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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from    to

Commission File Number: 001-40638

**Xponential Fitness, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**17877 Von Karman Ave., Suite 100**

**Irvine, CA**

(Address of principal executive offices)

**84-4395129**

(I.R.S. Employer  
Identification No.)

**92614**

(Zip Code)

Registrant's telephone number, including area code: (949) 346-3000

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                                | Trading<br>Symbol(s) | Name of each exchange on which registered |
|----------------------------------------------------|----------------------|-------------------------------------------|
| Class A common stock, par value \$0.0001 per share | XPOF                 | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/>            |
| Emerging growth company | <input checked="" type="checkbox"/> |                           |                                     |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of outstanding shares (in thousands) of the registrant's Class A common stock and Class B common stock as of October 31, 2025 was 35,169 and 13,738 shares, respectively.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Xponential Fitness, Inc.  
Condensed Consolidated Balance Sheets  
(Unaudited)  
(amounts in thousands, except per share amounts)**

|                                                                                                                                                                                                                   | September 30,<br>2025 | December 31,<br>2024 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>Assets</b>                                                                                                                                                                                                     |                       |                      |
| Current assets:                                                                                                                                                                                                   |                       |                      |
| Cash, cash equivalents and restricted cash                                                                                                                                                                        | \$ 41,463             | \$ 32,739            |
| Accounts receivable, net                                                                                                                                                                                          | 18,638                | 25,884               |
| Inventories                                                                                                                                                                                                       | 5,661                 | 10,016               |
| Prepaid expenses and other current assets                                                                                                                                                                         | 23,471                | 10,678               |
| Deferred costs, current portion                                                                                                                                                                                   | 4,574                 | 4,598                |
| Notes receivable, net                                                                                                                                                                                             | 5,410                 | 232                  |
| Total current assets                                                                                                                                                                                              | 99,217                | 84,147               |
| Property and equipment, net                                                                                                                                                                                       | 12,134                | 14,651               |
| Right-of-use assets                                                                                                                                                                                               | 13,646                | 24,036               |
| Goodwill                                                                                                                                                                                                          | 127,789               | 135,240              |
| Intangible assets, net                                                                                                                                                                                            | 67,290                | 100,944              |
| Deferred costs, net of current portion                                                                                                                                                                            | 29,088                | 39,923               |
| Notes receivable from franchisees, net of current portion                                                                                                                                                         | 22                    | 100                  |
| Other assets                                                                                                                                                                                                      | 6,118                 | 4,356                |
| Total assets                                                                                                                                                                                                      | <u>\$ 355,304</u>     | <u>\$ 403,397</u>    |
| <b>Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)</b>                                                                                                                     |                       |                      |
| Current liabilities:                                                                                                                                                                                              |                       |                      |
| Accounts payable                                                                                                                                                                                                  | \$ 15,588             | \$ 27,011            |
| Accrued expenses                                                                                                                                                                                                  | 33,326                | 31,323               |
| Deferred revenue, current portion                                                                                                                                                                                 | 23,786                | 25,912               |
| Current portion of long-term debt                                                                                                                                                                                 | 10,097                | 5,397                |
| Other current liabilities                                                                                                                                                                                         | 10,432                | 18,244               |
| Total current liabilities                                                                                                                                                                                         | 93,229                | 107,887              |
| Deferred revenue, net of current portion                                                                                                                                                                          | 79,263                | 105,935              |
| Contingent consideration from acquisitions (Note 16)                                                                                                                                                              | 9,802                 | 17,729               |
| Long-term debt, net of current portion, discount and issuance costs                                                                                                                                               | 348,947               | 341,742              |
| Lease liabilities, net of current portion                                                                                                                                                                         | 16,018                | 23,858               |
| Other liabilities                                                                                                                                                                                                 | 11,741                | 251                  |
| Total liabilities                                                                                                                                                                                                 | 559,000               | 597,402              |
| Commitments and contingencies (Note 16)                                                                                                                                                                           |                       |                      |
| Redeemable convertible preferred stock, \$0.0001 par value, 400 shares authorized,<br>115 shares issued and outstanding as of September 30, 2025 and December 31, 2024                                            | 116,810               | 116,810              |
| Stockholders' equity (deficit):                                                                                                                                                                                   |                       |                      |
| Undesignated preferred stock, \$0.0001 par value, 4,600 shares authorized, none issued and<br>outstanding as of September 30, 2025 and December 31, 2024                                                          | —                     | —                    |
| Class A common stock, \$0.0001 par value, 500,000 shares authorized, 35,126 and 33,660 shares<br>issued and outstanding as of September 30, 2025 and December 31, 2024, respectively                              | 3                     | 3                    |
| Class B common stock, \$0.0001 par value, 500,000 shares authorized, 13,738 and 14,739 shares issued,<br>and 13,663 and 14,664 shares outstanding as of September 30, 2025 and December 31, 2024,<br>respectively | 1                     | 1                    |
| Additional paid-in capital                                                                                                                                                                                        | 497,483               | 503,850              |
| Receivable from shareholder (Note 10)                                                                                                                                                                             | (18,513)              | (16,891)             |
| Accumulated deficit                                                                                                                                                                                               | (707,650)             | (701,837)            |
| Treasury stock, at cost, 75 shares outstanding as of September 30, 2025 and December 31, 2024                                                                                                                     | (1,697)               | (1,697)              |
| Total stockholders' deficit attributable to Xponential Fitness, Inc.                                                                                                                                              | (230,373)             | (216,571)            |
| Noncontrolling interests                                                                                                                                                                                          | (90,133)              | (94,244)             |
| Total stockholders' deficit                                                                                                                                                                                       | <u>(320,506)</u>      | <u>(310,815)</u>     |
| Total liabilities, redeemable convertible preferred stock and stockholders' deficit                                                                                                                               | <u>\$ 355,304</u>     | <u>\$ 403,397</u>    |

See accompanying notes to condensed consolidated financial statements.

**Xponential Fitness, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
**(amounts in thousands, except per share amounts)**

|                                                              | Three Months Ended September 30, |                    | Nine Months Ended September 30, |                    |
|--------------------------------------------------------------|----------------------------------|--------------------|---------------------------------|--------------------|
|                                                              | 2025                             | 2024               | 2025                            | 2024               |
| Revenue, net:                                                |                                  |                    |                                 |                    |
| Franchise revenue                                            | \$ 51,882                        | \$ 44,458          | \$ 141,129                      | \$ 129,232         |
| Equipment revenue                                            | 7,459                            | 14,681             | 28,072                          | 41,506             |
| Merchandise revenue                                          | 4,802                            | 6,577              | 16,670                          | 21,056             |
| Franchise marketing fund revenue                             | 8,827                            | 8,565              | 27,557                          | 24,777             |
| Other service revenue                                        | 5,854                            | 6,249              | 18,487                          | 20,555             |
| Total revenue, net                                           | 78,824                           | 80,530             | 231,915                         | 237,126            |
| Operating costs and expenses:                                |                                  |                    |                                 |                    |
| Costs of product revenue                                     | 10,246                           | 17,287             | 32,723                          | 45,786             |
| Costs of franchise and service revenue                       | 7,047                            | 4,867              | 15,099                          | 15,748             |
| Selling, general and administrative expenses (Note 10)       | 24,664                           | 46,163             | 94,293                          | 119,772            |
| Impairment of goodwill and other noncurrent assets           | 17,568                           | 4,505              | 32,411                          | 16,594             |
| Depreciation and amortization                                | 3,679                            | 4,226              | 9,608                           | 13,179             |
| Marketing fund expense                                       | 8,983                            | 6,423              | 27,195                          | 20,785             |
| Acquisition and transaction expenses (income)                | 3,071                            | 3,664              | (7,482)                         | 6,962              |
| Total operating costs and expenses                           | 75,258                           | 87,135             | 203,847                         | 238,826            |
| Operating income (loss)                                      | 3,566                            | (6,605)            | 28,068                          | (1,700)            |
| Other expense (income):                                      |                                  |                    |                                 |                    |
| Interest income                                              | (1,094)                          | (481)              | (2,414)                         | (1,231)            |
| Other income                                                 | (1,133)                          | —                  | (1,133)                         | —                  |
| Interest expense                                             | 12,917                           | 11,843             | 37,280                          | 34,644             |
| Other expense                                                | (644)                            | 51                 | 1,331                           | 913                |
| Total other expense                                          | 10,046                           | 11,413             | 35,064                          | 34,326             |
| Loss before income taxes                                     | (6,480)                          | (18,018)           | (6,996)                         | (36,026)           |
| Income taxes                                                 | 266                              | 131                | 1,063                           | 216                |
| Net loss                                                     | (6,746)                          | (18,149)           | (8,059)                         | (36,242)           |
| Less: net loss attributable to noncontrolling interests      | (1,887)                          | (6,029)            | (2,246)                         | (12,079)           |
| Net loss attributable to Xponential Fitness, Inc.            | <u>\$ (4,859)</u>                | <u>\$ (12,120)</u> | <u>\$ (5,813)</u>               | <u>\$ (24,163)</u> |
| Net loss per share of Class A common stock:                  |                                  |                    |                                 |                    |
| Basic                                                        | \$ (0.18)                        | \$ (0.29)          | \$ (0.28)                       | \$ (0.88)          |
| Diluted                                                      | \$ (0.18)                        | \$ (0.29)          | \$ (0.28)                       | \$ (0.88)          |
| Weighted average shares of Class A common stock outstanding: |                                  |                    |                                 |                    |
| Basic                                                        | 35,110                           | 32,177             | 34,669                          | 31,704             |
| Diluted                                                      | 35,110                           | 32,177             | 34,669                          | 31,704             |

See accompanying notes to condensed consolidated financial statements.

**Xponential Fitness, Inc.**  
**Condensed Consolidated Statements of Changes to Stockholders' Equity (Deficit)**  
**(Unaudited)**  
**(amounts in thousands)**

|                                                                                                         | Class A Common Stock |        | Class B Common Stock |        | Treasury Stock |         | Additional Paid-In Capital | Receivable from Shareholder | Accumulated Deficit | Noncontrolling Interests | Total Equity (Deficit) |
|---------------------------------------------------------------------------------------------------------|----------------------|--------|----------------------|--------|----------------|---------|----------------------------|-----------------------------|---------------------|--------------------------|------------------------|
|                                                                                                         | Shares               | Amount | Shares               | Amount | Shares         | Amount  |                            |                             |                     |                          |                        |
| <b>Balance at December 31, 2024</b>                                                                     | 33,660               | \$ 3   | 14,739               | \$ 1   | 75             | (1,697) | \$ 503,850                 | \$ (16,891)                 | \$ (701,837)        | \$ (94,244)              | \$ (310,815)           |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 3,281                      | —                           | —                   | —                        | 3,281                  |
| Net loss                                                                                                | —                    | —      | —                    | —      | —              | —       | —                          | —                           | (1,923)             | (736)                    | (2,659)                |
| Conversion of Class B shares to Class A shares                                                          | 1,000                | —      | (1,000)              | —      | —              | —       | (6,784)                    | —                           | —                   | 6,784                    | —                      |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 118                  | —      | —                    | —      | —              | —       | (919)                      | —                           | —                   | —                        | (919)                  |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (384)                       | —                   | —                        | (384)                  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (315)                    | (315)                  |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (1,898)                    | —                           | —                   | —                        | (1,898)                |
| <b>Balance at March 31, 2025</b>                                                                        | 34,778               | 3      | 13,739               | 1      | 75             | (1,697) | 497,530                    | (17,275)                    | (703,760)           | (88,511)                 | (313,709)              |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 2,666                      | —                           | —                   | —                        | 2,666                  |
| Net income                                                                                              | —                    | —      | —                    | —      | —              | —       | —                          | —                           | 969                 | 377                      | 1,346                  |
| Conversion of Class B shares to Class A shares                                                          | 1                    | —      | (1)                  | —      | —              | —       | (56)                       | —                           | —                   | 56                       | —                      |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 303                  | —      | —                    | —      | —              | —       | (1,056)                    | —                           | —                   | —                        | (1,056)                |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (398)                       | —                   | —                        | (398)                  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (117)                    | (117)                  |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (1,898)                    | —                           | —                   | —                        | (1,898)                |
| <b>Balance at June 30, 2025</b>                                                                         | 35,082               | 3      | 13,738               | 1      | 75             | (1,697) | 497,186                    | (17,673)                    | (702,791)           | (88,195)                 | (313,166)              |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 2,394                      | —                           | —                   | —                        | 2,394                  |
| Net loss                                                                                                | —                    | —      | —                    | —      | —              | —       | —                          | —                           | (4,859)             | (1,887)                  | (6,746)                |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 44                   | —      | —                    | —      | —              | —       | (199)                      | —                           | —                   | —                        | (199)                  |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (840)                       | —                   | —                        | (840)                  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (51)                     | (51)                   |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (1,898)                    | —                           | —                   | —                        | (1,898)                |
| <b>Balance at September 30, 2025</b>                                                                    | 35,126               | \$ 3   | 13,738               | \$ 1   | 75             | (1,697) | \$ 497,483                 | \$ (18,513)                 | \$ (707,650)        | \$ (90,133)              | \$ (320,506)           |

See accompanying notes to condensed consolidated financial statements.

**Xponential Fitness, Inc.**  
**Condensed Consolidated Statements of Changes to Stockholders' Equity (Deficit)**  
**(Unaudited)**  
**(amounts in thousands)**

|                                                                                                         | Class A Common Stock |        | Class B Common Stock |        | Treasury Stock |         |                            |                             |                     |                          |                        |  |
|---------------------------------------------------------------------------------------------------------|----------------------|--------|----------------------|--------|----------------|---------|----------------------------|-----------------------------|---------------------|--------------------------|------------------------|--|
|                                                                                                         | Shares               | Amount | Shares               | Amount | Shares         | Amount  | Additional Paid-In Capital | Receivable from Shareholder | Accumulated Deficit | Noncontrolling Interests | Total Equity (Deficit) |  |
| Balance at December 31, 2023                                                                            | 30,897               | \$ 3   | 16,566               | \$ 2   | 75             | (1,697) | \$ 521,307                 | \$ (15,440)                 | \$ (634,179)        | \$ (79,528)              | \$ (209,532)           |  |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 3,252                      | —                           | —                   | 1                        | 3,253                  |  |
| Net loss                                                                                                | —                    | —      | —                    | —      | —              | —       | —                          | —                           | (2,480)             | (1,270)                  | (3,750)                |  |
| Conversion of Class B shares to Class A shares                                                          | 78                   | —      | (78)                 | —      | —              | —       | (8,837)                    | —                           | —                   | 8,837                    | —                      |  |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (1,863)                    | —                           | —                   | —                        | (1,863)                |  |
| Adjustment of preferred stock to redemption value                                                       | —                    | —      | —                    | —      | —              | —       | (8,106)                    | —                           | —                   | —                        | (8,106)                |  |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 607                  | —      | —                    | —      | —              | —       | —                          | —                           | —                   | —                        | —                      |  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (36)                     | (36)                   |  |
| Payment received from shareholder                                                                       | —                    | —      | —                    | —      | —              | —       | —                          | 14                          | —                   | —                        | 14                     |  |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (349)                       | —                   | —                        | (349)                  |  |
| Balance at March 31, 2024                                                                               | 31,582               | 3      | 16,488               | 2      | 75             | (1,697) | 505,753                    | (15,775)                    | (636,659)           | (71,996)                 | (220,369)              |  |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 4,884                      | —                           | —                   | 1                        | 4,885                  |  |
| Net loss                                                                                                | —                    | —      | —                    | —      | —              | —       | —                          | —                           | (9,563)             | (4,780)                  | (14,343)               |  |
| Conversion of Class B shares to Class A shares                                                          | 398                  | —      | (398)                | —      | —              | —       | (2,904)                    | —                           | —                   | 2,904                    | —                      |  |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (2,150)                    | —                           | —                   | —                        | (2,150)                |  |
| Adjustment of preferred stock to redemption value                                                       | —                    | —      | —                    | —      | —              | —       | 2,012                      | —                           | —                   | —                        | 2,012                  |  |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 180                  | —      | —                    | —      | —              | —       | 74                         | —                           | —                   | —                        | 74                     |  |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (360)                       | —                   | —                        | (360)                  |  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (206)                    | (206)                  |  |
| Balance at June 30, 2024                                                                                | 32,160               | 3      | 16,090               | 2      | 75             | (1,697) | 507,669                    | (16,135)                    | (646,222)           | (74,077)                 | (230,457)              |  |
| Equity-based compensation                                                                               | —                    | —      | —                    | —      | —              | —       | 4,400                      | —                           | —                   | 1                        | 4,401                  |  |
| Net loss                                                                                                | —                    | —      | —                    | —      | —              | —       | —                          | —                           | (12,120)            | (6,029)                  | (18,149)               |  |
| Vesting of Class B shares                                                                               | —                    | —      | 1                    | —      | —              | —       | —                          | —                           | —                   | —                        | —                      |  |
| Preferred stock dividend                                                                                | —                    | —      | —                    | —      | —              | —       | (1,898)                    | —                           | —                   | —                        | (1,898)                |  |
| Adjustment of preferred stock to redemption value                                                       | —                    | —      | —                    | —      | —              | —       | 6,094                      | —                           | —                   | —                        | 6,094                  |  |
| Issuance of Class A common stock under stock-based compensation plans, net of shares withheld for taxes | 31                   | —      | —                    | —      | —              | —       | —                          | —                           | —                   | —                        | —                      |  |
| Loan to shareholder and accumulated interest                                                            | —                    | —      | —                    | —      | —              | —       | —                          | (373)                       | —                   | —                        | (373)                  |  |
| Distributions paid to Pre-IPO LLC Members                                                               | —                    | —      | —                    | —      | —              | —       | —                          | —                           | —                   | (6,742)                  | (6,742)                |  |
| Balance at September 30, 2024                                                                           | 32,191               | 3      | 16,091               | 2      | 75             | (1,697) | \$ 516,265                 | \$ (16,508)                 | \$ (658,342)        | \$ (86,847)              | \$ (247,124)           |  |

See accompanying notes to condensed consolidated financial statements.

**Xponential Fitness, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(amounts in thousands)**

|                                                                                          | <b>Nine Months Ended September 30,</b> |                  |
|------------------------------------------------------------------------------------------|----------------------------------------|------------------|
|                                                                                          | <b>2025</b>                            | <b>2024</b>      |
| Cash flows from operating activities:                                                    |                                        |                  |
| Net loss                                                                                 | \$ (8,059)                             | \$ (36,242)      |
| Adjustments to reconcile net loss to net cash provided by operating activities:          |                                        |                  |
| Depreciation and amortization                                                            | 9,608                                  | 13,179           |
| Amortization and write off of debt issuance costs                                        | 123                                    | 179              |
| Amortization and write off of discount on long-term debt                                 | 5,995                                  | 3,129            |
| Change in contingent consideration from acquisitions                                     | (7,482)                                | 6,435            |
| Non-cash lease expense                                                                   | 3,173                                  | 5,690            |
| Change in tax receivable agreement liability                                             | 1,331                                  | 913              |
| Bad debt expense                                                                         | 2,786                                  | 2,270            |
| Equity-based compensation                                                                | 8,341                                  | 13,121           |
| Non-cash interest                                                                        | (1,552)                                | (986)            |
| Gain on disposal of assets and lease terminations                                        | (5,021)                                | (8,393)          |
| Gain on divestitures                                                                     | (4,866)                                | —                |
| Impairment of goodwill and other noncurrent assets                                       | 32,411                                 | 16,594           |
| Changes in assets and liabilities, net of effect of acquisition:                         |                                        |                  |
| Accounts receivable                                                                      | 4,517                                  | 594              |
| Inventories                                                                              | 4,355                                  | 7,192            |
| Prepaid expenses and other current assets                                                | (12,344)                               | (3,013)          |
| Operating lease liabilities                                                              | (2,772)                                | (2,317)          |
| Deferred costs                                                                           | 6,146                                  | 2,795            |
| Notes receivable, net                                                                    | 3                                      | 3                |
| Accounts payable                                                                         | (11,390)                               | 2,452            |
| Accrued expenses                                                                         | 1,994                                  | 3,990            |
| Other current liabilities                                                                | (3,837)                                | 1,631            |
| Deferred revenue                                                                         | (17,537)                               | (14,322)         |
| Other assets                                                                             | 1,547                                  | 348              |
| Other liabilities                                                                        | 10,170                                 | (4,341)          |
| Net cash provided by operating activities                                                | 17,640                                 | 10,901           |
| Cash flows from investing activities:                                                    |                                        |                  |
| Purchases of property and equipment                                                      | (3,070)                                | (4,815)          |
| Proceeds from sale of assets                                                             | —                                      | 346              |
| Purchase of intangible assets                                                            | (1,224)                                | (1,435)          |
| Notes receivable issued                                                                  | (173)                                  | —                |
| Notes receivable payments received                                                       | 169                                    | 470              |
| Proceeds from disposition of brands                                                      | 2,000                                  | —                |
| Acquisition of business                                                                  | —                                      | (8,500)          |
| Net cash used in investing activities                                                    | (2,298)                                | (13,934)         |
| Cash flows from financing activities:                                                    |                                        |                  |
| Borrowings from long-term debt                                                           | 10,000                                 | 62,951           |
| Payments on long-term debt                                                               | (4,123)                                | (42,527)         |
| Debt issuance costs                                                                      | (90)                                   | (318)            |
| Payment of preferred stock dividend                                                      | (5,694)                                | (3,768)          |
| Payment of promissory note liability                                                     | (3,392)                                | (3,467)          |
| Payments of contingent consideration                                                     | (500)                                  | —                |
| Payments for taxes related to net share settlement of restricted share units             | (2,296)                                | —                |
| Proceeds from issuance of common stock in connection with stock-based compensation plans | 122                                    | 74               |
| Payments for tax receivable agreement                                                    | —                                      | (2,267)          |
| Payments for distributions to Pre-IPO LLC Members                                        | (483)                                  | (6,979)          |
| Payment received from shareholder (Note 10)                                              | —                                      | 14               |
| Reimbursement from shareholder (Note 10)                                                 | (162)                                  | —                |
| Net cash provided by (used in) financing activities                                      | (6,618)                                | 3,713            |
| Increase in cash, cash equivalents and restricted cash                                   | 8,724                                  | 680              |
| Cash, cash equivalents and restricted cash, beginning of period                          | 32,739                                 | 37,094           |
| Cash, cash equivalents and restricted cash, end of period                                | <u>\$ 41,463</u>                       | <u>\$ 37,774</u> |

See accompanying notes to condensed consolidated financial statements.

**Xponential Fitness, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(amounts in thousands)**

|                                                                         | <b>Nine Months Ended September 30,</b> |             |
|-------------------------------------------------------------------------|----------------------------------------|-------------|
|                                                                         | <b>2025</b>                            | <b>2024</b> |
| Supplemental cash flow information:                                     |                                        |             |
| Interest paid                                                           | \$ 30,966                              | \$ 30,846   |
| Income taxes paid, net                                                  | 252                                    | 585         |
| Non-cash investing and financing activities:                            |                                        |             |
| Capital expenditures accrued at period end                              | \$ 767                                 | \$ 1,143    |
| Accrued tax withholding related to convertible preferred stock dividend | —                                      | 106         |
| Contingent consideration upon acquisition                               | —                                      | 446         |
| Debt issuance costs paid-in-kind - long-term debt                       | 10,872                                 | 4,059       |
| Debt issuance costs exit fees - long-term debt                          | 7,248                                  | —           |
| Contingent consideration receivable                                     | 3,764                                  | —           |
| Notes receivable                                                        | 5,000                                  | —           |
| Non-cash proceeds from sale of asset                                    | —                                      | 275         |
| Preferred stock dividend paid-in-kind                                   | —                                      | 2,150       |

See accompanying notes to condensed consolidated financial statements.



