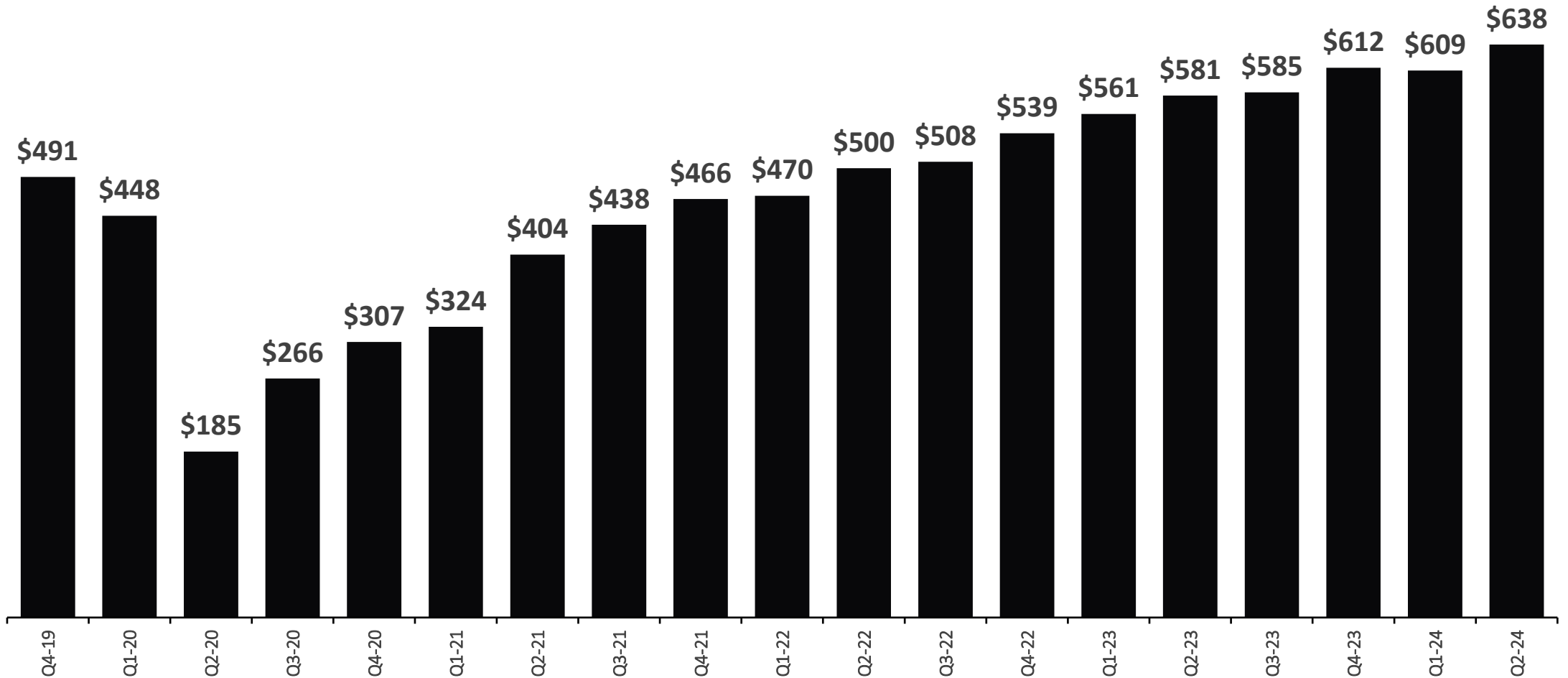
+10% YoY

1) YoY comparison refers to Q2 2023. Total Members, total visits and run-rate AUVs represent North America only. All KPI information is presented on an adjusted basis to include historical information of Lindora prior to its acquisition by the Company in January 2024, and to exclude historical information of Stride and Row House given their divestitures.

2) Quarterly Run-Rate AUV ("average unit volume") is calculated by taking the average sales during the quarter for all North America traditional studio locations that are at least 6 months old at the beginning of the respective quarter, and then multiplying that number by four.

