

Xponential Fitness Issues Statement Confirming System Health and Strength of Business Operations

IRVINE, Calif.--(BUSINESS WIRE)-- Xponential Fitness, Inc. (NYSE: XPOF) (the “Company” or “Xponential”), the largest global franchisor of boutique fitness brands, today issued the following statement in response to misleading information in a short-seller report published on June 26, 2023 (the “Report”):

“Together, the Board of Directors and Management of Xponential denounce the misleading Report, which contains inaccurate information, and caution investors not to rely on it. The Board and Management stand firmly behind the strength of the business and health of its franchisees. As the largest global franchisor of boutique fitness brands, we take great pride in our talented team and strong financial results, illustrated by solid and growing average unit volumes and same store sales. Xponential’s scalable business model, strong free cash flow generation and history of margin expansion position the Company for continued success.”

Mark Grabowski, Chairman of the Board of Xponential and founder of Snapdragon Capital Partners, the Company’s largest investor, stated: “As an investor in high-performing businesses and high-integrity management teams, I’ve known and worked closely with Anthony Geisler, CEO of Xponential, since investing in Club Pilates at my prior firm. I couldn’t speak more highly of his passion, commitment to excellence and professionalism. I am confident in the strength of Xponential’s business and the Company’s continued execution and creation of long-term shareholder value.”

The Company is providing the following information underscoring the fundamental strengths of Xponential’s business and operations, which refute the related allegations in the Report.

Strength of the Xponential Franchise System

- **Studio Locations.** Studios remain open, thriving and tremendously popular. In certain circumstances, Xponential relocates and/or transitions underperforming studios to other franchisees in the Xponential franchise network, during which period the stores may be temporarily closed, but those stores represent an immaterial number of stores amongst the larger Xponential system.
- **Franchisee Resales.** The franchise model has been successful. While Xponential has in limited cases repurchased or assumed underperforming studios, this represents a very small number of Xponential’s overall studio system.
- **Studios’ Financial Returns.** Xponential’s Q1 2023 average unit volume (“AUV”) of \$542,000 provides for healthy unit economics. Franchisee unit economics are strong, with an expected 25-30% operating margin and 40% cash on cash return.
- **Studios Reported in AUV and Same Store Sale (“SSS”) Calculations.** AUV and SSS have been consistently defined and calculated since the Company’s IPO.

- **AUV Calculation:** Quarterly Run-rate AUV consists of average quarterly sales for all studios that are at least six months old at the beginning of the respective quarter, multiplied by four. Studios with zero sales in the period have always been excluded from the calculation. Inclusion of these studios would not result in a material difference. For Q1 2023, recalculating Xponential's systemwide AUV to include these studios would result in a 0.9% change to the AUV figure (\$542,000 vs. \$538,000).
- **SSS Calculation:** Studios are not included in SSS calculations unless they have 13 months of continuous sales. This is a common method for calculating same store sales and is disclosed in Xponential's audited SEC filings. The Q1 2023 data set of almost 2,000 studios open continuously for 13 months or longer as of March 31, 2023 yielded robust Q1 2023 same store sales of 20%.

Franchisor Strength and Recurring Revenue

- **Debt Covenants.** The balance sheet remains strong. The Company is in compliance with all of its debt covenants, and is levered at a conservative 2.9x Net Debt / Q1 2023 LTM EBITDA.
- **Vendor Relationships.** Xponential partners with vendors who provide the Company with preferred volume pricing because Xponential provides the vendors with larger order sizes and access to its network of franchisees. Xponential receives rebates from vendors for these benefits, which is a standard way of covering operating costs and generating margin in franchised businesses.
- **Recurring Revenue.** Revenue is solid. As disclosed in Xponential's latest Q1 2023 Investor Presentation, 74% of the Company's revenues are recurring. Recurring revenue includes all revenue streams other than franchise territory fees and equipment revenue.

Strong Governance and a Commitment to Ethics, Diversity and Inclusion

- **Company Culture.** Xponential maintains a culture committed to diversity and inclusion and the highest ethical standards. 80% of the members of the Company's Board of Directors are women, people of color or individuals identifying as LGBTQ+. The Company strongly condemns all forms of hate, prejudice, mistreatment, misconduct and harassment of any kind. The Company has strong policies and procedures in place to address any allegations that are raised, and reviews complaints in line with best practices and in consultation with legal counsel.
- **Insider Ownership.** Management believes in the business and is aligned with shareholders. For example, Xponential's CEO, Anthony Geisler, currently owns 8.2 million Xponential shares, which represents a larger shareholding than the Company's top five outside institutional investors combined.

About Xponential Fitness, Inc.

Xponential Fitness, Inc. (NYSE: XPOF) is the largest global franchisor of boutique fitness brands. Through its mission to make boutique fitness accessible to everyone, the Company operates a diversified platform of ten brands spanning across verticals including Pilates, indoor cycling, barre, stretching, rowing, dancing, boxing, running, functional training and yoga. In partnership with its franchisees, Xponential Fitness offers energetic, accessible, and personalized workout experiences led by highly qualified instructors in studio locations

across 49 U.S. states and Canada, and through master franchise or international expansion agreements in 16 additional countries. Xponential Fitness' portfolio of brands includes Club Pilates, the largest Pilates brand in the United States; CycleBar, the largest indoor cycling brand in the United States; StretchLab, a concept offering one-on-one and group stretching services; Row House, the largest franchised indoor rowing brand in the United States; AKT, a dance-based cardio workout combining toning, interval and circuit training; YogaSix, the largest franchised yoga brand in the United States; Pure Barre, a total body workout that uses the ballet barre to perform small isometric movements, and the largest Barre brand in the United States; STRIDE, a treadmill-based cardio and strength training concept; Rumble, a boxing-inspired full-body workout; and BFT, a functional training and strength-based program. For more information, please visit the Company's website at <https://xponential.com>.

Forward-Looking Statements

This press release 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; continuation of revenue; expected continued relationships with franchisees and vendors; projected franchise resales; projected studio financial returns; projected number of net new studio openings; anticipated industry trends; projected financial and performance information such as system-wide sales; projected annual revenue; our competitive position in the boutique fitness industry; and ability to execute our business strategies. 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, 2022 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 press release is as of today's date, unless otherwise stated, and Xponential undertakes no duty to update such information, except as required under applicable law.

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Source: Xponential Fitness, Inc.