**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

**Note 1 – Nature of Business and Operations**

Xponential Fitness, Inc. (“XPO Inc.”), and together with its subsidiaries, (the “Company” or “we,” “us,” and “our”), was formed as a Delaware corporation on January 14, 2020 for the purpose of facilitating an initial public offering (“IPO”) and entered into a series of transactions to implement an internal reorganization. Pursuant to a reorganization into a holding company structure, the Company is a holding company with its principal asset being an ownership interest in Xponential Fitness LLC (“XPO LLC”) through its ownership interest in Xponential Intermediate Holdings, LLC (“XPO Holdings”).

XPO LLC was formed on August 11, 2017 as a Delaware limited liability company for the sole purpose of franchising fitness brands, through its subsidiaries, in several verticals within the boutique fitness industry. XPO LLC is a wholly owned subsidiary of XPO Holdings, which was formed on February 24, 2020, and prior to the IPO, ultimately, H&W Franchise Holdings, LLC (the “Parent”). Prior to the formation of XPO Holdings, the Company was a wholly owned subsidiary of H&W Franchise Intermediate Holdings, LLC (the “Member”).

In connection with the IPO, XPO Inc. entered into a series of transactions to implement an internal reorganization (the “Reorganization Transactions”). The pre-IPO members of XPO Holdings (the “Pre-IPO LLC Members”) who retained their equity ownership in the form of limited liability company units (the “LLC Units”), immediately following the consummation of the Reorganization Transactions are referred to as “Continuing Pre-IPO LLC Members.”

Because XPO Inc. manages and operates the business and controls the strategic decisions and day-to-day operations of XPO LLC through its ownership of XPO Holdings and because it also has a substantial financial interest in XPO LLC through its ownership of XPO Holdings, it consolidates the financial results of XPO LLC and XPO Holdings, and a portion of its net income (loss) is allocated to the noncontrolling interest to reflect the entitlement of the Continuing Pre-IPO LLC Members to a portion of XPO Holdings’ net income or loss.

As the sole managing member of XPO LLC, the Company operates and controls all of the business and affairs of XPO LLC. The Company consolidates XPO LLC on its condensed consolidated financial statements and records a noncontrolling interest related to the Class B units held by the Class B stockholders on its condensed consolidated balance sheet and statement of operations.

As of September 30, 2025, the Company’s portfolio of five brands consisted of: “Club Pilates,” a Pilates facility franchisor; “StretchLab,” a fitness concept offering one-on-one assisted stretching services; “YogaSix,” a yoga concept that concentrates on connecting to one’s body in a way that is energizing; “Pure Barre,” a total body workout concept that uses the ballet barre to perform small isometric movements; and “BFT,” a high-intensity interval training concept that combines functional, high-energy strength, cardio and conditioning-based classes, designed to achieve the unique health goals of its members. The Company, through its boutique fitness brands, licenses its proprietary systems to franchisees who in turn operate studios to promote training and instruction programs to their club members within each vertical. Additionally, prior to the divestiture of the Lindora brand in September 2025, the Company, through its ownership of the Lindora brand, franchised clinics that provided medically guided wellness and metabolic health solutions to its members. In addition to franchised studios, the Company operated one company-owned transition studio as of September 30, 2025 and 2024.

On July 3, 2025, the Company and Fit Commerce, a California Corporation (“FC”), entered into a Retail Supply Agreement (the “Agreement”) to be effective as of December 1, 2025 (the “Effective Date”). The Agreement relates to the outsourcing of the Company’s retail merchandising, including the manufacturing and distribution, of any retail item sold by a franchisee, subject to terms and conditions outlined in the Agreement. In addition, FC has agreed to purchase the Company’s existing retail inventory, subject to certain exceptions, no later than the Effective Date of the Agreement. This strategic initiative shifts management of the franchisee retail experience from in-house teams to a dedicated e-commerce provider, allowing the Company to focus on its core business priorities. Pursuant to the Agreement, FC will pay the Company domestic and foreign commissions as well as direct-to-customer commissions (each, a “Commission” and collectively, “Commissions”) in connection with the sale of products to the Company or the Company’s franchisees. The domestic Commissions will be paid by FC to the Company based on each contract year (prorated for any partial contract year) in a minimum aggregate amount of approximately \$50,000 over the five-year period subject to certain adjustments provided in the Agreement. Additionally, pursuant to the Agreement, FC is required to satisfy certain financing conditions (the “Financing Conditions”). The Company is in the process of confirming whether all of such Financing Conditions have been met.

## Xponential Fitness, Inc.

### Notes to Condensed Consolidated Financial Statements (Unaudited) (amounts in thousands, except per share amounts)

On September 19, 2025, the Company divested the Lindora brand, including the intellectual property, franchise rights and franchise agreements for open studios. On July 24, 2025, the Company divested the CycleBar and Rumble brands, including the intellectual property, franchise rights and franchise agreements for open studios. On February 13, 2024, the Company divested the Stride brand, including the intellectual property, franchise rights and franchise agreements for open studios. On May 20, 2024, the Company divested the Row House brand, including the intellectual property, franchise rights and franchise agreements for open studios. Additionally, during the three months ended September 30, 2024, the Company announced the wind down of AKT franchise operations. See Note 4 for additional information.

**Basis of presentation** – The Company’s condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). In the opinion of management, the Company has made all adjustments necessary to present fairly the condensed consolidated statements of operations, balance sheets, changes in stockholders’ equity (deficit), and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (the “SEC”). Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

On January 2, 2024, the Company acquired Lindora Franchise, LLC, a Delaware limited liability company, the franchisor of the Lindora wellness brand (the “Lindora Franchisor” or “Lindora”), and has included the results of operations of Lindora in its condensed consolidated statements of operations from the acquisition date through the divestiture date. See Note 4 for additional information.

**Reclassifications** – To conform with current year presentation, the Company has reclassified gift card receivable of \$5,809 from accounts receivable, net, to prepaid expenses and other current assets in the December 31, 2024 condensed consolidated balance sheet. The Company has reclassified certain prior period amounts to conform with the current period presentation on the condensed consolidated statements of cash flows. Specifically, within the condensed consolidated statements of cash flows, changes in tax receivable agreement liability which was previously included in other current liabilities is now reported separately. The reclassifications do not affect previously reported cash flows from operating activities in the condensed consolidated statements of cash flows.

**Principles of consolidation** – The Company’s consolidated financial statements include the accounts of its wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation.

**Use of estimates** – The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Actual results could differ from these estimates under different assumptions or conditions.

#### Note 2 – Correction of Previously Issued Financial Statements

As previously disclosed in Note 2 of Notes to Consolidated Financial Statements within Part II, Item 8 “Financial Statements and Supplementary Data” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, subsequent to the issuance of the Company’s condensed consolidated financial statements for the period ended September 30, 2024, the Company identified misstatements impacting previously issued financial statements. The Company concluded that the aggregate impact of all the errors did not result in a material misstatement of previously issued condensed consolidated financial statements as of and for the three and nine months ended September 30, 2024. The accompanying condensed consolidated financial statements as of and for the three and nine months ended September 30, 2024, have been corrected from amounts previously reported. The Company has also corrected related amounts within the accompanying footnotes.

The identified misstatements impacting the condensed consolidated financial statements for the three and nine months ended September 30, 2024 include the following, for which the amounts described below are the net impact:

A. Rebates – Certain agreement terms had not been properly or timely communicated to be considered for their accounting impact resulting in an understatement of costs of product revenue of \$223 for the nine months ended September 30, 2024. Additionally, there was an understatement of merchandise revenue of \$39 and an overstatement of merchandise revenue of \$74 for the three and nine months ended September 30, 2024, respectively.

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

B.Revenues – The Company’s evaluation of certain revenue contracts did not appropriately evaluate the accounting for all key terms and conditions, resulting in:

- 1.An understatement of other service revenue of \$134 for the nine months ended September 30, 2024.
- 2.An understatement of merchandise revenue of \$537 and costs of product revenue of \$429 for the nine months ended September 30, 2024.

C.Other:

- 1.Cost of product revenue – Certain costs and fees related to inventory were not properly expensed in the appropriate period, resulting in an understatement of cost of product revenue of \$217 and \$374 for the three and nine months ended September 30, 2024, respectively.
- 2.Impairment of assets – The Company did not properly assess the disposition of the Stride brand subsequent to the balance sheet date as an impairment indicator as of the balance sheet date, resulting in an overstatement of selling, general and administrative expenses of \$338 and an understatement of costs of product revenue for inventory write downs of \$64 for the nine months ended September 30, 2024.
- 3.Legal Accruals – Certain legal liabilities had not been communicated to be considered for their accounting impact resulting in an overstatement of selling, general and administrative expenses of \$328 for the nine months ended September 30, 2024.
- 4.Equipment inventory – Equipment inventory which had been received by the Company was not properly recorded resulting in an understatement of costs of product revenue of \$95 for the nine months ended September 30, 2024.
- 5.Costs of product revenue – The Company improperly recognized deferred costs related to equipment resulting in an understatement of \$273 of costs of product revenue for the nine months ended September 30, 2024.
- 6.Invoices – The Company did not properly account for certain vendor invoices, including not recognizing expenses in the period incurred, resulting in an overstatement of costs of franchise and service revenue of \$74 and an understatement of selling, general and administrative expenses of \$128 for the nine months ended September 30, 2024.

D.The Company has also corrected certain other rounding and immaterial reclassifications that were identified.

The impact of the correction of errors to the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2024 and the condensed consolidated statement of changes to stockholders' equity (deficit) and the condensed consolidated statement of cash flows for the nine months ended September 30, 2024 are presented below:

| Condensed Consolidated Statement of Operations          | As Previously Reported | Three Months Ended September 30, 2024<br>Adjustments | Reference | As Corrected |
|---------------------------------------------------------|------------------------|------------------------------------------------------|-----------|--------------|
| Revenue, net:                                           |                        |                                                      |           |              |
| Merchandise revenue                                     | \$ 6,538               | 39                                                   | A         | \$ 6,577     |
| Total revenue, net                                      | 80,491                 | 39                                                   |           | 80,530       |
| Operating costs and expenses:                           |                        |                                                      |           |              |
| Costs of product revenue                                | 17,071                 | 216                                                  | C1, D     | 17,287       |
| Selling, general and administrative expenses            | 46,164                 | (1)                                                  | D         | 46,163       |
| Impairment of goodwill and other assets                 | 4,502                  | 3                                                    | D         | 4,505        |
| Total operating costs and expenses                      | 86,917                 | 218                                                  |           | 87,135       |
| Operating loss                                          | (6,426)                | (179)                                                |           | (6,605)      |
| Loss before income taxes                                | (17,839)               | (179)                                                |           | (18,018)     |
| Net loss                                                | (17,970)               | (179)                                                |           | (18,149)     |
| Less: Net loss attributable to noncontrolling interests | (5,971)                | (58)                                                 |           | (6,029)      |
| Net loss attributable to Xponential Fitness, Inc.       | \$ (11,999)            | \$ (121)                                             |           | \$ (12,120)  |

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

| <b>Condensed Consolidated Statement of Operations</b>   | <b>As Previously Reported</b> | <b>Nine Months Ended September 30, 2024<br/>Adjustments</b> | <b>Reference</b>      | <b>As Corrected</b> |
|---------------------------------------------------------|-------------------------------|-------------------------------------------------------------|-----------------------|---------------------|
| Revenue, net:                                           |                               |                                                             |                       |                     |
| Merchandise revenue                                     | \$ 20,593                     | 463                                                         | A, B2                 | \$ 21,056           |
| Other service revenue                                   | 20,421                        | 134                                                         | B1                    | 20,555              |
| Total revenue, net                                      | 236,529                       | 597                                                         |                       | 237,126             |
| Operating costs and expenses:                           |                               |                                                             |                       |                     |
| Costs of product revenue                                | 44,328                        | 1,458                                                       | A, B2, C1, C2, C4, C5 | 45,786              |
| Costs of franchise and service revenue                  | 15,822                        | (74)                                                        | C6                    | 15,748              |
| Selling, general and administrative expenses            | 120,308                       | (536)                                                       | C2, C3, C6, D         | 119,772             |
| Impairment of goodwill and other assets                 | 16,591                        | 3                                                           | D                     | 16,594              |
| Total operating costs and expenses                      | 237,975                       | 851                                                         |                       | 238,826             |
| Operating loss                                          | (1,446)                       | (254)                                                       |                       | (1,700)             |
| Loss before income taxes                                | (35,772)                      | (254)                                                       |                       | (36,026)            |
| Net loss                                                | (35,988)                      | (254)                                                       |                       | (36,242)            |
| Less: Net loss attributable to noncontrolling interests | (12,020)                      | (59)                                                        |                       | (12,079)            |
| Net loss attributable to Xponential Fitness, Inc.       | \$ (23,968)                   | <u>\$ (195)</u>                                             |                       | \$ (24,163)         |

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

**Condensed Consolidated Statement of Changes to  
Stockholders' Equity (Deficit)**

**As Previously Reported**

|                                                | <b>Additional Paid-In<br/>Capital</b> | <b>Receivable<br/>from Shareholder</b> | <b>Accumulated<br/>Deficit</b> | <b>Noncontrolling<br/>Interests</b> | <b>Total Equity<br/>(Deficit)</b> |
|------------------------------------------------|---------------------------------------|----------------------------------------|--------------------------------|-------------------------------------|-----------------------------------|
| <b>Balance at December 31, 2023</b>            | \$ 521,998                            | \$ (15,426)                            | \$ (630,127)                   | \$ (77,547)                         | \$ (202,794)                      |
| Net loss                                       | —                                     | —                                      | (2,867)                        | (1,489)                             | (4,356)                           |
| Conversion of Class B shares to Class A shares | (9,264)                               | —                                      | —                              | 9,264                               | —                                 |
| Payment received from shareholder              | —                                     | —                                      | —                              | —                                   | —                                 |
| <b>Balance at March 30, 2024</b>               | 506,017                               | (15,775)                               | (632,994)                      | (69,807)                            | (214,251)                         |
| Net loss                                       | —                                     | —                                      | (9,102)                        | (4,560)                             | (13,662)                          |
| Conversion of Class B shares to Class A shares | (2,851)                               | —                                      | —                              | 2,851                               | —                                 |
| <b>Balance at June 30, 2024</b>                | 507,986                               | (16,135)                               | (642,096)                      | (71,721)                            | (223,658)                         |
| Net loss                                       | —                                     | —                                      | (11,999)                       | (5,971)                             | (17,970)                          |
| <b>Balance at September 30, 2024</b>           | \$ 516,582                            | \$ (16,508)                            | \$ (654,095)                   | \$ (84,433)                         | \$ (240,146)                      |

**Adjustments**

|                                                | <b>Additional Paid-In<br/>Capital</b> | <b>Receivable<br/>from Shareholder</b> | <b>Accumulated<br/>Deficit</b> | <b>Noncontrolling<br/>Interests</b> | <b>Total Equity<br/>(Deficit)</b> |
|------------------------------------------------|---------------------------------------|----------------------------------------|--------------------------------|-------------------------------------|-----------------------------------|
| <b>Balance at December 31, 2023</b>            | \$ (691)                              | \$ (14)                                | \$ (4,052)                     | \$ (1,981)                          | \$ (6,738)                        |
| Net income                                     | —                                     | —                                      | 387                            | 219                                 | 606                               |
| Conversion of Class B shares to Class A shares | 427                                   | —                                      | —                              | (427)                               | —                                 |
| Payment received from shareholder              | —                                     | 14                                     | —                              | —                                   | 14                                |
| <b>Balance at March 30, 2024</b>               | (264)                                 | —                                      | (3,665)                        | (2,189)                             | (6,118)                           |
| Net loss                                       | —                                     | —                                      | (461)                          | (220)                               | (681)                             |
| Conversion of Class B shares to Class A shares | (53)                                  | —                                      | —                              | 53                                  | —                                 |
| <b>Balance at June 30, 2024</b>                | (317)                                 | —                                      | (4,126)                        | (2,356)                             | (6,799)                           |
| Net loss                                       | —                                     | —                                      | (121)                          | (58)                                | (179)                             |
| <b>Balance at September 30, 2024</b>           | <u>\$ (317)</u>                       | <u>\$ —</u>                            | <u>\$ (4,247)</u>              | <u>\$ (2,414)</u>                   | <u>\$ (6,978)</u>                 |

**As Corrected**

|                                                | <b>Additional Paid-In<br/>Capital</b> | <b>Receivable<br/>from Shareholder</b> | <b>Accumulated<br/>Deficit</b> | <b>Noncontrolling<br/>Interests</b> | <b>Total Equity<br/>(Deficit)</b> |
|------------------------------------------------|---------------------------------------|----------------------------------------|--------------------------------|-------------------------------------|-----------------------------------|
| <b>Balance at December 31, 2023</b>            | \$ 521,307                            | \$ (15,440)                            | \$ (634,179)                   | \$ (79,528)                         | \$ (209,532)                      |
| Net loss                                       | —                                     | —                                      | (2,480)                        | (1,270)                             | (3,750)                           |
| Conversion of Class B shares to Class A shares | (8,837)                               | —                                      | —                              | 8,837                               | —                                 |
| Payment received from shareholder              | —                                     | 14                                     | —                              | —                                   | 14                                |
| <b>Balance at March 30, 2024</b>               | 505,753                               | (15,775)                               | (636,659)                      | (71,996)                            | (220,369)                         |
| Net loss                                       | —                                     | —                                      | (9,563)                        | (4,780)                             | (14,343)                          |
| Conversion of Class B shares to Class A shares | (2,904)                               | —                                      | —                              | 2,904                               | —                                 |
| <b>Balance at June 30, 2024</b>                | 507,669                               | (16,135)                               | (646,222)                      | (74,077)                            | (230,457)                         |
| Net loss                                       | —                                     | —                                      | (12,120)                       | (6,029)                             | (18,149)                          |
| <b>Balance at September 30, 2024</b>           | \$ 516,265                            | \$ (16,508)                            | \$ (658,342)                   | \$ (86,847)                         | \$ (247,124)                      |

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

**Condensed Consolidated Statement of Cash Flows**

|                                                                                 | Nine Months Ended September 30, 2024 |             |                  |              |
|---------------------------------------------------------------------------------|--------------------------------------|-------------|------------------|--------------|
|                                                                                 | As Previously<br>Reported            | Adjustments | Reclassification | As Corrected |
| Cash flows from operating activities:                                           |                                      |             |                  |              |
| Net loss                                                                        | \$ (35,988)                          | \$ (254)    | \$ —             | \$ (36,242)  |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                                      |             |                  |              |
| Non-cash lease expense                                                          | 5,415                                | 275         | —                | 5,690        |
| Change in tax receivable agreement liability                                    | —                                    | —           | 913              | 913          |
| Gain on disposal of assets                                                      | (8,307)                              | (86)        | —                | (8,393)      |
| Impairment of goodwill and other assets                                         | 16,591                               | 3           | —                | 16,594       |
| Changes in assets and liabilities, net of effect of acquisition:                |                                      |             |                  |              |
| Accounts receivable                                                             | 1,152                                | (558)       | —                | 594          |
| Inventories                                                                     | 4,116                                | 3,076       | —                | 7,192        |
| Prepaid expenses and other current assets                                       | (2,485)                              | (528)       | —                | (3,013)      |
| Operating lease liabilities                                                     | (2,002)                              | (315)       | —                | (2,317)      |
| Deferred costs                                                                  | 2,522                                | 273         | —                | 2,795        |
| Accounts payable                                                                | 1,952                                | 500         | —                | 2,452        |
| Accrued expenses                                                                | 6,688                                | (2,698)     | —                | 3,990        |
| Other current liabilities                                                       | 5,816                                | (4,185)     | —                | 1,631        |
| Deferred revenue                                                                | (14,620)                             | 298         | —                | (14,322)     |
| Other liabilities                                                               | (7,613)                              | 4,185       | (913)            | (4,341)      |
| Net cash provided by operating activities                                       | 10,915                               | (14)        | —                | 10,901       |
| Cash flows from financing activities:                                           |                                      |             |                  |              |
| Payment received from shareholder                                               | —                                    | 14          | —                | 14           |
| Net cash provided by financing activities                                       | 3,699                                | 14          | —                | 3,713        |

**Note 3 – Summary of Significant Accounting Policies**

**Cash, cash equivalents and restricted cash** – The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The Company's restricted cash consists of marketing fund restricted cash, which can only be used for activities that promote the Company's brands and guarantee of standby letter of credit (See Note 16). Marketing fund restricted cash was \$15,857 and \$15,312 at September 30, 2025 and December 31, 2024, respectively. The interest earned on marketing fund restricted cash accounts is also restricted for use. Total restricted cash was \$16,645 and \$16,063 at September 30, 2025 and December 31, 2024, respectively.

**Accounts receivable and allowance for expected credit losses** – Accounts receivable primarily consist of amounts due from franchisees and vendors. These receivables primarily relate to royalties, advertising contributions, equipment and product sales, training, vendor commissions and other miscellaneous charges. The Company's payment terms on its receivables from franchisees are generally 30 days. Receivables are unsecured; however, the franchise agreements provide the Company the right to withdraw funds from the franchisee's bank account or to terminate the franchise for nonpayment.

The Company's accounts and notes receivable are recorded at net realizable value, which includes an allowance for expected credit losses. On a periodic basis, the Company evaluates its accounts and notes receivable balances and establishes an allowance for expected credit losses. The estimate of expected credit losses is based upon historical bad debts, current receivable balances, age of receivable balances, the franchisee's or customer's financial condition and ability to comply with credit terms and current economic trends, all of which are subject to change. Actual uncollected amounts have historically been consistent with the Company's expectations. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

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The following table provides a reconciliation of the activity related to the Company's accounts receivable and notes receivable allowance for credit losses:

|                                               | Accounts receivable | Notes receivable | Total           |
|-----------------------------------------------|---------------------|------------------|-----------------|
| Balance at December 31, 2024                  | \$ 2,510            | \$ 205           | \$ 2,715        |
| Bad debt expense recognized during the period | 2,728               | 58               | 2,786           |
| Write-off of uncollectible amounts            | (3,391)             | (123)            | (3,514)         |
| Balance at September 30, 2025                 | <u>\$ 1,847</u>     | <u>\$ 140</u>    | <u>\$ 1,987</u> |

**Inventories** – Inventories are comprised of finished goods including equipment and branded merchandise primarily held for sale to franchisees. Cost is determined using the first-in-first-out method. Management analyzes obsolete, slow-moving and excess merchandise to determine adjustments that may be required to reduce the carrying value of such inventory to the lower of cost or net realizable value. Write-down of obsolete or slow-moving and excess inventory charges are included in costs of product revenue in the condensed consolidated statements of operations. During the three months ended September 30, 2025, the Company evaluated the recoverability of certain inventory due to brand divestitures and the agreement related to outsourcing of the Company's retail merchandising, resulting in a \$2,461 excess and obsolete inventory write-down recorded in costs of product revenue.

**Revenue recognition** – The Company's contracts with customers consist of franchise agreements with franchisees. The Company also enters into agreements to sell merchandise and equipment, training, on-demand video services and membership to company-owned transition studios. The Company's revenues primarily consist of franchise license revenues, other franchise related revenues including equipment and merchandise sales and training revenue. In addition, the Company earns on-demand revenue, service revenue and other revenue.

Each of the Company's primary sources of revenue and their respective revenue policies are discussed further below.

**Franchise revenue** – The Company enters into franchise agreements for each franchised studio. The Company's performance obligation under the franchise license is granting certain rights to access the Company's intellectual property; all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied over the term of each franchise agreement. Those services include initial development, operational training, preopening support and access to the Company's technology throughout the franchise term. Fees generated related to the franchise license include development fees, royalty fees, marketing fees, technology fees and transfer fees. Variable fees are not estimated at contract inception, and are recognized as revenue when invoiced, which occurs monthly. The Company has concluded that its franchise agreements do not contain any financing components.