North America Run-Rate Average Unit Volumes⁽¹⁾

(\$000s)



1) Quarterly Run-Rate AUV ("average unit volume") is calculated by taking the average sales during the quarter for all North America traditional studio locations that are at least 6 months old at the beginning of the respective quarter, and then multiplying that number by four. All KPI information is presented on an adjusted basis to include historical information of Lindora prior to its acquisition by the Company in January 2024, and to exclude historical information of Stride and Row House given their divestitures.

Q2 2024 Key Operating Metrics⁽¹⁾

Global Studios

3,102

+11% YoY

Global Licenses

6,125

+12% YoY

1) YoY comparison refers to Q2 2023. All KPI information is presented on an adjusted basis to include historical information of Lindora prior to its acquisition by the Company in January 2024, and to exclude historical information of Stride and Row House given their divestitures.

Global Platform



27
Total Countries

442
Open Studios

1,000+
MFA Obligations

Q2 2024 Key Operating Metrics⁽¹⁾

System-Wide Sales

\$421 M

+24% YoY

Same Store Sales⁽²⁾

+7%

Greater Than 36
Months
+8%

- 1) YoY comparison refers to Q2 2023. System-wide sales and same store sales represent North America only. All KPI information is presented on an adjusted basis to include historical information of Lindora prior to its acquisition by the Company in January 2024, and to exclude historical information of Stride and Row House given their divestitures.
- 2) Same store sales refer to period-over-period sales comparisons for the base of studios. In accordance with industry standard, we define the same store sales base to include studios in North America that are in traditional locations and that have generated positive sales for at least 13 consecutive calendar months as of the measurement date.

Income Statement

<i>In \$ thousands, except per share amounts</i>	Q2 2024	Q2 2023	\$ Difference	% Change
System-wide Sales (North America)	\$421,471	\$340,758	\$80,713	24%
Revenue:				
Franchise revenue	\$43,020	\$35,133	\$7,887	22%
Equipment revenue	\$12,925	\$14,428	(\$1,503)	(10%)
Merchandise revenue	\$5,882	\$8,401	(\$2,519)	(30%)
Franchise marketing fund revenue	\$8,380	\$6,617	\$1,763	27%
Other service revenue	\$6,310	\$12,761	(\$6,451)	(51%)
Total revenue, net	\$76,517	\$77,340	(\$823)	(1%)
Operating costs and expenses:				
Costs of product revenue	\$12,866	\$14,223	(\$1,357)	(10%)
Costs of franchise and service revenue	\$5,834	\$3,714	\$2,120	57%
Selling, general and administrative expenses	\$36,989	\$37,210	(\$221)	(1%)
Impairment of goodwill and other assets	\$12,089	\$7,238	\$4,851	67%
Depreciation and amortization	\$4,517	\$4,288	\$229	5%
Marketing fund expense	\$7,847	\$5,466	\$2,381	44%
Acquisition and transaction expenses (income)	(\$1,217)	(\$31,252)	\$30,035	(96%)
Total operating costs and expenses	\$78,925	\$40,887	\$38,038	93%
Operating income (loss)	(\$2,408)	\$36,453	(\$38,861)	(107%)
Net income (loss)	(\$13,662)	\$27,524	(\$41,186)	(150%)
Net income (loss) per basic share of Class A common stock	(\$0.29)	\$1.44	(\$1.73)	(120%)