**Franchise development fee revenue** – The Company's earlier franchise agreements typically operate under ten-year terms with the option for up to two additional five-year successor or renewal terms. Starting in 2025, new franchise agreements operate under ten-year terms with the option for one additional ten-year successor term. The Company determined the successor options are neither qualitatively nor quantitatively material and do not represent a material right. Initial franchise fees are non-refundable, in the case of single unit franchise agreements, and are typically collected upon signing of the franchise agreement. Initial franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over the franchise life, which the Company has determined to be ten years, as the Company fulfills its promise to grant the franchisee the rights to access and benefit from the Company's intellectual property and to support and maintain the intellectual property.

Prior to the second quarter of 2025, the Company would enter into an area development agreement with certain franchisees. Area development agreements are for a territory in which a developer has agreed to develop and operate a certain number of franchise locations over a stipulated period of time. The related territory is unavailable to any other party and is no longer marketed to future franchisees by the Company. Depending on the number of studios purchased under franchise agreements or area development agreements, the initial franchise fee ranges from \$60 (single studio) to \$350 (ten studios) and is paid to the Company when a franchisee signs the franchise agreement or the area development agreement. Area development fees are initially recorded as deferred revenue. The development fees are allocated to the number of studios purchased under the development agreement. The revenue is recognized on a straight-line basis over the franchise life for each studio under the development agreement. Development fees and franchise fees are generally recognized as revenue upon the termination of the development agreement with the franchisee.

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Starting in the second quarter of 2025, the Company may enter into multi-unit agreements with certain franchisees. Under these agreements, a developer has agreed to develop and operate a certain number of franchise locations over a stipulated period of time. The initial franchise fee ranges from \$55 to \$65 for each studio. The multi-unit agreement fees are allocated to the number of studios to be developed and as part of the agreement, franchisees are required to remit the full fee associated with the first franchise license and make nonrefundable development fee payments of \$10 each to reserve the right to open the subsequent studios as specified. Fees received for franchise licenses are recorded as deferred revenue. Nonrefundable development fee payments are applied towards the multi-unit agreement fees and the remaining balance for each subsequent studio is due upon site selection for the studio and signing of a franchise agreement by the franchisee. Revenue is recognized on a straight-line basis over the franchise life for each studio under the multi-unit agreement. Multi-unit agreement fees and nonrefundable development fee payments are generally recognized as revenue upon the termination of the multi-unit agreement with the franchisee.

The Company may enter into master franchise agreements with master franchisees, under which the master franchisee sells licenses to franchisees in one or more countries, excluding the United States and Canada. The master franchise agreements generally provide a ten-year period under which the master franchisee may sell licenses. The master franchise agreement term ends on the earlier of the expiration or termination of the last franchise agreement sold by the master franchisee. Initial master franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over 20 years.

*Franchise royalty fee revenue* – Royalty revenue represents royalties earned from each of the franchised studios in accordance with the franchise disclosure document and the franchise agreement for use of the brands' names, processes and procedures. The royalty rate in the franchise agreement is typically 7% to 8% of the gross sales of each location operated by each franchisee. The royalties are entirely related to the Company's performance obligation under the franchise agreement and are billed and recognized as franchisee sales occur.

*Technology fees* – The Company may provide access to third-party or other proprietary technology solutions to the franchisees for a fee. The technology solution may include various software licenses for statistical tracking, scheduling, allowing club members to record their personal workout statistics, music and technology support. The Company bills and recognizes the technology fee as earned each month as the service is performed and access is provided.

*Transfer fees* – Transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. Transfer fees are recognized as revenue on a straight-line basis over the term of the new or assumed franchise agreement, unless the original franchise agreement for an existing studio is terminated, in which case the transfer fee is recognized immediately.

*Training revenue* – The Company provides coach training services either through direct training of the coaches who are hired by franchisees or by providing the materials and curriculum directly to the franchisees who utilize the materials to train their hired coaches. Direct training fees are recognized over time as training is provided. Training fees for materials and curriculum are recognized at the point in time of delivery of the materials.

The Company also offers coach training and final coach certification through online classes. Fees received by the Company for online class training are recognized as revenue over time for the 12-month period that the Company is obligated to provide access to online training content.

**Comprehensive income** – The Company does not have any components of other comprehensive income recorded within the consolidated financial statements and therefore does not separately present a consolidated statement of comprehensive income in the condensed consolidated financial statements.

**Fair value measurements** – Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC Topic 820 establishes a valuation hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

**Level 1** – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.



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**Level 2** – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

**Level 3** – Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses, notes payable and other current liabilities. The carrying amounts of these financial instruments approximate fair value due to their short maturities, proximity of issuance to the balance sheet date or variable interest rate.

**Recently issued accounting pronouncements**

The Company qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and will lose this qualification on December 31, 2026, which is the last day of the fiscal year after the fifth anniversary of the Company's IPO, or sooner. An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, the JOBS Act permits the Company an extended transition period for complying with new or revised accounting standards affecting public companies. The Company has elected to use this extended transition period.

**Income Taxes Disclosures** – In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 for public business entities ("PBEs") and December 15, 2025 for entities other than PBEs with early adoption permitted. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements.

**Income Statement Expense Disclosures** – In November 2024, the FASB issued ASU No. 2024-03, "Income Statement (Subtopic 220-40): Disaggregation of Income Statement Expenses." ASU 2024-03 requires disaggregated information about specified categories of expenses included in certain captions presented on the face of the income statement including purchases of inventory, employee compensation, depreciation, amortization, and depletion. ASU 2024-03 is effective for public entities with annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements.

**Business Combinations and Consolidation** – In May 2025, the FASB issued ASU No. 2025-03, "Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity." ASU No. 2025-03 provides clarifying guidance on determining the accounting acquirer in certain transactions involving VIEs. The update aims to improve consistency and comparability in financial reporting. The guidance will be effective for annual periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted. Upon adoption, the guidance will be applied prospectively. The Company is currently evaluating the impact this amended guidance may have but does not expect the adoption of the guidance to have a material impact on its condensed consolidated financial statements.

**Financial Instruments-Credit Losses** – In July 2025, the FASB issued ASU 2025-05, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets." This standard allows entities to apply a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC Topic 606, "Revenue from Contracts with Customers." The standard is effective for fiscal years beginning after December 15, 2025, including interim periods within those annual periods. Early adoption is permitted. Upon adoption, the guidance will be applied prospectively. The Company is currently evaluating the impact this amended guidance may have but does not expect the adoption of the guidance to have a material impact on its condensed consolidated financial statements.

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*Intangibles-Goodwill and Other Internal-Use Software* – In September 2025, the FASB issued ASU 2025-06, “Intangibles-Goodwill and Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use-Software.” This standard modernizes the guidance to reflect the software development approaches currently being used by removing all references to “development stages” from ASC 350-40 Intangibles-Goodwill and Other Internal-Use Software. Under ASU 2025-06, only the following criteria in ASC 350-40-25-12(b) and (c) must be met to begin capitalizing software costs: (i) management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the “probable-to-complete recognition threshold”). This standard is effective for fiscal years beginning after December 15, 2027, including interim periods within those annual periods. Early adoption is permitted. Upon adoption, the guidance will be applied prospectively, retrospectively, or via a modified prospective transition method. The Company is evaluating the impact this amended guidance may have but does not expect it to have a significant impact on its condensed consolidated financial statements.

**Supplemental balance sheet information**

|                                                             | September 30,<br>2025 | December 31,<br>2024 |
|-------------------------------------------------------------|-----------------------|----------------------|
| <i>Prepaid expenses and other current assets</i>            |                       |                      |
| Prepaid expenses and other                                  | \$ 5,687              | \$ 2,210             |
| Contingent consideration receivable                         | 456                   | —                    |
| Insurance receivable                                        | 10,000                | —                    |
| Tax receivables                                             | 2,562                 | 2,659                |
| Gift card receivable                                        | 4,766                 | 5,809                |
| Total prepaid expenses and other current assets             | <u>\$ 23,471</u>      | <u>\$ 10,678</u>     |
| <i>Accrued expenses</i>                                     |                       |                      |
| Accrued compensation                                        | \$ 2,872              | \$ 1,914             |
| Contingent consideration from acquisitions, current portion | 591                   | 581                  |
| Sales tax accruals                                          | 776                   | 1,197                |
| Legal accruals, current portion                             | 16,545                | 13,835               |
| Other accruals                                              | 12,542                | 13,796               |
| Total accrued expenses                                      | <u>\$ 33,326</u>      | <u>\$ 31,323</u>     |
| <i>Other current liabilities</i>                            |                       |                      |
| Lease liabilities, current portion                          | \$ 4,682              | \$ 5,276             |
| Promissory note                                             | —                     | 3,350                |
| Tax receivable agreement liability, current portion         | 11                    | 2,090                |
| Gift card liability                                         | 4,766                 | 5,809                |
| Other current liabilities                                   | 973                   | 1,719                |
| Total other current liabilities                             | <u>\$ 10,432</u>      | <u>\$ 18,244</u>     |
| <i>Other liabilities</i>                                    |                       |                      |
| Legal accruals, net of current portion                      | \$ 10,250             | \$ —                 |
| Tax receivable agreement liability, net of current portion  | 1,331                 | 11                   |
| Other liabilities                                           | 160                   | 240                  |
| Total other liabilities                                     | <u>\$ 11,741</u>      | <u>\$ 251</u>        |

**Note 4 – Acquisitions and Dispositions**

The Company completed the following acquisitions and dispositions which contain Level 3 fair value measurements related to the recognition of goodwill and intangibles.

## Xponential Fitness, Inc.

### Notes to Condensed Consolidated Financial Statements (Unaudited) (amounts in thousands, except per share amounts)

#### Studios

During the nine months ended September 30, 2025 and 2024, the Company refranchised operations at 0 and 10 company-owned transition studios, respectively, received no proceeds in either period, and recorded a net loss of \$0 and \$122 on disposal of the studio assets, respectively. During the nine months ended September 30, 2025 and 2024, the Company also ceased operations at 0 and 11 company-owned transition studios, respectively. The Company refranchised or closed company-owned transition studios under its restructuring plan that started in the third quarter of 2023. See Note 17 for further discussion of the Company's restructuring plan.

When the Company believes that a studio will be refranchised for a price less than its carrying value but does not believe the studio has met the criteria to be classified as held for sale, the Company reviews the studio for impairment. The Company evaluates the recoverability of the studio assets by comparing estimated sales proceeds plus holding period cash flows, if any, to the carrying value of the studio. For studio assets that are not deemed to be recoverable, the Company recognizes impairment for any excess of carrying value over the fair value of the studios, which is based on the expected net sales proceeds. During the three and nine months ended September 30, 2025 and 2024, the Company did not record any impairment charges related to studio assets. See Note 9 for discussion of impairment charges related to right-of-use assets.

#### Lindora Acquisition

On December 1, 2023, the Company entered into an agreement to acquire Lindora Franchise, LLC, a Delaware limited liability company, the franchisor of the "Lindora" wellness brand (the "Lindora Franchisor"), for cash consideration of \$8,500. The transaction also includes up to \$1,000 of contingent consideration which is subject to the achievement of certain milestones. Payment of additional consideration is contingent on Lindora reaching two milestones based on a certain gross sales target and the number of operating clinics during the 15-month and 24-month period following the acquisition date, respectively. At the acquisition date, the Company determined that the fair value of the estimated contingent consideration liability was \$446. The Lindora Franchisor was a subsidiary of Lindora Wellness, Inc. ("Lindora Wellness"). Lindora Wellness has owned and operated each of the Lindora clinics in California for at least 25 years and currently owns and operates 30 Lindora clinics in California and a single Lindora clinic in the state of Washington. Immediately prior to the execution of the purchase agreement on December 1, 2023, Lindora Wellness signed 31 franchise agreements with the Lindora Franchisor pursuant to which Lindora Wellness will continue to operate its Lindora Clinics as a franchisee of the Lindora Franchisor. The acquisition of the Lindora Franchisor was completed on January 2, 2024.

The transaction was accounted for as a business combination using the acquisition method of accounting, which requires the assets acquired to be recorded at their respective fair value as of the date of the transaction. The Company determined the estimated fair values after review and consideration of relevant information as of the acquisition date, including discounted cash flows, quoted market prices and estimates made by management. The fair values assigned to intangible assets acquired are based on management's estimates and assumptions. The acquisition was not material to the results of operations of the Company.

The following summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date based on the purchase price allocation:

|                       | Amount          |
|-----------------------|-----------------|
| Trademarks            | \$ 2,700        |
| Franchise agreements  | 3,900           |
| Goodwill              | 2,346           |
| Total assets acquired | <u>\$ 8,946</u> |

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The goodwill recognized in this acquisition was attributable to the synergies that the Company expected to achieve. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks and franchise agreements. The fair value of the trademarks was estimated by the relief from royalty method and are considered to have an eleven-year life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a ten-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved. Goodwill and intangible assets recognized from this acquisition are expected to be tax deductible. See Note 7 for discussion of impairment charges related to goodwill and intangible assets.

The Company did not incur any transaction costs related to acquisitions during the three and nine months ended September 30, 2025. During the three and nine months ended September 30, 2024, the Company incurred \$0 and \$528, respectively, of transaction costs related to acquisitions, which is included in acquisition and transaction expenses in the condensed consolidated statements of operations.

Pro forma financial information and revenue from the date of acquisition have not been provided for these acquisitions as they are not material either individually or in the aggregate.

**Divestiture of Stride brand** – On February 13, 2024, the Company entered into an agreement with a buyer, pursuant to which the Company divested the Stride brand, including the intellectual property, franchise rights and franchise agreements for open studios. The buyer of the Stride brand is a former member of management and shareholder of the Company. The Company received no consideration from the divestiture of the Stride brand and will assist the buyer with transition support including cash payments of approximately \$265 payable over the 12-month period following divestiture. The divestiture allows the Company to better focus and utilize its resources on its other brands. The Company recognized a gain on divestiture of \$61, which was included within selling, general and administrative expenses in the condensed consolidated statements of operations. The divested brand did not represent a strategic shift that has a major effect on the Company's operations and financial results, and, as such, it was not presented as discontinued operations.

**Divestiture of Row House brand** – On May 20, 2024, the Company entered into an agreement with a buyer, pursuant to which the Company divested the Row House brand, including the intellectual property, franchise rights and franchise agreements for open studios, and retained certain liabilities, including liabilities related to known litigation, pre-litigation, and disputes as of the closing of the divestiture. The Company received no consideration from the divestiture of the Row House brand. The divestiture allows the Company to better focus and utilize its resources on its other brands. The Company recognized a loss on divestiture of \$922, which was included within selling, general and administrative expenses in the condensed consolidated statements of operations. The divested brand did not represent a strategic shift that has a major effect on the Company's operations and financial results, and, as such, it was not presented as discontinued operations.

**Wind down of AKT brand franchise operations** – During the three months ended September 30, 2024, the Company announced the wind down of AKT franchise operations. As part of the wind down, the Company began terminating franchise agreements with existing AKT studios and signed a licensing agreement with a former franchisee for no consideration received. As a result of the ongoing wind down of the AKT brand, the Company recognized net charges of \$1,136 for impairment of intangible assets, inventory write-downs, and other charges during the year ended December 31, 2024. The wind down of the AKT brand did not represent a strategic shift that has a major effect on the Company's operations and financial results, and, as such, it was not presented as discontinued operations.

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**Divestiture of CycleBar and Rumble brands** – On July 24, 2025, the Company entered into an agreement with a buyer, pursuant to which the Company divested the CycleBar and Rumble brands, including the intellectual property, franchise rights and franchise agreements for open studios, and retained certain liabilities, including liabilities related to known litigation, pre-litigation, and disputes as of the closing of the divestiture. The Company will receive total consideration of \$7,000, consisting of \$2,000 received in the three months ended September 30, 2025, and a promissory note for \$5,000, which was included in notes receivable, net in the condensed consolidated balance sheet at September 30, 2025. The promissory note bears interest at the annual rate of 14%, increasing to 18% if the note is not paid by the due date of September 22, 2025. The Company will receive royalty payments from franchisees associated with the divested brands from the divestiture date until the promissory note is paid in full. Such royalty payments are included in other income in the condensed consolidated statements of operations. The divestiture allows the Company to better focus and utilize its resources on its core brands and other opportunities which better align with its long-term strategies. The Company recognized a net gain on divestiture of \$2,214, including related fees, which was included within selling, general and administrative expenses in the condensed consolidated statements of operations. The divested brand did not represent a strategic shift that has a major effect on the Company's operations and financial results, and, as such, it was not presented as discontinued operations.

**Divestiture of Lindora brand** – On September 19, 2025, the Company entered into an agreement with a buyer, pursuant to which the Company divested the Lindora brand, including the intellectual property, franchise rights and franchise agreements for open studios, and retained certain liabilities, including liabilities related to known litigation, pre-litigation, and disputes as of the closing of the divestiture. The Company will receive consideration of up to \$6,000 from the divestiture of the Lindora brand, which will be received monthly based on 7% of the monthly cash-basis gross revenue of the legacy studio locations. Payments will continue until the earlier of receipt of \$6,000 or seven years. At the disposition date the Company determined that the fair value of the estimated contingent consideration receivable was \$3,764, of which \$456 and \$3,308 is included with prepaid expenses and other current assets and other assets, respectively, in the condensed consolidated balance sheets at September 30, 2025. The divestiture allows the Company to better focus and utilize its resources on its other brands. The Company recognized a net loss on divestiture of \$1,015, which was included within selling, general and administrative expenses in the condensed consolidated statements of operations. The divested brand did not represent a strategic shift that has a major effect on the Company's operations and financial results, and, as such, it was not presented as discontinued operations.

**Note 5 – Contract Liabilities and Costs from Contracts with Customers**

**Contract liabilities** – Contract liabilities consist of deferred revenue resulting from franchise fees (franchise fees, development fees and master franchise fees paid by franchisees), which are recognized over time on a straight-line basis over the franchise agreement term. The Company also receives upfront payments from vendors under agreements that give the vendors access to franchisees' members to provide certain services to the members ("brand fees"). Revenue from the upfront payments is recognized on a straight-line basis over the agreement term and is reported in other service revenue. Also included in the deferred revenue balance are non-refundable prepayments for merchandise and equipment, as well as revenues for training, service revenue and on-demand fees for which the associated products or services have not yet been provided to the customer. The Company classifies these contract liabilities as either current deferred revenue or non-current deferred revenue in the condensed consolidated balance sheets based on the anticipated timing of delivery. The following table reflects the change in franchise, including area development and multi-unit agreements, and brand fee contract liabilities for the nine months ended September 30, 2025. Other deferred revenue amounts of \$13,242 are excluded from the table as the original expected duration of the contracts is one year or less.

|                                                                                                      | Franchise development<br>fees | Brand fees      | Total            |
|------------------------------------------------------------------------------------------------------|-------------------------------|-----------------|------------------|
| Balance at December 31, 2024                                                                         | \$ 115,679                    | \$ 920          | \$ 116,599       |
| Revenue recognized that was included in deferred revenue at the beginning of the year <sup>(1)</sup> | (19,440)                      | (403)           | (19,843)         |
| Decrease in deferred revenue due to divestiture                                                      | (10,978)                      | —               | (10,978)         |
| Increase, excluding amounts recognized as revenue during the period                                  | 3,149                         | 880             | 4,029            |
| Balance at September 30, 2025                                                                        | <u>\$ 88,410</u>              | <u>\$ 1,397</u> | <u>\$ 89,807</u> |

(1) Includes revenue recognized as a result of terminations of \$10,702 for the nine months ended September 30, 2025.

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The following table illustrates estimated revenue expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of September 30, 2025. The expected future recognition period for deferred franchise and area development fees related to unopened studios is based on management's best estimate of the beginning of the franchise license term for those studios. The Company elected to not disclose short term contracts, sales and usage-based royalties, marketing fees and any other variable consideration recognized on an "as invoiced" basis.

| Contract liabilities to be recognized in revenue | Franchise development fees |               | Brand fees      | Total            |
|--------------------------------------------------|----------------------------|---------------|-----------------|------------------|
| Remainder of 2025                                | \$                         | 2,220         | \$ 983          | \$ 3,203         |
| 2026                                             |                            | 9,087         | 414             | 9,501            |
| 2027                                             |                            | 9,148         | —               | 9,148            |
| 2028                                             |                            | 9,452         | —               | 9,452            |
| 2029                                             |                            | 9,268         | —               | 9,268            |
| Thereafter                                       |                            | 49,235        | —               | 49,235           |
|                                                  | \$                         | <u>88,410</u> | \$ <u>1,397</u> | \$ <u>89,807</u> |

The following table reflects the components of deferred revenue:

|                                         | September 30,<br>2025 | December 31,<br>2024 |
|-----------------------------------------|-----------------------|----------------------|
| Franchise development fees              | \$ 88,410             | \$ 115,679           |
| Brand fees                              | 1,397                 | 920                  |
| Equipment and other                     | 13,242                | 15,248               |
| Total deferred revenue                  | 103,049               | 131,847              |
| Non-current portion of deferred revenue | 79,263                | 105,935              |
| Current portion of deferred revenue     | \$ <u>23,786</u>      | \$ <u>25,912</u>     |

**Contract costs** – Contract costs consist of deferred commissions resulting from franchise and area development sales by third-party and affiliate brokers and sales personnel. The total commission is deferred at the point of a franchise sale. The commissions are evenly split among the number of studios purchased under the development agreement and begin to be amortized when a subsequent or initial franchise agreement is executed. The commissions are recognized on a straight-line basis over the initial ten-year franchise agreement term to align with the recognition of the franchise agreement or area development fees. The Company classifies these deferred contract costs as either current deferred costs or non-current deferred costs in the condensed consolidated balance sheets. The associated expense is classified within costs of franchise and service revenue in the condensed consolidated statements of operations. At September 30, 2025 and December 31, 2024, there were approximately \$3,411 and \$3,940 of current deferred commission costs and approximately \$28,970 and \$39,684 in non-current deferred commission costs, respectively. The Company recognized franchise sales commission expense of approximately \$4,643 and \$7,324 for the three and nine months ended September 30, 2025, respectively, and \$2,690 and \$8,827 for the three and nine months ended September 30, 2024, respectively.

**Note 6 – Property and Equipment**

Property and equipment consisted of the following:

|                                | September 30,<br>2025 | December 31,<br>2024 |
|--------------------------------|-----------------------|----------------------|
| Furniture and equipment        | \$ 4,065              | \$ 4,046             |
| Computers and software         | 20,029                | 19,679               |
| Vehicles                       | 285                   | 285                  |
| Leasehold improvements         | 7,386                 | 7,344                |
| Construction in progress       | 1,457                 | 2,318                |
| Less: accumulated depreciation | (21,088)              | (19,021)             |
| Total property and equipment   | \$ <u>12,134</u>      | \$ <u>14,651</u>     |

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Depreciation expense for the three and nine months ended September 30, 2025 was \$1,335 and \$3,318, respectively, and \$1,509 and \$4,587 for the three and nine months ended September 30, 2024, respectively.

During the three and nine months ended September 30, 2025, the Company determined that the carrying amount of certain property and equipment assets exceeded their fair values and recorded an impairment of \$764 and \$2,234, respectively. The impairment charges were primarily related to software assets of BFT, for which the Company no longer had established cash flows to support continued recognition of such assets. The fair values of software assets were determined by assumptions that are considered Level 3 inputs. No impairment of property and equipment was recorded for the three and nine months ended September 30, 2024. Property and equipment impairment expenses are included within impairment of goodwill and other noncurrent assets in the Company's condensed consolidated statements of operations.

**Note 7 – Goodwill and Intangible Assets**

Goodwill represents the excess of cost over the fair value of identifiable net assets acquired related to the original purchase of the various franchise businesses and acquisition of company-owned transition studios. Goodwill is not amortized but is tested annually for impairment or more frequently if indicators of potential impairment exist. The carrying value of goodwill at September 30, 2025 and December 31, 2024, totaled \$127,789 and \$135,240, respectively. Cumulative goodwill impairment was \$55,371 and \$47,920 at September 30, 2025 and December 31, 2024, respectively. The impairment charges are included within impairment of goodwill and other noncurrent assets in the Company's condensed consolidated statements of operations.

During the quarter ended June 30, 2025, the Company determined it was necessary to re-evaluate goodwill of the BFT and Lindora reporting units for impairment due to indicators of potential impairment resulting from a decline in forecasted and actual cash flows. Therefore, the Company performed a quantitative assessment of the fair value of the reporting units using an income approach with assumptions that are considered Level 3 inputs and concluded that the carrying value of the BFT and Lindora reporting units exceeded their fair values, resulting in a goodwill impairment of \$5,105 and \$2,346, respectively, and no goodwill remaining for the BFT and Lindora reporting units. The fair value of the reporting units were determined by discounting estimated future cash flows, which were calculated based on revenue and expense long-term growth assumptions ranging from 9.0% to 22.0%, at a weighted average cost of capital (discount rate) of 19.0% for the BFT reporting unit and revenue and expense long-term growth assumptions ranging from 6.0% to 16.0%, at a weighted average cost of capital (discount rate) of 26.0% for the Lindora reporting unit.

The Company determined that the carrying value of the CycleBar trademark intangible asset was in excess of its fair value and recognized an impairment loss of \$3,449 during the quarter ended June 30, 2025. The fair value was determined using Level 3 inputs.

The Company determined that the carrying value of the BFT trademark, franchise agreement and deferred video production intangible assets were in excess of their fair value and recognized an aggregate impairment loss of \$12,700 during the quarter ended September 30, 2025. The fair value of the trademark intangible asset was determined by the relief from royalty method using Level 3 inputs. The discount rate and royalty rate used in the relief from royalty valuation was 17.0% and 0.5%, respectively. The fair value of the franchise agreement intangible asset was determined by the excess earnings method, which represents the multi-period excessive earnings generated by the asset that remains after a deduction for a return on other contributory assets using Level 3 inputs. The discount rate used in the excess earning valuation was 14.0%.

At September 30, 2025, the goodwill related to the Pure Barre reporting unit of \$42,548 is at a heightened risk of future impairment if the fair value of the Pure Barre reporting unit, and its associated assets, decreases in value due to the amount and timing of expected future cash flows, an inability to execute management's business strategies or general market conditions, such as economic downturns, and changes in interest rates, including discount rates. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates. If the Company's ongoing cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including an unfavorable change in the terminal growth rate or the weighted-average cost of capital, the Company may have to record impairment charges in future periods.

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During the quarter ended June 30, 2024, the Company determined it was necessary to re-evaluate goodwill of the CycleBar reporting unit for impairment due to indicators of potential impairment resulting from a decline in forecasted and actual cash flows. Therefore, the Company performed a quantitative assessment of the fair value of the reporting unit using an income approach with assumptions that are considered Level 3 inputs and concluded that the carrying value of the CycleBar reporting unit exceeded its fair value, resulting in a goodwill impairment of \$10,911 and no goodwill remaining for the CycleBar reporting unit. The fair value of the reporting unit was determined by discounting estimated future cash flows, which were calculated based on revenue and expense long-term growth assumptions ranging from (1.0%) to 3.0%, at a weighted average cost of capital (discount rate) of 16.0%. In addition, the Company determined that the franchise agreements intangible assets related to the CycleBar reporting unit were also impaired and recognized an impairment loss of \$1,178 in the second quarter of 2024.

In connection with the wind down of the AKT brand, as discussed in Note 4, the Company determined that the deferred video production costs and web design and domain intangible assets related to AKT were impaired and recognized an impairment loss of \$179 during the quarter ended September 30, 2024.

Intangible assets consisted of the following:

|                                        |                                   | September 30, 2025 |                             |               | December 31, 2024 |                             |               |
|----------------------------------------|-----------------------------------|--------------------|-----------------------------|---------------|-------------------|-----------------------------|---------------|
|                                        | Amortization<br>period<br>(years) | Gross<br>amount    | Accumulated<br>amortization | Net<br>amount | Gross<br>amount   | Accumulated<br>amortization | Net<br>amount |
| Trademarks                             | 10                                | \$ 910             | \$ (665)                    | \$ 245        | \$ 23,410         | \$ (6,828)                  | \$ 16,582     |
| Franchise agreements                   | 7.5 – 10                          | 26,800             | (24,306)                    | 2,494         | 31,800            | (22,210)                    | 9,590         |
| Intellectual property                  | 5                                 | 670                | (234)                       | 436           | 670               | (134)                       | 536           |
| Web design and domain                  | 3 – 10                            | 413                | (388)                       | 25            | 413               | (380)                       | 33            |
| Deferred video production costs        | 3                                 | 5,342              | (3,959)                     | 1,383         | 6,102             | (4,255)                     | 1,847         |
| Total definite-lived intangible assets |                                   | 34,135             | (29,552)                    | 4,583         | 62,395            | (33,807)                    | 28,588        |
| Indefinite-lived intangible assets:    |                                   |                    |                             |               |                   |                             |               |
| Trademarks                             | N/A                               | 62,707             | —                           | 62,707        | 72,356            | —                           | 72,356        |
| Total intangible assets                |                                   | \$ 96,842          | \$ (29,552)                 | \$ 67,290     | \$ 134,751        | \$ (33,807)                 | \$ 100,944    |

Amortization expense was \$2,344 and \$6,290, for the three and nine months ended September 30, 2025, respectively, and \$2,717 and \$8,592 for the three and nine months ended September 30, 2024, respectively.

The anticipated future amortization expense of intangible assets is as follows:

|                   | Amount   |
|-------------------|----------|
| Remainder of 2025 | \$ 1,142 |
| 2026              | 2,286    |
| 2027              | 779      |
| 2028              | 373      |
| 2029              | 3        |
| Total             | \$ 4,583 |

**Note 8 – Debt**

On April 19, 2021, the Company entered into a Financing Agreement with Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders party thereto (the “Credit Agreement”), which consisted of a \$212,000 senior secured term loan facility (the “Term Loan Facility”, and the loans thereunder, each a “Term Loan” and, together, the “Term Loans”). The Company’s obligations under the Credit Agreement are guaranteed by XPO Holdings and certain of the Company’s material subsidiaries and are secured by substantially all of the assets of XPO Holdings and certain of the Company’s material subsidiaries.



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Under the Credit Agreement, the Company is required to make: (i) monthly payments of interest on the Term Loans and (ii) quarterly principal payments equal to 0.25% of the original principal amount of the Term Loans. Borrowings under the Term Loan Facility bear interest at a per annum rate of, at the Company's option, either (a) the term secured overnight financing rate ("Term SOFR") plus a Term SOFR Adjustment (as defined in the Credit Agreement per the fifth amendment), plus a margin of 6.50% or (b) the Reference Rate (as defined in the Credit Agreement) plus a margin of 5.50% (10.8% at September 30, 2025).

The Credit Agreement also contains mandatory prepayments of the Term Loans with: (i) 50% of XPO Holdings' and its subsidiaries' Excess Cash Flow (as defined in the Credit Agreement), subject to certain exceptions; (ii) 100% of the net proceeds of certain asset sales and insurance/condemnation events, subject to reinvestment rights and certain other exceptions; (iii) 100% of the net proceeds of certain extraordinary receipts, subject to reinvestment rights and certain other exceptions; (iv) 100% of the net proceeds of any incurrence of debt, excluding certain permitted debt issuances; and (v) up to \$60,000 of net proceeds in connection with an initial public offering of at least \$200,000, subject to certain exceptions.

Unless agreed in advance, all voluntary prepayments and certain mandatory prepayments of the Term Loan made: (i) on or prior to the first anniversary of the closing date are subject to a 2.0% premium on the principal amount of such prepayment and (ii) after the first anniversary of the closing date and on or prior to the second anniversary of the closing date are subject to a 0.50% premium on the principal amount of such prepayment. Otherwise, the Term Loans may be paid without premium or penalty, other than customary breakage costs with respect to Term Loans.

The Credit Agreement contains customary affirmative and negative covenants, including, among other things: (i) to maintain certain total leverage ratios, liquidity levels and EBITDA levels; (ii) to use the proceeds of borrowings only for certain specified purposes; (iii) to refrain from entering into certain agreements outside of the ordinary course of business, including with respect to consolidation or mergers; (iv) restricting further indebtedness or liens; (v) restricting certain transactions with affiliates; (vi) restricting investments; (vii) restricting prepayments of subordinated indebtedness; (viii) restricting certain payments, including certain payments to affiliates or equity holders and distributions to equity holders; and (ix) restricting the issuance of certain equity. Additionally, on March 10, 2025, the Company obtained a waiver related to EBITDA levels as the Credit Agreement did not contain active exceptions for non-recurring legal expenses. The waiver permits the exclusion of certain non-recurring legal expenses from the calculation of EBITDA through March 31, 2026. As of September 30, 2025, the Company was in compliance with these covenants.

The Credit Agreement also contains customary events of default, which could result in acceleration of amounts due under the Credit Agreement. Such events of default include, subject to the grace periods specified therein, failure to pay principal or interest when due, failure to satisfy or comply with covenants, a change of control, the imposition of certain judgments and the invalidation of liens the Company has granted.

On February 13, 2024, the Company entered into a sixth amendment (the "Sixth Amendment") to the Credit Agreement. The Sixth Amendment provides for, among other things, additional term loans in an aggregate principal amount of approximately \$38,701, with an original issue discount of \$4,059, (the "Sixth Amendment Incremental Term Loans"). The original issue discount was paid-in-kind by increasing the principal amount of the Credit Agreement. The proceeds of the Sixth Amendment were used to repay an aggregate of \$38,701 in existing term loans under the Credit Agreement and for the payment of fees, costs and expenses related to the making of the Sixth Amendment Incremental Term Loans. The Sixth Amendment, among other things, also (i) increased the amount of the quarterly principal payments of the loans provided pursuant to the Credit Agreement (including the Sixth Amendment Incremental Term Loans) commencing on June 30, 2024 to \$1,287, (ii) included a prepayment premium on the Sixth Amendment Incremental Term Loans and (iii) extended the maturity date for all outstanding term loans under the Credit Agreement to March 15, 2026.

In connection with the Sixth Amendment, the Company wrote off a pro rata portion of debt issuance costs related to the Term Loans of \$23 and wrote off original issue discount of \$452 related to the repayment of a portion of the Term Loans, which were included in interest expense for the three months ended March 31, 2024.

On August 23, 2024, the Company entered into a seventh amendment (the "Seventh Amendment") to the Credit Agreement. The Seventh Amendment provides for, among other things, (i) additional term loans in an aggregate principal amount of \$25,000, with an original issue discount of \$750, (the "Seventh Amendment Incremental Term Loans"), (ii) an increased amount of the quarterly principal payments of the loans provided pursuant to the Credit Agreement (including the Seventh Amendment Incremental Term Loans) commencing on September 30, 2024 to \$1,349 and (iii) a prepayment premium on the Seventh Amendment Incremental Term Loans.

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The proceeds of the Seventh Amendment will be used for general corporate purposes, including working capital, lease liabilities, and legal expenses arising from regulatory matters.

On March 14, 2025, the Company entered into an eighth amendment (the “Eighth Amendment”) to the Credit Agreement. The Eighth Amendment extends the final maturity date under the Credit Agreement to August 1, 2027 (the “Final Maturity Date”) and provides for, among other things, additional term loans in an aggregate principal amount of \$10,000 (the “Eighth Amendment Incremental Term Loans”), an upfront fee, paid-in-kind, equal to 3% of the (a) aggregate principal amount of term loans outstanding as of the amendment date and (b) the Eighth Amendment Incremental Term Loans funded on the funding date, which were capitalized and added to the outstanding loan principal, and an exit fee of approximately \$7,248 payable upon the earlier of the Final Maturity Date or the date all loans under the Credit Agreement have been repaid or prepaid. The exit fee is treated as additional interest expense and is accreted over the life of the loan using the effective interest method and is presented as a reduction to long-term debt in the condensed consolidated balance sheets. The Eighth Amendment also increased the amount of the quarterly principal payments of the loans provided pursuant to the Credit Agreement (including the Eighth Amendment Incremental Term Loans) commencing on March 31, 2025 to \$1,374.

On July 24, 2025, the Company entered into a ninth amendment (the “Ninth Amendment”) to the Credit Agreement in connection with the divestiture of the Rumble and CycleBar brands. The Ninth Amendment did not modify the terms of the Credit Agreement. Instead, the Ninth Amendment requires the Company to apply the net proceeds received from the divestiture of the Rumble and CycleBar brands to repayment of the outstanding loan principal.

The Company incurred debt issuance costs of \$90 and \$318 for the nine months ended September 30, 2025 and 2024, respectively. Debt issuance cost amortization and write off amounted to \$36 and \$123 for the three and nine months ended September 30, 2025, respectively, and \$55 and \$179 for the three and nine months ended September 30, 2024, respectively. Unamortized debt issuance costs as of September 30, 2025 and December 31, 2024, were \$265 and \$297, respectively, and are presented as a reduction to long-term debt in the condensed consolidated balance sheets. Unamortized original issue discount as of September 30, 2025 and December 31, 2024, was \$11,516 and \$4,967, respectively, and are presented as a reduction to long-term debt in the condensed consolidated balance sheets. Unamortized exit fees as of September 30, 2025 and December 31, 2024, were \$5,576 and \$0, respectively, and are presented as a reduction to long-term debt in the condensed consolidated balance sheets.

Principal payments on outstanding balances, including exit fee, of long-term debt as of September 30, 2025 were as follows:

|                   | Amount            |
|-------------------|-------------------|
| Remainder of 2025 | \$ 5,974          |
| 2026              | 5,497             |
| 2027              | 364,929           |
| Total             | <u>\$ 376,400</u> |

The carrying value of the Company’s long-term debt approximated fair value as of September 30, 2025 and December 31, 2024, due to the variable interest rate, which is a Level 2 input.

**Note 9 – Leases**

The Company leases office space, company-owned transition studios, warehouse, training centers and a video recording studio. Certain real estate leases include one or more options to renew. The Company has in the past guaranteed lease agreements for certain franchisees. See Note 16 of Notes to Condensed Consolidated Financial Statements for additional information.

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Right-of-use (“ROU”) assets from operating leases are subject to the impairment guidance in ASC Topic 360, *Property, Plant, and Equipment*, and are reviewed for impairment when indicators of impairment are present. ASC Topic 360 requires three steps to identify, recognize and measure impairment. If indicators of impairment are present (Step 1), the Company performs a recoverability test (Step 2) comparing the sum of the estimated undiscounted cash flows attributable to the ROU asset in question to the carrying amount. If the undiscounted cash flows used in the recoverability test are less than the carrying amount, the Company estimates the fair value of the ROU asset and recognizes an impairment loss when the carrying amount exceeds the estimated fair value (Step 3). When determining the fair value of the ROU asset, the Company estimates what market participants would pay to lease the assets assuming the highest and best use in the assets' current forms. The Company recognized ROU asset impairment charges of \$3,906 and \$6,379 during the three and nine months ended September 30, 2025, respectively. The Company recognized ROU asset impairment charges of \$4,323 during the three and nine months ended September 30, 2024, related to studio exits in conjunction with restructuring plans discussed in Note 17.

Supplemental balance sheet information related to leases is summarized as follows:

| Operating leases              | Balance Sheet Location    | September 30,<br>2025 | December 31, 2024 |
|-------------------------------|---------------------------|-----------------------|-------------------|
| ROU assets, net               | Right-of-use assets       | \$ 13,646             | \$ 24,036         |
| Lease liabilities, short-term | Other current liabilities | \$ 4,682              | \$ 5,276          |
| Lease liabilities, long-term  | Lease liability           | \$ 16,018             | \$ 23,858         |

The following table presents the components of lease expense during the three and nine months ended September 30, 2025 and 2024:

|                       | Three months ended September 30, |                 | Nine Months Ended September 30, |                  |
|-----------------------|----------------------------------|-----------------|---------------------------------|------------------|
|                       | 2025                             | 2024            | 2025                            | 2024             |
| Operating lease costs | \$ 1,594                         | \$ 2,778        | \$ 5,275                        | \$ 9,672         |
| Variable lease costs  | 216                              | 215             | 674                             | 673              |
| Total                 | <u>\$ 1,810</u>                  | <u>\$ 2,993</u> | <u>\$ 5,949</u>                 | <u>\$ 10,345</u> |

The following table presents the supplemental cash flow information related to operating leases during the three and nine months ended September 30, 2025 and 2024:

|                                                                                  | Three months ended September 30, |          | Nine Months Ended September 30, |          |
|----------------------------------------------------------------------------------|----------------------------------|----------|---------------------------------|----------|
|                                                                                  | 2025                             | 2024     | 2025                            | 2024     |
| Cash paid for amounts included in the measurement of operating lease liabilities | \$ 1,289                         | \$ 1,579 | \$ 4,377                        | \$ 4,466 |
| Lease liabilities arising from new ROU assets                                    | \$ 238                           | —        | \$ 1,612                        | —        |

The following table presents other information related to leases:

|                                               | September 30, 2025 | December 31, 2024 |
|-----------------------------------------------|--------------------|-------------------|
| Weighted average remaining lease term (years) | 4.9                | 4.7               |
| Weighted average discount rate                | 9.1%               | 8.8%              |

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Maturities of lease liabilities as of September 30, 2025 are summarized as follows:

|                             | Amount    |
|-----------------------------|-----------|
| Remainder of 2025           | \$ 2,214  |
| 2026                        | 5,763     |
| 2027                        | 5,131     |
| 2028                        | 3,587     |
| 2029                        | 2,962     |
| Thereafter                  | 6,385     |
| Total future lease payments | 26,042    |
| Less: imputed interest      | 5,342     |
| Total                       | \$ 20,700 |

**Note 10 – Related Party Transactions**

In March 2021, the Company funded a note payable under a debt financing obligation in connection with the acquisition of Rumble. The Company earned interest at the rate of 11% per annum on the receivable. In connection with the Reorganization Transactions, XPO Inc. recorded \$10,600 receivable from shareholder, as the original founder sellers of the Rumble brand, which was acquired by the Company in 2021 (the “Rumble Seller”) is a shareholder of XPO Inc., for the debt financing provided to the Rumble Seller. In July 2022, the Company entered into a settlement agreement with the Rumble Sellers to resolve disputes related to the acquisition and related agreements. Under the terms of the settlement, the Company prospectively reduced the interest rate on the debt financing provided to the Rumble Sellers from 11% per annum to 7.5% per annum if payment is in cash or 10% per annum if payment is in payment-in-kind and extended the maturity date of the debt financing. In 2023 and 2022, the Rumble Sellers borrowed an additional \$4,400 and \$5,050, respectively, under the debt financing agreement which was recorded as receivable from shareholder within equity. In 2025, the Rumble Sellers agreed to reimburse the Company for additional expenses of \$162, which was recorded as receivable from shareholder within equity. The Company recorded \$678 and \$1,460 of interest-in-kind during the three and nine months ended September 30, 2025, respectively, and \$373 and \$1,082 during the three and nine months ended September 30, 2024, respectively, which was recorded as interest income and an increase to receivable from shareholder within equity.

In December 2022, the Company entered into an agreement with the former owner of Row House, pursuant to which contingent consideration relating to the 2017 acquisition of Row House was settled in exchange for the issuance of 105 restricted stock units (“RSUs”), which vest in full on the fourth anniversary of the grant date. As a result of the agreement, the Company recorded a reduction to the contingent consideration liability of \$1,220 with an offsetting increase in additional paid-in capital and reclassified the former owner's outstanding note receivable of \$1,834 to additional paid-in capital. In addition, pursuant to the agreement, the Company issued a four-year multi-tranche term loan with an option to borrow up to \$20 per month in the aggregate principal amount of \$960 bearing interest of 8.5% per annum, which was recorded as a liability and offsetting reduction in additional paid-in capital. The outstanding receivable from shareholder and the multi-tranche term loan are collateralized by 75 shares of Class B common stock held by the former owner, which were reclassified to treasury stock, and by the 105 RSUs. As of September 30, 2025, the former owner of Row House borrowed \$560, which was recorded as a reduction to liability.

In March 2023, Spartan Fitness Holdings, LLC (“Spartan Fitness”), which currently owns and operates 143 Club Pilates studios, entered into a unit purchase agreement with Snapdragon Spartan Investco LP (the “Spartan SPV”), a special purpose vehicle controlled and managed by a member of the Company’s board of directors, pursuant to which Spartan SPV agreed to invest in the equity of Spartan Fitness. In addition, the same member of the Company’s board of directors also invested as a limited partner in the Spartan SPV. Spartan Fitness intends to use the investment from Spartan SPV to fund the expansion of Club Pilates studios, among other concepts. Spartan Fitness also owns the rights to 75 Club Pilates licenses to open additional new units. The Company recorded franchise, equipment and marketing fund revenue aggregating \$3,984 and \$10,483, during the three and nine months ended September 30, 2025, respectively, and \$3,261 and \$7,710, during the three and nine months ended September 30, 2024, respectively, from studios owned by Spartan Fitness.

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The Company previously earned revenues and had accounts receivable from a franchisee comprised of a former member of the Company's senior management together with their spouse, a former employee of the Company. The former member of the Company's senior management resigned from the Company effective November 4, 2024, ending the related party relationship, and the former member's spouse resigned from the Company on April 4, 2025. Revenues from this affiliate, consisting of franchise revenue, marketing fund revenue and merchandise revenue, were \$94 and \$209 for the three and nine months ended September 30, 2024, respectively, and no accounts receivable were recorded as of December 31, 2024, for such sales. The Company provided \$217 and \$1,172 of studio support to this franchisee during the three and nine months ended September 30, 2024, respectively. Studio support to this franchisee included, among other things, cash payments, royalty relief, rent assistance, product and merchandise, and lease guarantees. The Company provided additional services to this franchisee in the form of assistance from its internal special operations team which focuses on improving studio performance, for which the Company does not allocate any amounts to the franchisees for such employee salaries and bonuses.

In May 2024, the Company's board of directors approved the sale of one of the Company's vehicles to the Company's former Chief Executive Officer and board member, for \$275. The former Chief Executive Officer paid for the vehicle with a \$275 reduction of Tax Receivable Agreement payments and partner distributions owed to him by the Company. The Company recognized an \$18 gain on sale of asset during the nine months ended September 30, 2024, which was included in selling, general and administrative expenses on the Company's condensed consolidated statements of operations.

**Note 11 – Redeemable Convertible Preferred Stock**

On July 23, 2021, the Company issued and sold in a private placement 200 newly issued shares of Series A-1 Convertible Preferred Stock, par value \$0.0001 per share (the "Convertible Preferred"), for aggregate cash proceeds of \$200,000, before deduction for offering costs. Holders of shares of Convertible Preferred are entitled to quarterly coupon payments at the rate of 6.50% of the fixed liquidation preference per share, initially \$1,000 per share. In the event the quarterly preferential coupon is not paid in cash, the fixed liquidation preference automatically increases at the Paid-in-Kind rate of 7.50%. The Convertible Preferred has an initial conversion price equal to \$14.40 per share, is mandatorily convertible in certain circumstances, and is redeemable at the option of the holder beginning on the date that is eight years from the IPO or upon change of control.

At issuance, the Company assessed the Convertible Preferred for any embedded derivatives. The Company determined that the Convertible Preferred represented an equity host under ASC Topic 815, *Derivatives and Hedging*. The Company's analysis was based on consideration of all stated and implied substantive terms and features of the hybrid financial instrument and weighing those terms and features on the basis of the relevant facts and circumstances. Certain embedded features in the Convertible Preferred require bifurcation. However, the fair value of such embedded features was immaterial upon issuance and as of September 30, 2025.