Adjusted Earnings (Loss) per Share

<i>In thousands, except per share amounts</i>	Q2 2024	Q2 2023
Net income (loss)	(\$13,662)	\$27,524
Acquisition and transaction expenses (income)	(\$1,217)	(\$31,252)
TRA remeasurement	\$253	\$698
Impairment of goodwill and other assets	\$12,089	\$7,238
Loss on brand divestiture	\$922	\$0
Restructuring and related charges	\$2,325	\$0
Adjusted net income	\$710	\$4,208
Adjusted net income attributable to noncontrolling interest	\$240	\$1,406
Adjusted net income attributable to Xponential Fitness, Inc.	\$470	\$2,802
Dividends on preferred shares	(\$1,423)	(\$1,237)
Earnings (loss) per share - basic numerator	(\$953)	\$1,565
Add: Adjusted net income (loss) attributable to noncontrolling interest	\$0	\$1,406
Add: Dividends on preferred shares	\$0	\$1,237
Earnings (loss) per share - diluted numerator	(\$953)	\$4,208
Adjusted net earnings (loss) per share - basic	(\$0.03)	\$0.05
Adjusted net earnings (loss) per share - diluted	(\$0.03)	\$0.07

Note: The above adjusted net income (loss) per share is computed by dividing the adjusted net income (loss) attributable to holders of Class A common stock by the weighted average shares of Class A common stock outstanding during the period. Total share count does not include potential future shares vested upon achieving certain earn-out thresholds. Net income, however, continues to take into account the non-cash contingent liability primarily due to Rumble.

Adjusted EBITDA Margin

<i>In \$ thousands</i>	Q2 2024	Q2 2023
Net income (loss)	(\$13,662)	\$27,524
Interest expense, net	\$10,869	\$8,098
Income taxes	\$132	\$133
Depreciation and amortization	\$4,517	\$4,288
EBITDA	\$1,856	\$40,043
Equity-based compensation	\$4,196	\$6,055
Employer payroll taxes related to equity-based compensation	\$109	\$91
Acquisition and transaction expenses (income)	(\$1,217)	(\$31,252)
Litigation expenses	\$3,388	\$2,299
Financial transaction fees and related expenses	\$425	\$79
TRA remeasurement	\$253	\$698
Impairment of goodwill and other assets	\$12,089	\$7,238
Loss on brand divestiture	\$922	\$0
Executive transition costs	\$690	\$0
Non-recurring rebranding expenses	\$331	\$0
Restructuring and related charges	\$2,325	\$0
Adjusted EBITDA	\$25,367	\$25,251
<i>Margin</i>	33%	33%

Note: We define Adjusted EBITDA as EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include equity-based compensation and related employer payroll taxes, acquisition and transaction expenses (income) (including change in contingent consideration and transaction bonuses), litigation expenses (consisting of legal and related fees for specific proceedings that arise outside of the ordinary course of our business), fees for financial transactions, such as secondary public offering expenses for which we do not receive proceeds (including bonuses paid to executives related to completion of such transactions) and other contemplated corporate transactions, expense related to the remeasurement of our TRA obligation, expense related to loss on impairment or write down of goodwill and other assets, loss on brand divestiture, executive transition costs (consisting of costs associated with the transition of our former CEO, such as professional services, legal fees, executive recruiting costs and other related costs), non-recurring rebranding expenses, and restructuring and related charges incurred in connection with our restructuring plan that we do not believe reflect our underlying business performance and affect comparability. EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We believe that Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period.

FY 2024 Guidance

<i>(\$ in millions)</i>	Low Range Guidance	High Range Guidance	2023 (as reported)	% Change vs 2023 at Midpoint
Gross New Studio Openings (Global)	500	520	557	-8%
<i>Prior - Q1 2024</i>	<i>540</i>	<i>560</i>		
System-wide Sales (North America)	\$1,705	\$1,715	\$1,400	22%
<i>Prior - Q1 2024</i>	<i>\$1,705</i>	<i>\$1,715</i>		
Revenue	\$310	\$320	\$319	-1%
<i>Prior - Q1 2024</i>	<i>\$340</i>	<i>\$350</i>		
Adjusted EBITDA	\$120.0	\$124.0	\$105	16%
<i>Prior - Q1 2024</i>	<i>\$136</i>	<i>\$140</i>		

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Q&A

Please see the FAQ section at investor.xponential.com for a list of commonly asked questions on our corporate structure and capitalization.



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