The Convertible Preferred ranks senior to the Company's common stock with respect to the payment of dividends and distribution of assets upon liquidation, dissolution and winding up. It is entitled to receive any dividends or distributions paid in respect of the common stock on an as-converted basis and has no stated maturity and will remain outstanding indefinitely unless converted into common stock or repurchased by the Company. Series A preferred stock will vote on an as-converted basis with the Class A and Class B common stock and will have certain rights to appoint additional directors, including up to a majority of the Company's board of directors, under certain limited circumstances relating to an event of default or the Company's failure to repay amounts due to the Convertible Preferred holders upon a redemption. Shares of Series A-1 preferred stock are non-voting; however, any shares of Series A-1 preferred stock issued to any of the lenders party to the Credit Agreement will convert on a one-to-one basis to shares of Series A preferred stock when permitted under relevant antitrust restrictions.

At any time after July 23, 2029, upon a sale of the Company, or at any time after the occurrence and continuance of an event of default, holders of the Convertible Preferred have the right to require the Company to redeem all, but not less than all, of the Preferred shares then outstanding at a redemption price in cash equal to the greater of (i) the fair market value per share of Preferred Stock (based on the average volume-weighted average price per share of Class A common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the redemption notice), and (ii) the fixed liquidation preference, plus accrued and unpaid dividends.

The Convertible Preferred is recorded as mezzanine equity (temporary equity) on the condensed consolidated balance sheets because it is not mandatorily redeemable but does contain a redemption feature at the option of the Preferred holders that is considered not solely within the Company's control.

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During the three months ended June 30, 2024, the Company elected the paid-in-kind option for the Convertible Preferred quarterly preferential coupon resulting in an increase in the fixed liquidation preference of \$2,150, which was recorded as a decrease to additional paid-in-capital and was included in the calculation of earnings (loss) per share.

At September 30, 2025 and December 31, 2024, the Company recognized the preferred maximum redemption value of \$116,810, which is the maximum redemption value on the earliest redemption date based on fair market value per share of Convertible Preferred (based on the average volume-weighted average price per share of Class A common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the redemption notice and 115 outstanding shares of Convertible Preferred at September 30, 2025 and December 31, 2024). The recording of the preferred maximum redemption value for the three and nine months ended September 30, 2025, did not impact the calculation of earnings (loss) per share and did not result in any change to additional paid-in-capital. The recording of the preferred maximum redemption value was treated as deemed contribution, which was included in the calculation of earnings (loss) per share and resulted in a net increase of \$6,094 and \$0 to additional paid-in capital for the three and nine months ended September 30, 2024, respectively.

**Note 12 – Stockholders' Equity (Deficit)**

*Common stock* – During the three and nine months ended September 30, 2025, pursuant to the Amended Limited Liability Company Agreement of XPO Holdings (“Amended LLC Agreement”), certain Continuing Pre-IPO LLC Members exchanged their LLC units for 0 and 1,001, shares of Class A common stock on a one-for-one basis, respectively. During the three and nine months ended September 30, 2024, pursuant to the Amended LLC Agreement, certain Continuing Pre-IPO LLC Members exchanged their LLC units for 0 and 476 shares of Class A common stock on a one-for-one basis, respectively.

*Noncontrolling interests* – Following the IPO, XPO Inc. is the sole managing member of XPO LLC and, as a result, consolidates the financial results of XPO LLC. The Company reported noncontrolling interests representing the economic interests in XPO LLC held by the Continuing Pre-IPO LLC Members. Under the Amended LLC agreement, the Continuing Pre-IPO LLC Members are able to exchange their LLC Units for shares of Class A common stock on a one-for-one basis (simultaneously cancelling an equal number of shares of Class B common stock of the exchanging member), or at the option of the Company for cash.

In December 2021, the Company and the Continuing Pre-IPO LLC Members amended the LLC agreement of XPO Holdings, removing the redemption option in cash, except to the extent that the cash proceeds to be used to make the redemption in cash are immediately available and were directly raised from a secondary offering of the Company's equity securities. Future redemptions or exchanges of LLC Units by the Continuing Pre-IPO LLC Members will result in a change in ownership and reduce the amount recorded as noncontrolling interest and increase additional paid-in capital.

During the nine months ended September 30, 2025 and 2024, the Company experienced a change in noncontrolling interests ownership due to the conversion of Class B to Class A shares and as such, has rebalanced the related noncontrolling interests balance. The Company calculated the rebalancing based on the net assets of XPO LLC, after considering the preferred shareholders' claim on the net assets of XPO LLC. The Company used the liquidation value of the preferred shares for such rebalancing.

The following table summarizes the ownership of XPO LLC as of September 30, 2025:

| Owner                    | Units Owned | Ownership percentage |
|--------------------------|-------------|----------------------|
| XPO Inc.                 | 35,126      | 71.9 %               |
| Noncontrolling interests | 13,738      | 28.1 %               |
| Total                    | 48,864      | 100.0 %              |

**Xponential Fitness, Inc.**

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**Note 13 – Equity Compensation**

**Equity classified restricted stock units** – The following table summarizes aggregate activity for RSUs for the nine months ended September 30, 2025:

|                                   | Shares       | Weighted Average<br>Grant Date Fair<br>Value per Share |
|-----------------------------------|--------------|--------------------------------------------------------|
| Outstanding at December 31, 2024  | 2,137        | \$ 14.38                                               |
| Issued                            | 1,470        | \$ 9.16                                                |
| Vested                            | (693 )       | \$ 14.94                                               |
| Forfeited, expired, or canceled   | (756 )       | \$ 14.92                                               |
| Outstanding at September 30, 2025 | <u>2,158</u> | <u>\$ 10.37</u>                                        |

RSUs are valued at the Company's closing stock price on the date of grant and generally vest over a one- to four-year period. Compensation expense for RSUs is recognized on a straight-line basis.

The Company grants performance-based RSUs, which are included in the RSUs described above, to executive officers and other key employees that vests upon the achievement of specified market or internal performance goals. The performance-based RSUs are recognized as expense on a straight-line basis over the vesting period which is typically three to four years. Management performs a regular assessment to determine the likelihood of meeting the related metrics and adjusts the expense recognized if necessary. During the nine months ended September 30, 2025, 29 performance-based RSUs were earned and issued and 262 performance based RSUs were forfeited. In addition, during the three months ended September 30, 2025, the Company granted 216 performance-based RSUs that contained market conditions, with weighted average grant-date fair value of \$6.85. To estimate the fair value of performance-based awards containing a market condition, the Company uses the Monte Carlo valuation model. For other performance-based awards, the fair value is generally based on the closing price of the Company's Class A Common Stock as reported on the New York Stock Exchange on the date of grant. As of September 30, 2025, the achievement of remaining performance metrics is considered probable.

The Monte Carlo simulation assumptions used for the period presented were as follows:

|                          | Nine Months Ended September 30,<br>2025 |
|--------------------------|-----------------------------------------|
| Risk free interest rate  | 3.7 %                                   |
| Expected volatility      | 85.0 %                                  |
| Dividend yield           | — %                                     |
| Expected term (in years) | 3.0                                     |

**Stock-based compensation expense** – Aggregate stock-based compensation expense recognized in the condensed consolidated statements of operations was as follows:

|                                                    | Three months ended September 30, |                 | Nine Months Ended September 30, |                  |
|----------------------------------------------------|----------------------------------|-----------------|---------------------------------|------------------|
|                                                    | 2025                             | 2024            | 2025                            | 2024             |
| Selling, general and administrative                | \$ 2,394                         | \$ 4,983        | \$ 8,341                        | \$ 13,121        |
| Total stock-based compensation expense, before tax | 2,394                            | 4,983           | 8,341                           | 13,121           |
| Income tax expense                                 | (232)                            | —               | —                               | —                |
| Total stock-based compensation expense, after tax  | <u>\$ 2,626</u>                  | <u>\$ 4,983</u> | <u>\$ 8,341</u>                 | <u>\$ 13,121</u> |

Income tax expense relates to vested RSUs. Due to the Company's full valuation allowance on its net deferred tax assets, there is no income tax benefit on the unvested RSUs. At September 30, 2025, the Company had \$17,552 of total unamortized compensation expense related to non-vested RSUs. That cost is expected to be recognized over a weighted-average period of 2.05 years.

## Xponential Fitness, Inc.

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#### Note 14 – Income Taxes and Tax Receivable Agreement

**Income taxes** – The Company is the managing member of XPO Holdings and, as a result, consolidates the financial results of XPO Holdings in the condensed consolidated financial statements. XPO Holdings is a pass-through entity for U.S. federal and most applicable state and local income tax purposes following a corporate reorganization effected in connection with the IPO. As an entity classified as a partnership for tax purposes, XPO Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by XPO Holdings is passed through to and included in the taxable income or loss of its members, including the Company. The Company is taxed as a corporation and pays corporate federal, state and local taxes with respect to income allocated from XPO Holdings, based on its 71.9% economic interest in XPO Holdings.

The provision for income taxes differs from the amount of income tax computed by applying the applicable U.S. statutory federal income tax rate of 21% to income (loss) before income taxes due to XPO Holdings' pass-through structure for U.S. income tax purposes, state taxes, preferred stock dividends, non-deductible expenses, change in fair value of contingent consideration, impairments which are not currently deductible, and the valuation allowance against the deferred tax asset. The effective tax rate for the three and nine months ended September 30, 2025, was (4.1%) and (15.2%), respectively, and (0.7%) and (0.6%) for the three and nine months ended September 30, 2024. During the three and nine months ended September 30, 2025, the Company recognized income tax expense of \$266 and \$1,063, respectively, on its share of pre-tax book income (loss), exclusive of the noncontrolling interest of 28.1%. During the three and nine months ended September 30, 2024, the Company recognized income tax expense of \$131 and \$216, respectively, on its share of pre-tax book income (loss), exclusive of the noncontrolling interest of 33.3%, respectively.

As of September 30, 2025, management determined based on applicable accounting standards and the weight of all available evidence, it was not more likely than not ("MLTN") that the Company will generate sufficient taxable income to realize its deferred tax assets including the difference in tax basis in excess of the financial reporting value for its investment in XPO Holdings. Consequently, the Company has established a full valuation allowance against its deferred tax assets as of September 30, 2025. In the event that management subsequently determines that it is MLTN that the Company will realize its deferred tax assets in the future over the recorded amount, a decrease to the valuation allowance will be made, which will reduce the provision for income taxes.

The Company is subject to taxation and files income tax returns in the United States federal jurisdiction and many state and foreign jurisdictions. XPO Holdings recently received an IRS audit letter for tax year 2023. As the audit has just commenced, the Company is currently not aware of any adjustments. The Company is not currently under examination by income tax authorities in state or other jurisdictions. The Company's tax returns remain open for examination in the U.S. for years 2020 through 2024. The Company's foreign subsidiaries are generally subject to examination four years following the year in which the tax obligation originated. The years subject to audit may be extended if the entity substantially understates corporate income tax.

The Company does not expect a significant change in unrecognized tax benefits during the next 12 months.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, which enacted significant changes to U.S. tax and related laws, including immediate expensing of certain capital expenditures and favorable impacts to the business interest expense limitation. The Company has incorporated the OBBBA changes in its income tax provision for the nine months ended September 30, 2025. There is no material impact to the Company's effective income tax rate and net deferred income tax assets, as the Company maintains a full valuation allowance on the deferred tax assets of XPO Inc.

**Tax receivable agreement** – In connection with the IPO, the Company entered into a Tax Receivable Agreement ("TRA") pursuant to which the Company is generally required to pay to the other parties thereto in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes as a result of (i) certain favorable tax attributes acquired from H&W Investco Blocker II, LP (the "Blocker Company") in the merger of the Blocker Company with and into XPO Inc. (including net operating losses and the Blocker Company's allocable share of existing tax basis); (ii) increases in the Company's allocable share of existing tax basis and tax basis adjustments that resulted or may result from (x) the IPO Contribution and the Class A-5 Unit Redemption, (y) future taxable redemptions and exchanges of LLC Units by Continuing Pre-IPO LLC Members and (z) certain payments made under the TRA; and (iii) deductions attributable to imputed interest pursuant to the TRA (the "TRA Payments"). The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA Payments are not conditioned upon any continued ownership interest in XPO Holdings or the Company. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.



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The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Company generates each year and the tax rate then applicable. The Company calculates the liability under the TRA using a complex TRA model, which includes an assumption related to the fair market value of assets. The payment obligations under the TRA are obligations of XPO Inc. and not of XPO Holdings. Payments are generally due under the TRA within a specified period of time following the filing of the Company's tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of LIBOR (or a replacement rate) plus 100 basis points from the due date (without extensions) of such tax return.

The TRA provides that if (i) there is a material breach of any material obligations under the TRA; or (ii) the Company elects an early termination of the TRA, then the TRA will terminate and the Company's obligations, or the Company's successor's obligations, under the TRA will accelerate and become due and payable, based on certain assumptions, including an assumption that the Company would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the TRA and that any LLC Units that have not been exchanged are deemed exchanged for the fair market value of the Company's Class A common stock at the time of termination. The TRA also provides that, upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, the TRA will not terminate but the Company's or the Company's successor's obligations with respect to tax benefits would be based on certain assumptions, including that the Company or the Company's successor would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the TRA.

As of September 30, 2025, the Company has concluded, based on applicable accounting standards, that it was more likely than not that its deferred tax assets subject to the TRA would not be realized. Therefore, the Company has not recorded a liability related to the tax savings it may realize from utilization of such deferred tax assets. Except for \$11 and \$1,331 of the current and non-current portions of the TRA, respectively, \$85,827 of the TRA liability was not recorded as of September 30, 2025. If utilization of the deferred tax asset subject to the TRA becomes more likely than not in the future, the Company will record a liability related to the TRA which will be recognized as expense within its consolidated statements of operations.

**Note 15 – Earnings (Loss) Per Share**

Basic earnings (loss) per share has been calculated by dividing net income (loss) attributable to Class A common stockholders by the weighted average number of shares of Class A common stock outstanding for the period. Diluted earnings (loss) per share of Class A common stock has been computed by dividing net income (loss) attributable to XPO Inc. by the weighted average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

Because a portion of XPO Holdings is owned by parties other than the Company, those parties participate in earnings and losses at the XPO Holdings level. Additionally, given the organizational structure of XPO Inc., a parallel capital structure exists at XPO Holdings such that the shares of XPO Holdings are redeemable on a one-to-one basis with the XPO Inc. shares. In order to maintain the one-to-one ratio, the preferred stock issued at the XPO Inc. level also exists at the XPO Holdings level. The Company applies the two-class method to allocate undistributed earnings or losses of XPO Holdings, and in doing so, determines the portion of XPO Holdings' income or loss that is attributable to the Company and accordingly reflected in income or loss available to common stockholders in the Company's calculation of basic earnings (loss) per share.

Due to the attribution of only a portion of the preferred stock dividends issued by XPO Holdings to the Company in first determining basic earnings (loss) per share at the subsidiary level, the amounts presented as net income (loss) attributable to noncontrolling interests and net income (loss) attributable to XPO Inc. presented below will not agree to the amounts presented on the condensed consolidated statement of operations.

Diluted earnings (loss) per share attributable to common stockholders adjusts the basic earnings or losses per share attributable to common stockholders and the weighted average number of shares of Class A common stock outstanding to give effect to potentially dilutive securities. The potential dilutive impact of redeemable Convertible Preferred shares and Class B common stock is evaluated using the as-if-converted method. Weighted average shares of Class B common stock were 13,664 and 13,928 for the three and nine months ended September 30, 2025, respectively, and 16,016 and 16,242 for the three and nine months ended September 30, 2024, respectively. The potentially dilutive impact of RSUs is calculated using the treasury stock method. Because the Company reported net losses for the periods presented, all potentially dilutive common stock equivalents are antidilutive and have been excluded from the calculation of diluted net loss per share.

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The following table presents the calculation of basic and diluted loss per share of Class A common stock:

|                                                                                           | Three months ended September 30, |             | Nine months ended September 30, |             |
|-------------------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------------|-------------|
|                                                                                           | 2025                             | 2024        | 2025                            | 2024        |
| <b>Numerator:</b>                                                                         |                                  |             |                                 |             |
| Net loss attributable to XPO Inc.                                                         | \$ (6,746)                       | \$ (18,149) | \$ (8,059)                      | \$ (36,242) |
| Less: net loss attributable to noncontrolling interests                                   | 2,419                            | 4,635       | 3,879                           | 14,182      |
| Less: dividends on preferred shares                                                       | (1,898)                          | (1,898)     | (5,694)                         | (5,911)     |
| Less: deemed contribution (dividend)                                                      | —                                | 6,094       | —                               | —           |
| Net loss attributable to XPO Inc. - basic and diluted                                     | (6,225)                          | (9,318)     | (9,874)                         | (27,971)    |
| <b>Denominator:</b>                                                                       |                                  |             |                                 |             |
| Weighted average shares of Class A common stock outstanding - basic and diluted           | 35,110                           | 32,177      | 34,669                          | 31,704      |
| Net loss per share attributable to Class A common stock - basic                           | \$ (0.18)                        | \$ (0.29)   | \$ (0.28)                       | \$ (0.88)   |
| Net loss per share attributable to Class A common stock - diluted                         | \$ (0.18)                        | \$ (0.29)   | \$ (0.28)                       | \$ (0.88)   |
| <b>Anti-dilutive shares excluded from diluted loss per share of Class A common stock:</b> |                                  |             |                                 |             |
| Restricted stock units                                                                    | 1,834                            | 2,077       | 1,834                           | 2,077       |
| Conversion of Class B common stock to Class A common stock                                | 13,663                           | 16,016      | 13,663                          | 16,016      |
| Convertible preferred stock                                                               | 8,112                            | 8,112       | 8,112                           | 8,112       |
| Treasury share options                                                                    | 75                               | 75          | 75                              | 75          |
| Rumble contingent shares                                                                  | 2,024                            | 2,024       | 2,024                           | 2,024       |

**Note 16 – Contingencies and Litigation**

**Litigation** – The Company has in the past been, is currently and expects to continue in the future to be a party to or involved in pre-litigation disputes, individual actions, putative class actions or other collective actions, U.S. and state government regulatory inquiries and investigations and various other legal proceedings arising in the normal course of its business, including with former or current employees, customers, franchisees, vendors, landlords or others. The Company intends to defend itself in any such matters. The Company believes that the ultimate determination of liability in connection with legal claims pending against it, if any, will not have a material adverse effect on its business, annual results of operations, liquidity or financial position, except for those matters discussed below. However, it is possible that the Company's business, results of operations, liquidity or financial condition could be materially affected in a particular future reporting period by the unfavorable resolution of one or more matters or contingencies during such period.

As of the end of each applicable reporting period, the Company reviews each of its legal proceedings and, where it is probable that a liability has been incurred, the Company accrues for all probable and reasonably estimable losses. The Company accrued for estimated legal liabilities, where appropriate, or settlement agreements to resolve legal disputes and recorded an aggregate accrual of \$29,545, and \$14,717, which was included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024, respectively.

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The Company maintains insurance coverage which may cover certain losses and legal costs incurred. When losses exceed the applicable policy deductible and realization of recovery of the loss from existing insurance policies is deemed probable, the Company records receivables from the insurance company for the excess amount. The Company recorded an insurance receivable of \$10,000, which was included in prepaid expenses and other current assets in the condensed consolidated balance sheet as of September 30, 2025. Additionally, during the nine months ended September 30, 2025, the Company received proceeds of \$24,750 in connection with its claims for insurance reimbursement for previous legal expenses. Both the insurance receivable as of September 30, 2025 and the cash proceeds received during the nine months ended September 30, 2025 were recognized within selling, general and administrative expenses in the condensed consolidated statements of operations for the nine months ended September 30, 2025. Various factors could affect the timing and amount of recovery and it is reasonably possible that the Company will need to adjust the estimate for insurance receivable or receive additional proceeds, exceeding its current estimated insurance receivable, based on new or additional information. These changes could be material to the operating results and financial position of the Company for the period in which the adjustments to the receivable are recorded or additional proceeds are received.

On November 22, 2023, former employees of a former franchisee of the Company filed a putative class action complaint in the United States District Court for the Southern District of Ohio, captioned Shannon McGill et al. v. Xponential Fitness LLC, et al., Case No. 2:23-cv-03909, against the Company, as well as against a former franchisee of the Company and the franchisee's legal entity, MD Pro Fitness, LLC. The complaint alleges violations of the Fair Labor Standards Act, as well as employment laws from different states in connection with the franchisee's owner-operated studio locations. The Company was served with the complaint on December 4, 2023. On April 4, 2025, the parties executed a settlement agreement and filed a motion seeking court approval of the settlement. By order dated June 18, 2025 (the "Order"), the court enumerated requisite changes to the settlement structure. On September 25, 2025, the parties filed the Second Amended Complaint with exhibits containing the settlement structure and agreement and the parties are currently awaiting approval. The Company recorded an accrual in anticipation of this settlement, which was included in accrued expenses in the condensed consolidated balance sheets as of September 30, 2025.

On February 9, 2024, a federal securities class action lawsuit was filed against the Company and certain of the Company's officers in the United States District Court for the Central District of California. The complaint alleged, among other things, violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder, regarding misstatements and/or omissions in certain of the Company's financial statements, press releases, and SEC filings made during the putative class period of July 26, 2021 through December 7, 2023. On July 26, 2024, plaintiffs filed an amended complaint, adding three Company directors as defendants, as well as the underwriters from the Company's April 6, 2022 secondary offering, additionally bringing claims under Sections 11, 12(a)(2), and 15 of the Securities Act, and alleging a putative class period of July 23, 2021 through May 10, 2024. The Company filed a motion to dismiss the amended complaint on October 8, 2024. On December 6, 2024, plaintiffs filed their opposition to the motion to dismiss and also filed a motion to supplement the amended complaint, attaching a proposed supplemental complaint. On February 18, 2025, the court granted plaintiffs' motion to supplement, denying defendants' pending motion to dismiss as moot. On February 28, 2025, plaintiffs filed the supplemental complaint. On April 15, 2025, Defendants filed their motion to dismiss the supplemental complaint. Instead of opposing Defendants' motion to dismiss, on May 6, 2025, plaintiffs filed an amended consolidated complaint, which, among other things, adds three new entity defendants to the claim under Section 20(a) of the Exchange Act. The Company filed a motion to dismiss the amended consolidated complaint on July 1, 2025 that is scheduled for hearing on December 3, 2025, as of the date of this Quarterly Report on Form 10-Q. The litigation is preliminary in nature and involves substantial uncertainties, and the Company believes that a loss is not probable or estimable at this time. However, there can be no assurance that such legal proceedings will not have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

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On March 10, 2024, a shareholder derivative lawsuit was filed in the United States District Court for the Central District of California by Gideon Akande, allegedly on behalf of Xponential Fitness, Inc., against certain current officers and directors as defendants, and Xponential Fitness, Inc., as nominal defendant, for alleged wrongdoing committed by the individual defendants from July 26, 2021 to December 7, 2023. Plaintiff alleges claims for breach of fiduciary duty, unjust enrichment, gross mismanagement, abuse of control, waste of corporate assets, violations of Section 14(a) of the Exchange Act, violations of Sections 20(a) and 10(b) and Rule 10b-5 of the Exchange Act, and against Anthony Geisler, the Company's former Chief Executive Officer, and John Meloun, the Company's Chief Financial Officer, for contribution or indemnification under Sections 10(b) and 21D of the Exchange Act. Plaintiffs seek, inter alia, damages with pre- and post-judgment interest, and an order directing the Company and the individual defendants to improve the Company's corporate governance, and restitution by the individual defendants. On April 3, 2024, the court entered an Order granting the parties' Joint Stipulation to Stay Proceedings, which stayed the proceeding pending final resolution of the securities class action. On May 10, 2024, a second derivative lawsuit was filed in the United States District Court for the Central District of California by Patrick Ayers, purportedly on behalf of Xponential Fitness, Inc., alleging similar claims as the Akande action. On June 24, 2024, the court stayed the Ayers action pending resolution of the securities class action and consolidated the proceedings with the Gideon Akande derivative lawsuit. On February 10, 2025, a third derivative lawsuit was filed in the United States District Court for the Central District of California by Stefanie Nelson, purportedly on behalf of Xponential Fitness, Inc., alleging similar claims as the consolidated Akande and Ayers action. On March 31, 2025, the court consolidated the Nelson action with the previously consolidated Akande and Ayers action. On July 21, 2025, the Company received a shareholder demand making allegations similar to those made by Ayers, Akande and Nelson. The litigation is preliminary in nature and involves substantial uncertainties and the Company believes that a loss is not probable or estimable at this time. However, there can be no assurance that such legal proceedings will not have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

On November 2, 2023, the Company received a letter from plaintiffs' counsel purporting to represent unspecified current and former franchisees requesting settlement discussions. On July 31, 2024, plaintiffs' counsel provided the Company with a list of approximately 250 current and former franchisees, certain of which franchisees consist of more than one individual, that it claimed to represent in this matter. The franchisees allege they were aggrieved by purported misstatements and omissions by the Company or an affiliate thereof. On January 7, 2025, plaintiffs added 50 additional current and former franchisees to their prior list. On April 22, 2025, as a result of mediation, the parties agreed in principle to settle this matter, on behalf of a class of all non-opt-out franchisees for \$25,000. The parties remain in negotiations regarding the proposed settlement structure and other material terms, including the final settlement amount. The Company recorded an accrual in anticipation of this settlement, which is included in the Company's aggregate accrual discussed above.

On February 21, 2025, the Company received a complaint on behalf of a putative nationwide class alleging violations of the Telephone Consumer Protection Act. The matter was settled on June 24, 2025 for \$18.

**Government investigations** – On December 5, 2023, the Company was contacted by the Securities and Exchange Commission (the "SEC"), requesting that the Company provide it with certain information and documents. The Company received notice on May 7, 2024 of an investigation by the U.S. Attorney's Office for the Central District of California (the "USAO"). On July 29, 2024, the Company received a civil investigative demand from the United States Federal Trade Commission (the "FTC"). On December 12, 2024, the Company received a subpoena from the Office of the Attorney General of the State of New York (the "NYAG"). On July 1, 2025, the SEC informed the Company that it had concluded its investigation without action. The Company intends to cooperate fully with the USAO, FTC, and NYAG in these investigations, and the Company has incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with matters relating to or arising from these investigations. At this stage, the Company is unable to assess whether any material loss or adverse effect is reasonably possible as a result of these investigations or estimate the range of any potential loss.

**Other regulatory matters** – As previously disclosed, the Company received notice of an investigation from the State of Washington's Department of Financial Institutions ("DFI") related to the Company's compliance with Washington state franchise laws. On August 12, 2025, without admission of wrongdoing, the Company entered into a Consent Order with DFI to resolve the matter. As part of the Consent Order, the Company paid \$5 to reimburse DFI for investigation costs (which was the only monetary component of the settlement) and agreed to desist and refrain from violating applicable franchise laws.

In addition, the Office of the Attorney General of the State of Maryland ("MAG") and the Virginia Division of Securities and Retail Franchising ("VDSRF") have previously contacted the Company regarding compliance with applicable franchise laws. Discussions with MAG and VDSRF are ongoing.

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(amounts in thousands, except per share amounts)

**Contingent consideration from acquisitions** – In connection with the Reorganization Transactions, the Parent merged with and into the Member. The Company recorded contingent consideration equal to the fair value of the shares issued in connection with the Rumble acquisition of \$23,100 and a \$10,600 receivable from shareholder for debt financing provided to the Rumble Seller. The shares issued to the Rumble Seller are treated as a liability on the Company's balance sheet as they are subject to vesting conditions. The fair value of the contingent consideration is measured at estimated fair value using a Monte Carlo simulation analysis, which represents a Level 3 measurement. During the three and nine months ended September 30, 2025, the Company recorded an increase (decrease) of \$3,072 and \$(7,503) to contingent consideration, respectively, which was recorded as acquisition and transaction expense (income). During the three and nine months ended September 30, 2024 the Company recorded an increase of \$3,797 and \$7,042 to contingent consideration, respectively, which was recorded as acquisition and transaction expense (income). At September 30, 2025 and December 31, 2024, contingent consideration of \$9,802 and \$17,305 was recorded as contingent consideration from acquisitions in the condensed consolidated balance sheets, respectively.

In connection with the October 2021 acquisition of BFT, the Company agreed to pay contingent consideration to the Seller consisting of quarterly cash payments based on the sales of the franchise system and equipment packages in the U.S. and Canada, as well as a percentage of royalties collected by the Company, provided that aggregate minimum payments of \$5,000 AUD (approximately \$3,694 USD based on the currency exchange rate as of the purchase date) are required to be paid to the Seller for the two-year period ended December 31, 2023. The aggregate amount of such payments is subject to a maximum of \$14,000 AUD (approximately \$10,342 USD based on the currency exchange rate as of the purchase date). At the acquisition date, the Company determined that the fair value of the estimated contingent consideration liability was \$9,388. The Company recorded a change to contingent consideration of \$0 and \$2 during the three and nine months ended September 30, 2025, respectively, and \$31 and \$108 during the three and nine months ended September 30, 2024, respectively, which was recorded as interest expense. The Company recorded additional contingent consideration of \$(1) and \$5 during the three and nine months ended September 30, 2025, respectively, and \$(302) and \$(950) during the three and nine months ended September 30, 2024, respectively, which was recorded as acquisition and transaction expense (income). The Company paid no contingent consideration during the three and nine months ended September 30, 2025 and 2024. At September 30, 2025 and December 31, 2024, contingent consideration was \$131 and \$124 recorded as accrued expenses, respectively, in the condensed consolidated balance sheets.

In connection with the January 2024 acquisition of Lindora, the Company agreed to pay contingent consideration to the seller subject to the achievement of certain milestones. Payment of additional consideration is contingent on Lindora reaching two milestones based on a certain gross sales target and the number of operating clinics during the 15-month and 24-month period following the acquisition date, respectively. At the acquisition date, the Company determined that the fair value of the estimated contingent consideration liability was \$446. The contingent consideration remains payable notwithstanding the divestiture of the brand. The Company recorded additional contingent consideration of \$16 and \$62 during the three and nine months ended September 30, 2025, respectively, and \$27 and \$61 during the three and nine months ended September 30, 2024, respectively, which was recorded as interest expense. The Company recorded a change to contingent consideration of \$1 and \$16 during the three and nine months ended September 30, 2025, respectively, and \$169 and \$342 during the three and nine months ended September 30, 2024, respectively, which was recorded as acquisition and transaction expense. In addition, the Company paid contingent consideration of \$500 during the nine months ended September 30, 2025, and \$0 during the nine months ended September 30, 2024. At September 30, 2025 and December 31, 2024, contingent consideration was \$460 and \$457 recorded as accrued expenses, respectively, and \$0 and \$424 recorded as contingent consideration from acquisitions, respectively, in the condensed consolidated balance sheets.

**Letter of credit** – In July 2022, the Company entered into an agreement with a third-party financing company, who provides loans to the Company's qualified franchisees, pursuant to which the Company serves as guarantor for such loans. In addition, the Company issued a \$750 standby letter of credit in connection therewith, which represents a portion of the Company's potential aggregate liability under the guaranty. The standby letter of credit is contingent upon the failure of franchisees to perform according to the terms of underlying contracts with the third party. The Company deposited cash in a restricted account as collateral for the standby letter of credit. The Company has determined the fair value of these guarantees at inception was not material, and as of September 30, 2025 and December 31, 2024, a \$815 and \$150 accrual has been recorded for the Company's probable obligation under its guaranty arrangement, respectively, which is included in accrued expenses in the condensed consolidated balance sheets.

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

**Lease guarantees** – The Company has guaranteed lease agreements for certain franchisees. The Company’s potential obligation, as a result of its guarantees of leases, is approximately \$3,501 and \$3,617 as of September 30, 2025 and December 31, 2024, respectively, and would only require payment upon default by the primary obligor. The Company has determined the fair value of these guarantees at inception is not material, and as of September 30, 2025 and December 31, 2024, a \$1,179 and \$2,034 accrual has been recorded for the Company’s potential obligation under its guaranty arrangement, respectively.

**Note 17 – Restructuring**

In the third quarter of 2023, the Company began a restructuring plan that involves exiting company-owned transition studios and other measures designed to reduce costs to achieve the Company’s long-term margin goals and focus on pure franchise operations. The plan was approved and initiated in the third quarter of 2023 and is expected to continue throughout 2025; however, the ultimate timing of the completion of the restructuring plan will depend on lease termination negotiations. During the fourth quarter of 2023 the Company’s restructuring plan was expanded due to the addition of Rumble company-owned transition studios to the restructuring plan and a refranchising plan that was terminated by the Company due to the franchisor’s non-compliance with the franchise agreements and the subsequent closure of certain studios. This refranchise termination resulted in the Company incurring losses for contract termination expenses, other expenses associated with exiting the studios, and loss contingencies related to the franchisor’s unpaid payroll. The Company expects to recognize additional restructuring charges throughout 2025 totaling between approximately \$7,300 to \$11,000 for rent expense, including amortization of the right-of-use assets and accretion of the operating lease liability, lease termination gains or losses, and other variable lease costs related to company-owned transition studios and other restructuring charges. The Company is negotiating lease terminations for operating leases for certain studios for which the Company has lease liabilities recorded and the expected cash payments and expenses to exit the lease may be greater than expected rent expense for that period, depending on the outcome of lease termination negotiations.

The components of the restructuring charges were as follows:

|                                                                               | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|-------------------------------------------------------------------------------|----------------------------------|------------------|---------------------------------|------------------|
|                                                                               | 2025                             | 2024             | 2025                            | 2024             |
| Impairment and accelerated amortization of right-of-use assets                | \$ 4,104                         | \$ 4,323         | \$ 6,577                        | \$ 4,323         |
| Contract termination and other associated costs                               | (189)                            | 127              | 444                             | 732              |
| Loss on lease terminations and sale or disposal of assets, net <sup>(1)</sup> | 1,506                            | 5,416            | 1,932                           | 10,033           |
| Other restructuring costs                                                     | 847                              | 2,319            | 1,244                           | 6,341            |
| Total restructuring charges, net                                              | <u>\$ 6,268</u>                  | <u>\$ 12,185</u> | <u>\$ 10,197</u>                | <u>\$ 21,429</u> |

(1) Loss on lease termination and sale or disposal of assets represents net losses on studio lease terminations and sales or disposal of studio assets primarily related to studio property and equipment. Amount for the three and nine months ended September 30, 2025 is net of, among other things, a \$4,448 and \$5,142 gain, respectively, on lease termination related to a lease for which the Company had previously recognized an impairment on the related right-of-use asset. Amount for the three and nine months ended September 30, 2024 is net of, among other things, a \$0 and \$4,057 gain, respectively, on lease termination related to a lease for which the Company had recognized accelerated right-of-use asset amortization.

The restructuring charges are recorded within the following financial statement captions on the Company’s condensed consolidated statements of operations:

|                                                    | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|----------------------------------------------------|----------------------------------|------------------|---------------------------------|------------------|
|                                                    | 2025                             | 2024             | 2025                            | 2024             |
| Costs of product revenue                           | \$ —                             | \$ —             | \$ —                            | \$ 113           |
| Selling, general and administrative expenses       | 2,164                            | 7,862            | 3,620                           | 16,993           |
| Impairment of goodwill and other noncurrent assets | 4,104                            | 4,323            | 6,577                           | 4,323            |
| Total restructuring charges, net                   | <u>\$ 6,268</u>                  | <u>\$ 12,185</u> | <u>\$ 10,197</u>                | <u>\$ 21,429</u> |

The following table provides the components of and changes in the Company’s restructuring charges, included in accounts payable and accrued expenses on the condensed consolidated balance sheets:

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

|                               |    |              |
|-------------------------------|----|--------------|
| Balance at December 31, 2024  | \$ | 5,235        |
| Charges incurred              |    | 3,845        |
| Payments                      |    | (6,164)      |
| Balance at September 30, 2025 | \$ | <u>2,916</u> |

**Note 18 – Segment Information**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) for purposes of making operating decisions, allocating resources to an individual segment and in assessing performance. The Company’s Chief Executive Officer is the Company’s CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance. As such, the Company has determined that it operates in one reportable and operating segment. The Company’s reportable segment is the Company’s franchise business of its health and wellness brands which require similar technology and operating strategies. The CODM evaluates the operating results through consolidated net income (loss). The CODM uses consolidated net income (loss) predominantly in the annual budget and forecasting process and to monitor budget-to-actual variances on a monthly basis in order to assess performance and allocate resources.

The Company generated \$2,384 and \$7,732 of revenue outside of the United States during the three and nine months ended September 30, 2025, respectively, and \$3,808 and \$10,898 during the three and nine months ended September 30, 2024, respectively. Revenue generated outside of the United States is primarily from franchise development fees and franchise royalty fees earned from master franchisees. As of September 30, 2025 and 2024, the Company did not have material assets located outside of the United States.

The following table presents the financial information for the Company’s one reportable and operating segment:

|                                                        | <b>Three Months Ended September 30,</b> |                    | <b>Nine months ended September 30,</b> |                    |
|--------------------------------------------------------|-----------------------------------------|--------------------|----------------------------------------|--------------------|
|                                                        | <b>2025</b>                             | <b>2024</b>        | <b>2025</b>                            | <b>2024</b>        |
| Total revenue, net                                     | \$ 78,824                               | \$ 80,530          | \$ 231,915                             | \$ 237,126         |
| Less:                                                  |                                         |                    |                                        |                    |
| Costs of product revenue                               | 10,246                                  | 17,287             | 32,723                                 | 45,786             |
| Costs of franchise and service revenue                 | 7,047                                   | 4,867              | 15,099                                 | 15,748             |
| Marketing and promotion                                | 757                                     | 1,312              | 3,323                                  | 5,536              |
| Salary and wages                                       | 11,324                                  | 10,067             | 33,351                                 | 32,306             |
| Professional services (including legal and accounting) | 2,885                                   | 15,292             | 27,556                                 | 30,478             |
| Rent and occupancy                                     | 1,526                                   | 4,871              | 4,805                                  | 13,058             |
| Marketing fund expense                                 | 8,983                                   | 6,423              | 27,195                                 | 20,785             |
| Acquisition and transaction expenses (income)          | 3,071                                   | 3,664              | (7,482)                                | 6,962              |
| Other segment items <sup>(1)</sup>                     | 4,001                                   | 9,689              | 17,115                                 | 26,186             |
| Equity-based compensation                              | 2,394                                   | 4,983              | 8,341                                  | 13,121             |
| Depreciation and amortization                          | 3,679                                   | 4,226              | 9,608                                  | 13,179             |
| Impairment of goodwill and other noncurrent assets     | 17,568                                  | 4,505              | 32,411                                 | 16,594             |
| Interest income                                        | (1,094)                                 | (481)              | (2,414)                                | (1,231)            |
| Interest expense                                       | 12,917                                  | 11,843             | 37,280                                 | 34,644             |
| Income taxes                                           | 266                                     | 131                | 1,063                                  | 216                |
| Segment net income (loss)                              | <u>\$ (6,746)</u>                       | <u>\$ (18,149)</u> | <u>\$ (8,059)</u>                      | <u>\$ (36,242)</u> |

(1) Other segment items include restructuring expenses of \$1,318 and \$2,376 for the three and nine months ended September 30, 2025, respectively, and \$5,542 and \$10,472 for the three and nine months ended September 30, 2024, respectively. Other segment items also include travel expenses, insurance expense, TRA expense, and other selling, general and administrative expenses.

**Xponential Fitness, Inc.**

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
(amounts in thousands, except per share amounts)

**Note 19 – Subsequent events**

In October 2025, the Rumble Sellers made a partial payment of \$2,435 toward receivable from shareholder.

In October 2025, the Company initiated a headcount related Reduction in Force (“RIF”) that is designed to reduce operating costs, drive efficiencies and enable investment for potential long-term growth. The Company expects to incur approximately \$850 of costs in the fourth quarter of 2025, primarily related to termination charges arising from severance obligations.

In November 2025, the \$5,000 note receivable related to the divestiture of CycleBar and Rumble brands was collected in full.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements reflect, among other things, our current expectations and anticipated results of operations, all of which are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, market trends, or industry results to differ materially from those expressed or implied by such forward-looking statements. Therefore, any statements contained herein that are not statements of historical fact may be forward-looking statements and should be evaluated as such. Without limiting the foregoing, the words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "should," "would," "could," "will," "likely" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes thereto and the other financial information included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2024. Our actual results and timing may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the section titled "Factors Affecting Our Results of Operations" and "Risk Factors" and in our Annual Report on Form 10-K for the year ended December 31, 2024.*

*The following Management's Discussion and Analysis gives effect to the correction of the Company's condensed consolidated financial statements for the three and nine months ended September 30, 2024, as more fully described in Note 2 of Notes to Condensed Consolidated Financial Statements.*

### Overview

Xponential Fitness LLC ("XPO LLC"), the principal operating subsidiary of Xponential Fitness, Inc. ("XPO Inc."), and together with its subsidiaries, (the "Company" or "we," "us," and "our"), is one of the leading global franchisors of boutique health and wellness brands. Pursuant to a reorganization into a holding company structure, the Company is a holding company with its principal asset being a 71.9% ownership interest in XPO LLC through its ownership interest in Xponential Intermediate Holdings, LLC ("XPO Holdings").

We operate a diversified platform of five brands spanning across verticals including Pilates, barre, stretching, strength training and yoga. In partnership with its franchisees and master franchisees, XPO LLC offers energetic, accessible, and personalized workout experiences led by highly qualified instructors in studio locations throughout North America and internationally, with franchise, master franchise and international expansion agreements in 49 U.S. states, Puerto Rico and 30 additional countries as of September 30, 2025. The Company's portfolio of brands includes Club Pilates, the largest Pilates brand in the United States; StretchLab, a concept offering one-on-one and group stretching services; 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; and BFT, a functional training and strength-based program.

As of September 30, 2025, 2,575 studios were open in North America (consists of Canada, the United States and U.S. Territories) and franchisees were contractually committed to open 1,042 additional studios under existing franchise agreements. In addition, as of September 30, 2025, we had 491 studios open internationally and our master franchisees were contractually obligated to sell licenses to franchisees to open an additional 746 new studios, of which master franchisees have sold 204 licenses for studios not yet opened as of September 30, 2025.

During the nine months ended September 30, 2025 and 2024, we generated revenue outside the United States of \$7.7 million and \$10.9 million, respectively. As of September 30, 2025 and December 31, 2024, we did not have material assets located outside of the United States. No franchisee accounted for more than 5% of our revenue. We operate in one segment for financial reporting purposes.

## **Recent Developments**

### ***Appointment of new Chief Executive Officer and Director***

On August 7, 2025, we announced that our board of directors had unanimously appointed Mr. Mike Nuzzo as Chief Executive Officer effective August 7, 2025. Mr. Nuzzo also joined our board of directors. Mr. Nuzzo succeeds Mark King, who chose to retire from his position as Chief Executive Officer and as a member of our board of directors, also effective August 7, 2025. On July 30, 2025, we entered into an employment agreement with Mr. Nuzzo in connection with his appointment as Chief Executive Officer, to be effective as of August 7, 2025. Mr. Nuzzo brings more than 25 years of executive leadership in the retail and consumer services sectors across strategic, operational, financial, and growth-focused disciplines.

### ***Lindora divestiture***

On September 19, 2025, we entered into an agreement with a buyer to divest the Lindora brand, including the intellectual property, franchise rights and franchise agreements for open studios, and retained certain liabilities, including liabilities related to known litigation, pre-litigation, and disputes as of the closing of the divestiture. We will receive total consideration of up to \$6.0 million based on 7% of the monthly cash-basis gross revenue of the legacy studio locations, which was recorded at the estimated fair value of \$3.8 million at the divestiture date. We believe the divestiture allows us to better focus and utilize our resources on our core brands and other opportunities which better align with our long-term strategies.

### ***Rumble and CycleBar divestiture***

On July 24, 2025, we entered into an agreement with a buyer to divest the CycleBar and Rumble brands, including the intellectual property, franchise rights and franchise agreements for open studios, and retained certain liabilities, including liabilities related to known litigation, pre-litigation, and disputes as of the closing of the divestiture. We will receive total consideration of \$7.0 million, of which \$2.0 million was received in the three months ended September 30, 2025. We believe the divestiture allows us to better focus and utilize our resources on our core brands and other opportunities which better align with our long-term strategies.

### ***Retail supply agreement***

On July 3, 2025, we and Fit Commerce, a California Corporation ("FC"), entered into a Retail Supply Agreement (the "Agreement") to be effective as of December 1, 2025 (the "Effective Date"). The Agreement relates to the outsourcing of our retail merchandising, including the manufacturing and distribution, of any retail item sold by a franchisee, subject to terms and conditions outlined in the Agreement. In addition, FC has agreed to purchase our existing retail inventory, subject to certain exceptions, no later than the Effective Date of the Agreement. This strategic initiative shifts management of the franchisee retail experience from our in-house teams to a dedicated e-commerce provider, allowing us to focus on core business priorities.

Pursuant to the Agreement, FC will pay us domestic and foreign commissions as well as direct-to-customer commissions (each, a "Commission" and collectively, "Commissions") in connection with the sale of products to us or our franchisees. The domestic Commissions will be paid by FC to us based on each contract year (prorated for any partial contract year) in a minimum aggregate amount of approximately \$50 million over the five-year period subject to certain adjustments provided in the Agreement.

Additionally, pursuant to the Agreement, FC is required to satisfy certain financing conditions (the "Financing Conditions"). We are in the process of confirming whether all of such Financing Conditions have been met.

### ***Paused offering or selling franchises***

On April 26, 2024, we received a request for information from the Office of the Attorney General of the State of Maryland related to our compliance with Maryland's Franchise Registration and Disclosure Law. As a result of the inquiry, we have been unable to offer and sell franchises in Maryland, except in cases where an exemption permitted sales to persons who met specific criteria. The Maryland matter is ongoing. We are aware of an investigation being conducted by the Office of the Attorney General of the State of New York, and we are in discussions with the Virginia Division of Securities and Retail Franchising, each regarding the Company's compliance with applicable franchise laws. Additionally, we previously received notice of an investigation from the State of Washington's Department of Financial Institutions ("DFI") related to our compliance with Washington state franchise laws. On August 12, 2025, without admission of wrongdoing, we entered into a consent order with DFI to resolve the matter.

In March 2025, the 2025 Franchise Disclosure Documents (“FDDs”) were issued, and then amended in August 2025, for the BFT, Club Pilates, CycleBar, Pure Barre, Rumble, Stretch Lab, and Yoga Six franchise programs. The franchisors can offer and sell franchises in all states other than Illinois (in the case of Club Pilates only) and Maryland using the 2025 FDDs (except for Rumble and CycleBar due to the divestiture discussed above). The inability to sell licenses for an extended period has slowed growth and could result in a reduction in anticipated royalty or franchise revenue, which in turn may materially and adversely affect our business, results of operations, cash flows and financial condition.

### ***Restructuring Plan***

In the third quarter of 2023, we began a restructuring plan that involves exiting company-owned transition studios and other measures designed to reduce costs to achieve our long-term margin goals and focus on pure franchise operations. The plan was approved and initiated in the third quarter of 2023 and is expected to continue throughout 2025; however, the ultimate timing of the completion of our restructuring plan will depend on lease termination negotiations. During the fourth quarter of 2023 our restructuring plan was expanded due to the addition of Rumble company-owned transition studios to the restructuring plan and a refranchising plan that was terminated by the Company due to the franchisor’s non-compliance with the franchise agreements and the subsequent closure of certain studios. This refranchise termination resulted in us incurring losses for contract termination expenses, other expenses associated with exiting the studios, and loss contingencies related to the franchisor’s unpaid payroll. During the three and nine months ended September 30, 2025, we recognized total restructuring charges of \$6.3 million, net of gains, and \$10.2 million, net of gains, respectively, primarily for contract termination and other associated costs, loss (gain) on lease terminations and sale or disposal of assets, impairment of right-of-use assets and other restructuring charges.

We expect to recognize additional restructuring charges throughout 2025 totaling between approximately \$7.3 million to \$11.0 million for rent expense, including amortization of the right-of-use assets and accretion of the operating lease liability, lease termination gains or losses, and other variable lease costs related to company-owned transition studios and other restructuring charges. We are considering subleases or negotiating lease terminations for operating leases for certain studios for which we have lease liabilities recorded and the expected cash payments and expenses to exit the lease may be greater than expected rent expense for that period, depending on the outcome of lease negotiations. Cash outflows related to these lease terminations are expected to be incurred throughout 2025.

Once completed, we estimate annualized savings of approximately \$13.5 million to \$15.5 million as a result of the restructuring plan. However, we may not be able to fully realize the cost savings and benefits initially anticipated from the restructuring plan, as we may not be able to reach agreement with contractual counterparties or the charges may be greater than expected. Any reduction in the amount of annualized savings we expect to achieve would negatively impact our business. See Note 17 of Notes to Condensed Consolidated Financial Statements for additional information.

### **Factors Affecting Our Results of Operations**

In addition to the impact of the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, we believe that the most significant factors affecting our results of operations include:

•***Licensing new qualified franchisees, selling additional licenses to existing franchisees and opening studios.*** Our growth depends upon our ability to successfully license new studios to new and existing franchisees. We believe our success in attracting new franchisees and expanding our relationships with our existing franchisees has resulted from our diverse offering of attractive brands, corporate level support, training provided to franchisees and the opportunity to realize attractive returns on their invested capital. We also believe our significant investments in centralized systems and infrastructure help support new and existing franchisees. To continue to attract qualified new franchisees, sell additional studios to existing franchisees and assist franchisees in opening their studios, we plan to continue to invest in our brands to enable them to deliver positive consumer experiences and in our integrated services at the brand level to support franchisees.

•***Timing of studio openings.*** Our revenue growth depends to a significant extent on the number of studios that are open and operating. Many factors affect whether a new studio will be opened on time, if at all, including the availability and cost of financing, selection and availability of suitable studio locations, delays in hiring personnel as well as any delays in equipment delivery or installation. To the extent franchisees are unable to open new studios on the timeline we anticipate, or at all, we will not realize the revenue growth that we expect. We believe our investments in centralized systems and infrastructure, including real estate site selection, studio build-out and design assistance help enable franchisees to open studios in a timely manner, and we plan to continue to invest in our systems to continue to provide assistance during the opening process.

•**Increasing same store sales.** Our long-term revenue prospects are driven in part by franchisees’ ability to increase same store sales (discussed below). Several factors affect our same store sales in any given period, including the number of stores that have been in operation for a significant period of time, growth in total memberships and marketing and promotional efforts. We expect to continue to seek to grow same store sales and Average Unit Volumes (“AUVs”) by helping franchisees acquire new members, increase studio utilization and drive increased spend from consumers. We also intend to expand ancillary revenue streams, such as our digital platform offerings and retail merchandise.

•**International and domestic expansion.** We continue to invest in increasing the number of franchisees outside of North America. We have developed strong relationships and executed committed development contracts with master franchisees to propel our international growth. We plan to continue to invest in these relationships and seek new relationships and opportunities, including through acquisitions and partnerships, in countries that we have targeted for expansion. In the U.S., we may from time to time consider acquisition of and partnership with certain complimentary assets or businesses that can enhance and expand our brands and operations.

•**Demand and competition for consumer income.** Our revenue and future success will depend in part on the attractiveness of our brands and the services provided by franchisees relative to other fitness and entertainment options available to consumers. Our franchisees’ AUVs are dependent upon the performance of studios and may be impacted by reduced capacity as a result of various factors, including shifting consumer demand and behavior for fitness services. Macroeconomic factors such as inflation and recession, and economic factors affecting a particular geographic territory, may also increase competition for discretionary income, impact the returns generated by franchisees and therefore impact our operating results.

## Key Performance Indicators

In addition to our financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), we regularly review the following key metrics to measure performance, identify trends, formulate financial projections, compensate our employees, and monitor our business. While we believe that these metrics are useful in evaluating our business, other companies may not use similar metrics or may not calculate similarly titled metrics in a consistent manner.

All metrics in this “Key Performance Indicators” section are presented on an adjusted basis to reflect historical information of Lindora prior to the acquisition by the Company in January 2024 and on an adjusted basis to remove historical information of Stride and Row House prior to their divestitures by the Company in February 2024 and May 2024, respectively, CycleBar and Rumble prior to their divestitures by the Company in July 2025, and Lindora prior to its divestiture in September 2025. Historical information has not been adjusted to reflect the wind down of AKT. All references to these metrics in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” use this same basis of reporting, unless noted otherwise.

The following table sets forth our key performance indicators for the three and nine months ended September 30, 2025 and 2024:

|                                                                                                        | Three Months Ended September 30,<br>2025 |         | 2024 |         | Nine months ended September 30,<br>2025 |           | 2024 |           |
|--------------------------------------------------------------------------------------------------------|------------------------------------------|---------|------|---------|-----------------------------------------|-----------|------|-----------|
|                                                                                                        | (\$ in thousands)                        |         |      |         | (\$ in thousands)                       |           |      |           |
| System-wide sales                                                                                      | \$                                       | 432,184 | \$   | 391,401 | \$                                      | 1,299,452 | \$   | 1,125,772 |
|                                                                                                        |                                          | 78      |      |         |                                         |           |      |           |
| Number of new studio openings globally, gross                                                          |                                          |         |      | 116     |                                         | 263       |      | 315       |
| Number of studios operating globally (cumulative total as of period end)                               |                                          | 3,066   |      | 2,831   |                                         | 3,066     |      | 2,831     |
| Number of licenses sold globally (cumulative total as of period end)                                   |                                          | 5,318   |      | 5,146   |                                         | 5,318     |      | 5,146     |
| Number of licenses contractually obligated to open internationally (cumulative total as of period end) |                                          | 746     |      | 817     |                                         | 746       |      | 817       |
| AUV (LTM as of period end)                                                                             | \$                                       | 701     | \$   | 666     | \$                                      | 701       | \$   | 666       |
| Quarterly AUV (run rate)                                                                               | \$                                       | 668     | \$   | 654     |                                         | NA        |      | NA        |
| Same store sales growth                                                                                |                                          | (1%)    |      | 6%      |                                         | 2%        |      | 8%        |

The following tables present additional information related to our studio and license key performance indicators for the three and nine months ended September 30, 2025 and 2024:

|                                                         | Three Months Ended September 30, |               |        |                    |               |        |
|---------------------------------------------------------|----------------------------------|---------------|--------|--------------------|---------------|--------|
|                                                         | 2025                             |               |        | 2024               |               |        |
|                                                         | North America                    | International | Global | North America      | International | Global |
| Total operating studios:                                |                                  |               |        |                    |               |        |
| Studios operating at beginning of period                | 2,538                            | 482           | 3,020  | 2,338              | 417           | 2,755  |
| New studio openings, net                                | 37                               | 9             | 46     | 64                 | 12            | 76     |
| Studios operating at end of period                      | 2,575                            | 491           | 3,066  | 2,402              | 429           | 2,831  |
| Franchise licenses sold:                                |                                  |               |        |                    |               |        |
| Franchise licenses sold (total beginning of period)     | 4,394                            | 875           | 5,269  | 4,329              | 755           | 5,084  |
| New franchise license sales                             | 16                               | 33            | 49     | 36                 | 26            | 62     |
| Franchise licenses sold (total end of period)           | 4,410                            | 908           | 5,318  | 4,365              | 781           | 5,146  |
| Studios obligated to open internationally under MFAs:   | September 30, 2025               |               |        | September 30, 2024 |               |        |
| Gross studios obligated to open under MFAs              | 1,221                            |               |        | 1,230              |               |        |
| Less: studios opened under MFAs                         | 475                              |               |        | 413                |               |        |
| Remaining studios obligated to open under MFAs          | 746                              |               |        | 817                |               |        |
| Licenses sold by master franchisees, net <sup>(1)</sup> | 204                              |               |        | 202                |               |        |

(1)Reflects the number of licenses for studios which have already been sold, but not yet opened, by master franchisees under master franchise agreements, net of terminations.

|                                                                                            | Nine Months Ended September 30, |               |        |                    |               |        |
|--------------------------------------------------------------------------------------------|---------------------------------|---------------|--------|--------------------|---------------|--------|
|                                                                                            | 2025                            |               |        | 2024               |               |        |
|                                                                                            | North America                   | International | Global | North America      | International | Global |
| Total operating studios:                                                                   |                                 |               |        |                    |               |        |
| Studios operating at beginning of period                                                   | 2,446                           | 450           | 2,896  | 2,222              | 390           | 2,612  |
| New studio openings, net                                                                   | 129                             | 41            | 170    | 180                | 39            | 219    |
| Studios operating at end of period                                                         | 2,575                           | 491           | 3,066  | 2,402              | 429           | 2,831  |
| Franchise licenses sold:                                                                   |                                 |               |        |                    |               |        |
| Franchise licenses sold (total beginning of period)                                        | 4,376                           | 816           | 5,192  | 4,210              | 675           | 4,885  |
| New franchise license sales                                                                | 34                              | 92            | 126    | 155                | 106           | 261    |
| Franchise licenses sold (total end of period)                                              | 4,410                           | 908           | 5,318  | 4,365              | 781           | 5,146  |
| Development fee payments on future franchise licenses:                                     |                                 |               |        |                    |               |        |
| Development fee payments on future franchise licenses (total end of period) <sup>(1)</sup> | 74                              | —             | 74     | —                  | —             | —      |
| Studios obligated to open internationally under MFAs:                                      | September 30, 2025              |               |        | September 30, 2024 |               |        |
| Gross studios obligated to open under MFAs                                                 | 1,221                           |               |        | 1,230              |               |        |
| Less: studios opened under MFAs                                                            | 475                             |               |        | 413                |               |        |
| Remaining studios obligated to open under MFAs                                             | 746                             |               |        | 817                |               |        |
| Licenses sold by master franchisees, net <sup>(2)</sup>                                    | 204                             |               |        | 202                |               |        |

(1)Reflects the number of development fee payments on future franchise licenses received by us and unused under multi-unit agreements as of period end. The number of development fee payments on future franchise licenses is not included in the franchise licenses sold count.

(2)Reflects the number of licenses for studios which have already been sold, but not yet opened, by master franchisees under master franchise agreements, net of terminations.

### ***System-Wide Sales***

System-wide sales represent gross sales by all studios in North America. System-wide sales includes sales by franchisees that are not revenue realized by us in accordance with GAAP. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, this operating metric relates to our revenue because we receive approximately 7% and 2% of the sales by franchisees as royalty revenue and marketing fund revenue, respectively. We believe that this operating measure aids in understanding how we derive our royalty revenue and marketing fund revenue and is important in evaluating our performance. System-wide sales growth is driven by new studio openings and increases in same store sales. Management reviews system-wide sales weekly, which enables us to assess changes in our franchise revenue, overall studio performance, the health of our brands and the strength of our market position relative to competitors.

### ***New Studio Openings***

The number of new studio openings reflects the number of studios opened during a particular reporting period. We consider a new studio to be open once the studio begins offering classes. Opening new studios is an important part of our growth strategy. New studios may not generate material revenue in the early period following an opening and their revenue may not follow historical patterns. Management reviews the number of new studio openings in order to help forecast operating results and to monitor studio opening processes.

### ***Studios No Longer Operating***

A studio is considered no longer operating and excluded from the total number of studios operating if (a) the Company has reason to believe, after reasonable inquiry, that the studio is permanently closed, with no plans for re-opening or relocation, or (b) it has no sales for nine consecutive months or more, whichever comes first. If a studio deemed to be no longer operating subsequently generates sales at a future date, it re-enters the operating studio count (and the number of studios no longer operating is reduced). Studios classified as no longer operating are deemed permanently closed. Furthermore, studios no longer operating also includes de-branded studios (studios that exit our franchise system and continue to operate independently under non-Xponential branding).

### ***Number of Studios Operating***

In addition to the number of new studios opened and studios no longer operating during a period, we track the number of total studios operating at the end of a reporting period. This number represents studios that have already opened, are generating revenue, and are regularly holding classes, though this number could include some number of studios that have temporarily suspended operations, but that are not permanently closed and have not yet met the definition for a studio no longer operating. The number of studios that have temporarily suspended operations is an immaterial percentage of our total studio base. Please see the table in the “Same Store Sales” section, sub header “North America studios contributing to same store sales.” The line “studios without 13 months of consecutive sales as of the last month that had positive sales within the period being measured” is an indicator for the number of North America traditional location studios that are older than 13 months, and that have had a recent or current disruption in sales, but that are still included in the number of studios operating count. For the three and nine months ended September 30, 2025, this represented 0.2% and 0.1% of our North America studio base, respectively, compared to 0.6% and 0.5% for the three and nine months ended September 30, 2024, respectively. While nearly all our franchised studios are licensed to franchisees, from time to time we operate a limited number of company-owned transition studios (typically as we take possession of a studio following a franchisee ceasing to operate it and as we prepare it to be licensed to a new franchisee). Management reviews the number of studios operating at a given point in time in order to help forecast system-wide sales, franchise revenue and other revenue streams.

The following tables contain information about changes in the number of our North America operating studios for the three and nine months ended September 30, 2025 and 2024, respectively:

|                                                       | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|-------------------------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                                       | 2025                             | 2024  | 2025                            | 2024  |
| <b>North America franchisee-owned studios</b>         |                                  |       |                                 |       |
| Studios operated at beginning of period               | 2,538                            | 2,338 | 2,446                           | 2,212 |
| New studio openings                                   | 57                               | 89    | 201                             | 249   |
| Refranchised studios <sup>(1)</sup>                   | —                                | —     | —                               | 1     |
| Studios no longer operating                           | (20)                             | (25)  | (72)                            | (60)  |
| Studios operated at end of period                     | 2,575                            | 2,402 | 2,575                           | 2,402 |
| <b>North America company-owned transition studios</b> |                                  |       |                                 |       |
| Studios operated at beginning of period               | —                                | —     | —                               | 10    |
| Refranchised studios <sup>(1)</sup>                   | —                                | —     | —                               | (1)   |
| Studios no longer operating                           | —                                | —     | —                               | (9)   |
| Studios operated at end of period <sup>(2)</sup>      | —                                | —     | —                               | —     |
| <b>Total North America studios</b>                    |                                  |       |                                 |       |
| Studios operated at beginning of period               | 2,538                            | 2,338 | 2,446                           | 2,222 |
| New studio openings                                   | 57                               | 89    | 201                             | 249   |
| Studios no longer operating                           | (20)                             | (25)  | (72)                            | (69)  |
| Studios operated at end of period                     | 2,575                            | 2,402 | 2,575                           | 2,402 |

(1) Includes previously franchised company-owned transition studios that were converted to franchisee-owned studios in the period.

(2) Excludes one company-owned transition studio operated at September 30, 2025 under the Rumble brand, which was divested in the third quarter of 2025.

The following table sets forth the total number of operating studios internationally for the three and nine months ended September 30, 2025 and 2024:

|                                         | Three Months Ended September 30, |      | Nine Months Ended September 30, |      |
|-----------------------------------------|----------------------------------|------|---------------------------------|------|
|                                         | 2025                             | 2024 | 2025                            | 2024 |
| <b>International studios</b>            |                                  |      |                                 |      |
| Studios operated at beginning of period | 482                              | 417  | 450                             | 390  |
| New studio openings                     | 21                               | 27   | 62                              | 66   |
| Studios no longer operating             | (12)                             | (15) | (21)                            | (27) |
| Studios operated at end of period       | 491                              | 429  | 491                             | 429  |

The following table sets forth the total number of operating studios globally for the three and nine months ended September 30, 2025 and 2024:

|                                         | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|-----------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                         | 2025                             | 2024  | 2025                            | 2024  |
| <b>Total studios</b>                    |                                  |       |                                 |       |
| Studios operated at beginning of period | 3,020                            | 2,755 | 2,896                           | 2,612 |
| New studio openings                     | 78                               | 116   | 263                             | 315   |
| Studios no longer operating             | (32)                             | (40)  | (93)                            | (96)  |
| Studios operated at end of period       | 3,066                            | 2,831 | 3,066                           | 2,831 |

#### ***Non-Traditional Studio Locations***

Non-traditional studio locations refers to studios that are not operated as standalone studio locations. There are currently 20 non-traditional studio locations globally, which are comprised of studios operated inside of other fitness facilities and on cruise ships.

### ***Licenses Sold***

The number of licenses sold in North America and globally reflect the cumulative number of licenses sold by us (or, outside of North America, by or to our master franchisees), since inception through the date indicated. The number of licenses sold is not reduced by terminations. The number of licenses sold does not generally include license renewals or licenses issued in connection with a change in ownership of operating studios. Licenses contractually obligated to open refer to licenses sold net of opened studios and terminations. Licenses contractually obligated to be sold internationally reflect the number of licenses that master franchisees are contractually obligated to sell to franchisees to open internationally that have not yet opened as of the date indicated. The number of licenses contractually obligated to open is a useful indicator of the number of studios that may open in the future, although it is not certain that these studios will open. Management reviews the number of licenses sold and the number of licenses contractually obligated to open to help monitor and forecast studio growth, system-wide sales and revenue streams.

As of September 30, 2025, we estimate approximately 40% of our global license obligations are over 12 months behind the applicable development schedule due to various circumstances and are currently inactive. This delay in development has resulted in delays in studio openings and may also lead to increased terminations, which could have a negative long-term impact on our business and operating results.

### ***Development fee payments on future franchise licenses***

As part of a multi-unit agreement, franchisees purchase an initial franchise license and make nonrefundable development fee payments to reserve the right to open additional studios. The number of development fee payments on future franchise licenses sold in North America reflect the number of development fee payments received by us and unused as of period end. The number of development fee payments on future franchise licenses is not included in the licenses sold count. The remaining balance of the franchise license fee for each additional studio is due upon site selection for the studio and signing of a franchise agreement by the franchisee. The number of development fee payments on future franchise licenses is a useful indicator of the number of additional licenses that may be sold in the future, although it is not certain that these development fee payments will result in a sold license. Management reviews the number of development fee payments on future franchise licenses to help monitor and forecast license sales and studio growth.

### ***Average Unit Volume***

AUV is calculated by dividing sales during the applicable period for all studios contributing to AUV by the number of studios contributing to AUV. All traditional studio locations in North America are included in the AUV calculation, as long as they meet certain time since opening and sales criteria (as defined immediately below). In particular, AUV (LTM as of period end) and Quarterly AUV (run rate) are calculated as follows:

- AUV (LTM as of period end) consists of the average sales for the trailing 12 calendar months for all traditional studio locations in North America that opened at least 13 calendar months ago as of the measurement date and that have generated positive sales for each of the last 13 calendar months as of the measurement date.
- Quarterly AUV (run rate) consists of average quarterly sales for all traditional studio locations in North America that had opened at least six calendar months ago as of the beginning of the respective quarter, and that have non-zero sales in the respective quarter (including nominal or negative sales figures; the only figures excluded are exact \$0 amounts in the quarter), multiplied by four.

We measure sales for AUV based solely upon monthly sales as derived through the designated point-of-sale system. AUV is impacted by changes in same store sales, studio openings and studio closures. Management reviews AUV to assess studio economics.



The following table reconciles our North America operating studios for the three and nine months ended September 30, 2025 and 2024, respectively, to the total studios contributing to both AUV (LTM as of period end) and Quarterly AUV (run rate):

|                                                                             | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|-----------------------------------------------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                                                             | 2025                             | 2024  | 2025                            | 2024  |
| <b>North America studios contributing to AUV (LTM as of period)</b>         |                                  |       |                                 |       |
| Operating studios (end of period)                                           | 2,575                            | 2,402 | 2,575                           | 2,402 |
| Studios no longer operating but generated sales in the period               | 5                                | 3     | 5                               | 3     |
| Less: studios less than 13 months old                                       | (307)                            | (407) | (307)                           | (407) |
| Less: non-traditional studio locations                                      | (4)                              | (6)   | (4)                             | (6)   |
| Less: studios without 13 months of consecutive sales as of measurement date | (8)                              | (15)  | (8)                             | (15)  |
| Total                                                                       | 2,261                            | 1,977 | 2,261                           | 1,977 |
| <b>North America studios contributing to Quarterly AUV (run rate)</b>       |                                  |       |                                 |       |
| Operating studios (end of period)                                           | 2,575                            | 2,402 | NA                              | NA    |
| Studios no longer operating but generated sales in the period               | 31                               | 25    | NA                              | NA    |
| Less: studios less than 6 months old                                        | (200)                            | (249) | NA                              | NA    |
| Less: non-traditional studio locations                                      | (4)                              | (6)   | NA                              | NA    |
| Total                                                                       | 2,402                            | 2,172 | NA                              | NA    |

#### ***Same Store Sales***

Same store sales refer to period-over-period sales comparisons for the base of studios. We define the same store sales to include monthly sales for any traditional studio location in North America. If the studio has generated at least 13 months of consecutive positive sales and opened at least 13 calendar months ago as of any month within the measurement period, the respective comparable months will be included. We measure same store sales based solely upon monthly sales as derived through the designated point-of-sale system. This measure highlights the performance of existing studios, while excluding the impact of new studio openings. Management reviews same store sales to assess the health of the franchised studios.

The following table reconciles our North America operating studios for the three and nine months ended September 30, 2025 and 2024, respectively, to the total studios contributing to same store sales:

|                                                                                                                                    | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                                                                                                                    | 2025                             | 2024  | 2025                            | 2024  |
| <b>North America studios contributing to same store sales</b>                                                                      |                                  |       |                                 |       |
| Operating studios (end of period)                                                                                                  | 2,575                            | 2,402 | 2,575                           | 2,402 |
| Studios no longer operating but generated sales in the period                                                                      | 16                               | 12    | 66                              | 29    |
| Less: studios less than 13 months old                                                                                              | (307)                            | (407) | (307)                           | (407) |
| Less: non-traditional studio locations                                                                                             | (4)                              | (6)   | (4)                             | (6)   |
| Less: studios without 13 months of consecutive sales as of the last month that had positive sales within the period being measured | (5)                              | (14)  | (3)                             | (11)  |
| Total                                                                                                                              | 2,275                            | 1,987 | 2,327                           | 2,007 |

## Results of Operations

The following table presents our condensed consolidated results of operations for the three and nine months ended September 30, 2025 and 2024:

|                                                    | Three Months Ended September 30, |                    | Nine Months Ended September 30, |                    |
|----------------------------------------------------|----------------------------------|--------------------|---------------------------------|--------------------|
|                                                    | 2025                             | 2024               | 2025                            | 2024               |
|                                                    | (in thousands)                   |                    |                                 |                    |
| Revenue, net:                                      |                                  |                    |                                 |                    |
| Franchise revenue                                  | \$ 51,882                        | \$ 44,458          | \$ 141,129                      | \$ 129,232         |
| Equipment revenue                                  | 7,459                            | 14,681             | 28,072                          | 41,506             |
| Merchandise revenue                                | 4,802                            | 6,577              | 16,670                          | 21,056             |
| Franchise marketing fund revenue                   | 8,827                            | 8,565              | 27,557                          | 24,777             |
| Other service revenue                              | 5,854                            | 6,249              | 18,487                          | 20,555             |
| Total revenue, net                                 | 78,824                           | 80,530             | 231,915                         | 237,126            |
| Operating costs and expenses:                      |                                  |                    |                                 |                    |
| Costs of product revenue                           | 10,246                           | 17,287             | 32,723                          | 45,786             |
| Costs of franchise and service revenue             | 7,047                            | 4,867              | 15,099                          | 15,748             |
| Selling, general and administrative expenses       | 24,664                           | 46,163             | 94,293                          | 119,772            |
| Impairment of goodwill and other noncurrent assets | 17,568                           | 4,505              | 32,411                          | 16,594             |
| Depreciation and amortization                      | 3,679                            | 4,226              | 9,608                           | 13,179             |
| Marketing fund expense                             | 8,983                            | 6,423              | 27,195                          | 20,785             |
| Acquisition and transaction expenses (income)      | 3,071                            | 3,664              | (7,482)                         | 6,962              |
| Total operating costs and expenses                 | 75,258                           | 87,135             | 203,847                         | 238,826            |
| Operating income (loss)                            | 3,566                            | (6,605)            | 28,068                          | (1,700)            |
| Other expense (income):                            |                                  |                    |                                 |                    |
| Interest income                                    | (1,094)                          | (481)              | (2,414)                         | (1,231)            |
| Other income                                       | (1,133)                          | —                  | (1,133)                         | —                  |
| Interest expense                                   | 12,917                           | 11,843             | 37,280                          | 34,644             |
| Other expense                                      | (644)                            | 51                 | 1,331                           | 913                |
| Total other expense                                | 10,046                           | 11,413             | 35,064                          | 34,326             |
| Loss before income taxes                           | (6,480)                          | (18,018)           | (6,996)                         | (36,026)           |
| Income taxes                                       | 266                              | 131                | 1,063                           | 216                |
| Net loss                                           | <u>\$ (6,746)</u>                | <u>\$ (18,149)</u> | <u>\$ (8,059)</u>               | <u>\$ (36,242)</u> |

The following table presents our condensed consolidated results of operations for the three and nine months ended September 30, 2025 and 2024 as a percentage of revenue:

|                                                    | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|----------------------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                                    | 2025                             | 2024  | 2025                            | 2024  |
|                                                    | (As Corrected)                   |       |                                 |       |
| Revenue, net:                                      |                                  |       |                                 |       |
| Franchise revenue                                  | 66%                              | 55%   | 61%                             | 54%   |
| Equipment revenue                                  | 9%                               | 18%   | 12%                             | 18%   |
| Merchandise revenue                                | 6%                               | 8%    | 7%                              | 9%    |
| Franchise marketing fund revenue                   | 11%                              | 11%   | 12%                             | 10%   |
| Other service revenue                              | 8%                               | 8%    | 8%                              | 9%    |
| Total revenue, net                                 | 100%                             | 100%  | 100%                            | 100%  |
| Operating costs and expenses:                      |                                  |       |                                 |       |
| Costs of product revenue                           | 13%                              | 21%   | 14%                             | 19%   |
| Costs of franchise and service revenue             | 9%                               | 6%    | 7%                              | 7%    |
| Selling, general and administrative expenses       | 31%                              | 57%   | 41%                             | 51%   |
| Impairment of goodwill and other noncurrent assets | 22%                              | 6%    | 14%                             | 7%    |
| Depreciation and amortization                      | 5%                               | 5%    | 4%                              | 6%    |
| Marketing fund expense                             | 11%                              | 8%    | 12%                             | 9%    |
| Acquisition and transaction expenses (income)      | 4%                               | 5%    | (3)%                            | 3%    |
| Total operating costs and expenses                 | 95%                              | 108%  | 89%                             | 102%  |
| Operating income (loss)                            | 5%                               | (8)%  | 11%                             | (2)%  |
| Other expense (income):                            |                                  |       |                                 |       |
| Interest income                                    | (1)%                             | (1)%  | (1)%                            | (1)%  |
| Other income                                       | (1)%                             | —%    | —%                              | —%    |
| Interest expense                                   | 16%                              | 15%   | 16%                             | 15%   |
| Other expense                                      | (1)%                             | —%    | 1%                              | —%    |
| Total other expense                                | 13%                              | 14%   | 16%                             | 14%   |
| Loss before income taxes                           | (8)%                             | (22)% | (5)%                            | (16)% |
| Income taxes                                       | —%                               | —%    | —%                              | —%    |
| Net loss                                           | (8)%                             | (22)% | (5)%                            | (16)% |

#### Comparison of the three months ended September 30, 2025 and 2024

The following is a discussion of our consolidated results of operations for the three months ended September 30, 2025 versus the three months ended September 30, 2024.

#### Revenue

|                                  | Three Months Ended September 30, |                  | Change from Prior Year |         |
|----------------------------------|----------------------------------|------------------|------------------------|---------|
|                                  | 2025                             | 2024             | \$                     | %       |
|                                  | (\$ in thousands)                |                  |                        |         |
| Franchise revenue                | \$ 51,882                        | \$ 44,458        | \$ 7,424               | 16.7%   |
| Equipment revenue                | 7,459                            | 14,681           | (7,222)                | (49.2)% |
| Merchandise revenue              | 4,802                            | 6,577            | (1,775)                | (27.0)% |
| Franchise marketing fund revenue | 8,827                            | 8,565            | 262                    | 3.1%    |
| Other service revenue            | 5,854                            | 6,249            | (395)                  | (6.3)%  |
| Total revenue, net               | <u>\$ 78,824</u>                 | <u>\$ 80,530</u> | <u>\$ (1,706)</u>      | (2.1)%  |

**Total revenue, net.** Total revenue was \$78.8 million in the three months ended September 30, 2025, compared to \$80.5 million in the three months ended September 30, 2024, a decrease of \$1.7 million, or 2%. The decrease in total revenue was primarily due to a decrease in equipment revenue due to a decrease in equipment installations and a decrease in merchandise revenue, partially offset by an increase in franchise revenue and franchise marketing fund revenue.

**Franchise revenue.** Franchise revenue was \$51.9 million in the three months ended September 30, 2025, compared to \$44.5 million in the three months ended September 30, 2024, an increase of \$7.4 million, or 17%. Franchise revenue consisted of franchise royalty fees of \$31.5 million, franchise territory fees of \$13.7 million, technology fees of \$3.6 million and training fees of \$3.1 million in the three months ended September 30, 2025, compared to franchise royalty fees of \$29.7 million, franchise territory fees of \$7.5 million, technology fees of \$4.3 million and training fees of \$3.0 million in the three months ended September 30, 2024. The increase in franchise royalty fees was primarily due to a higher royalty rate for certain new studios, partially offset by a decrease due to brand divestitures in the current year. The increase in franchise territory fees is primarily attributed to an increase of \$6.6 million, or 182%, in revenue recognized as a result of franchise agreement terminations year-over-year to \$9.3 million in the three months ended September 30, 2025, compared to \$2.7 million in the prior year period.

**Equipment revenue.** Equipment revenue was \$7.5 million in the three months ended September 30, 2025, compared to \$14.7 million in the three months ended September 30, 2024, a decrease of \$7.2 million, or 49%. Most equipment revenue is recognized in the period when the equipment is installed. The decrease in equipment revenue was primarily due to a decrease in global equipment installations in the three months ended September 30, 2025, compared to the prior year period, driven by a decrease in studio openings compared to the prior year period and consistent with the decrease in franchise license sales in recent periods.

**Merchandise revenue.** Merchandise revenue was \$4.8 million in the three months ended September 30, 2025, compared to \$6.6 million in the three months ended September 30, 2024, a decrease of \$1.8 million, or 27%. The decrease was primarily due to lower demand from studios and a decrease in vendor rebates compared to the prior period.

**Franchise marketing fund revenue.** Franchise marketing fund revenue was \$8.8 million in the three months ended September 30, 2025, compared to \$8.6 million in the three months ended September 30, 2024, an increase of \$0.3 million, or 3%. The increase was primarily due to an increase in number of operating studios in North America since September 30, 2024.

**Other service revenue.** Other service revenue was \$5.9 million in the three months ended September 30, 2025, compared to \$6.2 million in the three months ended September 30, 2024, a decrease of 6%. The decrease was primarily due to a \$0.4 million decrease in other preferred vendor commission revenue and brand fee revenue.

#### Operating Costs and Expenses

|                                                    | Three Months Ended September 30, |                  | Change from Prior Year |         |
|----------------------------------------------------|----------------------------------|------------------|------------------------|---------|
|                                                    | 2025                             | 2024             | \$                     | %       |
|                                                    | (\$ in thousands)                |                  |                        |         |
| Costs of product revenue                           | \$ 10,246                        | \$ 17,287        | \$ (7,041)             | (40.7)% |
| Costs of franchise and service revenue             | 7,047                            | 4,867            | 2,180                  | 44.8%   |
| Selling, general and administrative expenses       | 24,664                           | 46,163           | (21,499)               | (46.6)% |
| Impairment of goodwill and other noncurrent assets | 17,568                           | 4,505            | 13,063                 | 290.0%  |
| Depreciation and amortization                      | 3,679                            | 4,226            | (547)                  | (12.9)% |
| Marketing fund expense                             | 8,983                            | 6,423            | 2,560                  | 39.9%   |
| Acquisition and transaction expense                | 3,071                            | 3,664            | (593)                  | (16.2)% |
| Total operating costs and expenses                 | <u>\$ 75,258</u>                 | <u>\$ 87,135</u> | <u>\$ (11,877)</u>     | (13.6)% |

**Costs of product revenue.** Costs of product revenue was \$10.2 million in the three months ended September 30, 2025, compared to \$17.3 million in the three months ended September 30, 2024, a decrease of \$7.0 million, or 41%, compared to a decrease in related revenues of 42%. The decrease in cost of product revenue was partially attributable to a decrease in global equipment installations in the three months ended September 30, 2025, compared to the prior year period. Costs of product revenue as a percentage of related revenue increased to 84% in the three months ended September 30, 2025, from 81% in the comparable prior year period. The increase was primarily due to an increase in write downs of slow-moving inventory in the current year period.

*Costs of franchise and service revenue.* Costs of franchise and service revenue was \$7.0 million in the three months ended September 30, 2025, compared to \$4.9 million in the three months ended September 30, 2024, an increase of \$2.2 million, or 45%. The increase was primarily due to a \$2.0 million increase in franchise sales commissions, including a \$2.2 million increase in costs recognized as a result of franchise agreement terminations year-over-year. This increase is consistent with the increase in related franchise territory revenue.

*Selling, general and administrative expenses.* Selling, general and administrative expenses were \$24.7 million in the three months ended September 30, 2025, compared to \$46.2 million in the three months ended September 30, 2024, a decrease of \$21.5 million, or 47%. The decrease was primarily attributable to a decrease in legal expenses of \$14.2 million (including nonrecurring insurance credits of \$5.0 million in the current period) related to various legal matters including government investigations; a decrease of \$2.6 million in equity-based compensation expense due to an increase in forfeitures over the prior year period; lower restructuring and related charges of \$7.0 million in the current year period; and an increase in gain on divestitures of brands of \$1.5 million; partially offset by an \$0.8 million increase in bad debt expense; an increase in salaries and wages of \$0.7 million; a \$0.7 million increase in loss on guaranty of franchisee third-party loans; and a net increase in other variable expenses of \$1.6 million.

*Impairment of goodwill and other noncurrent assets.* Impairment of goodwill and other noncurrent assets was \$17.6 million in the three months ended September 30, 2025, compared to \$4.5 million in the three months ended September 30, 2024, an increase of \$13.1 million. The increase was due to \$12.7 million impairment of trademark, franchise agreement and deferred video production intangible assets related to the BFT reporting unit and other noncurrent asset impairments of \$4.9 million in the current year period, compared to write down of right-of-use assets and intangible assets of \$4.5 million related to studio exits in conjunction with our restructuring plan and wind down of AKT franchise operations in the prior year period.

*Depreciation and amortization.* Depreciation and amortization expense was \$3.7 million in the three months ended September 30, 2025, compared to \$4.2 million in the three months ended September 30, 2024, a decrease of \$0.5 million, or 13%. The decrease was primarily due to a decrease in fixed assets related to impairment of software assets and a decrease in intangible assets due to impairments during the year ended December 31, 2024.

*Marketing fund expense.* Marketing fund expense was \$9.0 million in the three months ended September 30, 2025, compared to \$6.4 million in the three months ended September 30, 2024, an increase of \$2.6 million, or 40%. Marketing fund expenses are recorded as incurred, which may not occur in the same period as the recognition of franchise marketing fund revenue. For the three months ended September 30, 2025, marketing fund revenue was \$0.2 million lower than marketing fund expense.

*Acquisition and transaction expense.* Acquisition and transaction expense was \$3.1 million in the three months ended September 30, 2025, compared to \$3.7 million in the three months ended September 30, 2024, a decrease of \$0.6 million, or 16%. These charges primarily represent the non-cash change in contingent consideration related to 2021 and 2024 business acquisitions.

***Other (Income) Expense, net***

|                          | Three Months Ended September 30, |                  | Change from Prior Year |            |
|--------------------------|----------------------------------|------------------|------------------------|------------|
|                          | 2025                             | 2024             | \$                     | %          |
|                          | (\$ in thousands)                |                  |                        |            |
| Interest income          | \$ (1,094)                       | \$ (481)         | \$ (613)               | 127.4%     |
| Other income             | (1,133)                          | —                | (1,133)                | NA         |
| Interest expense         | 12,917                           | 11,843           | 1,074                  | 9.1%       |
| Other expense            | (644)                            | 51               | (695)                  | (1,362.7)% |
| Total other expense, net | <u>\$ 10,046</u>                 | <u>\$ 11,413</u> | <u>\$ (1,367)</u>      | (12.0)%    |

*Interest income.* Interest income primarily consists of interest on notes receivable and interest income received from various interest-bearing bank accounts, which was \$1.1 million in the three months ended September 30, 2025, compared to \$0.5 million in the three months ended September 30, 2024.

*Other income.* Other income consists of royalty payments from franchisees associated with the divested CycleBar and Rumble brands since the divestiture date, which was \$1.1 million in the three months ended September 30, 2025, compared to \$0 in the three months ended September 30, 2024. See Note 4 of Notes to Condensed Consolidated Financial Statements for additional information.

*Interest expense.* Interest expense was \$12.9 million in the three months ended September 30, 2025, compared to \$11.8 million in the three months ended September 30, 2024, an increase of \$1.1 million, or 9%. Interest expense consists of interest on long-term debt, accretion of earn-out liabilities and amortization and write off of deferred loan costs and debt discount. The increase was primarily due to higher average debt balances in the current year period, partly offset by lower average interest rates on our credit agreement.

*Other expense.* Other expense consists of TRA expense, which was \$0.6 million in the three months ended September 30, 2025, compared to \$0.1 million in the three months ended September 30, 2024.

#### Income Taxes

|              | Three Months Ended September 30, |        | Change from Prior Year |        |
|--------------|----------------------------------|--------|------------------------|--------|
|              | 2025                             | 2024   | \$                     | %      |
|              | (\$ in thousands)                |        |                        |        |
| Income taxes | \$ 266                           | \$ 131 | \$ 135                 | 103.1% |

*Income taxes (benefit).* Income taxes was (4.1%) of our share of pre-tax book income in the three months ended September 30, 2025, compared to (0.7%) of pre-tax book loss in the three months ended September 30, 2024.

#### Comparison of the nine months ended September 30, 2025 and 2024

The following is a discussion of our consolidated results of operations for the nine months ended September 30, 2025 versus the nine months ended September 30, 2024.

|                                  | Nine Months Ended September 30, |            | Change from Prior Year |         |
|----------------------------------|---------------------------------|------------|------------------------|---------|
|                                  | 2025                            | 2024       | \$                     | %       |
|                                  | (\$ in thousands)               |            |                        |         |
| Franchise revenue                | \$ 141,129                      | \$ 129,232 | \$ 11,897              | 9.2%    |
| Equipment revenue                | 28,072                          | 41,506     | (13,434)               | (32.4)% |
| Merchandise revenue              | 16,670                          | 21,056     | (4,386)                | (20.8)% |
| Franchise marketing fund revenue | 27,557                          | 24,777     | 2,780                  | 11.2%   |
| Other service revenue            | 18,487                          | 20,555     | (2,068)                | (10.1)% |
| Total revenue, net               | \$ 231,915                      | \$ 237,126 | \$ (5,211)             | (2.2)%  |

*Total revenue.* Total revenue was \$231.9 million in the nine months ended September 30, 2025, compared to \$237.1 million in the nine months ended September 30, 2024, a decrease of \$5.2 million, or 2%. The decrease in total revenue was primarily due to a decrease in equipment revenue due to a decrease in equipment installations and a decrease in merchandise revenue, partially offset by an increase in franchise revenue and franchise marketing fund revenue.

*Franchise revenue.* Franchise revenue was \$141.1 million in the nine months ended September 30, 2025, compared to \$129.2 million in the nine months ended September 30, 2024, an increase of \$11.9 million, or 9%. Franchise revenue consisted of franchise royalty fees of \$97.7 million, franchise territory fees of \$21.8 million, technology fees of \$12.5 million and training fees of \$9.2 million in the nine months ended September 30, 2025, compared to franchise royalty fees of \$85.6 million, franchise territory fees of \$22.2 million, technology fees of \$12.6 million and training fees of \$8.8 million in the nine months ended September 30, 2024. The increase in franchise royalty fees was primarily due to an increase in the number of operating studios globally since September 30, 2024 (including studios related to the Lindora acquisition in the first quarter of 2024). The decrease in franchise territory fees is primarily attributed to divestiture of brands in 2024 and 2025, partially offset by an increase of \$1.2 million, or 12%, in revenue recognized as a result of franchise agreement terminations year-over-year to \$10.7 million in the nine months ended September 30, 2025, compared to \$9.5 million in the prior year period.

*Equipment revenue.* Equipment revenue was \$28.1 million in the nine months ended September 30, 2025, compared to \$41.5 million in the nine months ended September 30, 2024, a decrease of \$13.4 million, or 32%. Most equipment revenue is recognized in the period when the equipment is installed. The decrease in equipment revenue was primarily due to by a decrease in global equipment installations in the nine months ended September 30, 2025, compared to the prior year period, driven by a decrease in studio openings compared to the prior year period and consistent with the decrease in franchise license sales in recent periods.

*Merchandise revenue.* Merchandise revenue was \$16.7 million in the nine months ended September 30, 2025 compared to \$21.1 million in the nine months ended September 30, 2024, a decrease of \$4.4 million, or 21%. The decrease was due primarily to a decrease in demand from studios and a decrease in vendor rebates compared to the prior period.

*Franchise marketing fund revenue.* Franchise marketing fund revenue was \$27.6 million in the nine months ended September 30, 2025, compared to \$24.8 million in the nine months ended September 30, 2024, an increase of \$2.8 million, or 11%. The increase was primarily due to an increase in number of operating studios in North America since September 30, 2024.

*Other service revenue.* Other service revenue was \$18.5 million in the nine months ended September 30, 2025, compared to \$20.6 million in the nine months ended September 30, 2024, a decrease of \$2.1 million, or 10%. The decrease was primarily due to a \$1.6 million decrease in brand fee revenue and a \$1.1 million decrease in package and memberships revenue due to a lower average number of company-owned transition studios, partially offset by a \$1.1 million increase in other preferred vendor commission revenue.

#### **Operating Costs and Expenses**

|                                               | Nine Months Ended September 30, |                   | Change from Prior Year |          |
|-----------------------------------------------|---------------------------------|-------------------|------------------------|----------|
|                                               | 2025                            | 2024              | \$                     | %        |
|                                               | (\$ in thousands)               |                   |                        |          |
| Costs of product revenue                      | \$ 32,723                       | \$ 45,786         | \$ (13,063)            | (28.5)%  |
| Costs of franchise and service revenue        | 15,099                          | 15,748            | (649)                  | (4.1)%   |
| Selling, general and administrative expenses  | 94,293                          | 119,772           | (25,479)               | (21.3)%  |
| Impairment of goodwill and other assets       | 32,411                          | 16,594            | 15,817                 | 95.3%    |
| Depreciation and amortization                 | 9,608                           | 13,179            | (3,571)                | (27.1)%  |
| Marketing fund expense                        | 27,195                          | 20,785            | 6,410                  | 30.8%    |
| Acquisition and transaction expenses (income) | (7,482)                         | 6,962             | (14,444)               | (207.5)% |
| Total operating costs and expenses            | <u>\$ 203,847</u>               | <u>\$ 238,826</u> | <u>\$ (34,979)</u>     | (14.6)%  |

*Costs of product revenue.* Costs of product revenue was \$32.7 million in the nine months ended September 30, 2025, compared to \$45.8 million in the nine months ended September 30, 2024, a decrease of \$13.1 million, or 29%, compared to a decrease in related revenues of 28%. The decrease in cost of product revenue was partially attributable to a decrease in global equipment installations in the nine months ended September 30, 2025, compared to the prior year period. Costs of product revenue as a percentage of related revenue was 73% in both the nine months ended September 30, 2025, and 2024.

*Costs of franchise and service revenue.* Costs of franchise and service revenue was \$15.1 million in the nine months ended September 30, 2025, compared to \$15.7 million in the nine months ended September 30, 2024, a decrease of \$0.6 million, or 4%. The decrease was primarily due to a \$1.5 million decrease in franchise sales commissions, including a \$0.5 million decrease in costs recognized as a result of franchise agreement terminations year-over-year. This decrease is consistent with the decrease in related franchise territory revenue.

*Selling, general and administrative expenses.* Selling, general and administrative expenses were \$94.3 million in the nine months ended September 30, 2025, compared to \$119.8 million in the nine months ended September 30, 2024, a decrease of \$25.5 million, or 21%. The decrease was primarily attributable to a decrease in legal expense of \$6.2 million (including nonrecurring insurance credits of \$34.8 million in the current period) related to various legal matters; a decrease in equity-based compensation expense of \$4.8 million primarily due to a decrease in the number of equity-classified restricted stock units ("RSUs") outstanding during the current year period and an increase in forfeitures over the prior year period; a decrease in marketing and advertising expenses of \$2.2 million; a decrease in studio support expense of \$1.1 million; a net increase in gain on divestiture of brands of \$2.7 million; and lower restructuring and related charges of \$15.3 million in the current year period; partially offset by an increase in consulting and accounting services of \$1.3 million and \$1.1 million, respectively; a \$3.0 million increase in loss on guaranty of franchisee third-party loans; and a net increase in other variable expenses of \$1.4 million.

*Impairment of goodwill and other assets.* Impairment of goodwill and other assets was \$32.4 million in the nine months ended September 30, 2025, compared to \$16.6 million in the nine months ended September 30, 2024, an increase of \$15.8 million, or 95%. The increase was due to impairments of goodwill of \$5.1 million and \$2.3 million related to the BFT and Lindora reporting units, respectively, impairment of trademark of \$3.4 million related to the CycleBar reporting unit, impairment of trademark, franchise agreement and deferred video production cost intangible assets of \$12.7 million related to the BFT reporting unit, and other noncurrent asset impairments of \$8.9 million compared to write down of franchise agreement intangible asset and goodwill of \$12.1 million related to the CycleBar reporting unit and a write down of right-of-use and other assets of \$4.5 million in the prior year period.

*Depreciation and amortization.* Depreciation and amortization expense was \$9.6 million in the nine months ended September 30, 2025, compared to \$13.2 million in the nine months ended September 30, 2024, a decrease of \$3.6 million, or 27%. The decrease was primarily due to a decrease in fixed assets related to impairment of software assets and a decrease in intangible assets due to impairments during the year ended December 31, 2024.

*Marketing fund expense.* Marketing fund expense was \$27.2 million in the nine months ended September 30, 2025, compared to \$20.8 million in the nine months ended September 30, 2024, an increase of \$6.4 million, or 31% and is consistent with the increase in franchise marketing fund revenue. Marketing fund expenses are recorded as incurred, which may not occur in the same period as the recognition of franchise marketing fund revenue. For the nine months ended September 30, 2025, marketing fund revenue was \$0.4 million higher than marketing fund expense.

*Acquisition and transaction expenses (income).* Acquisition and transaction income was \$7.5 million in the nine months ended September 30, 2025, compared to expense of \$7.0 million in the nine months ended September 30, 2024, an increase in income of \$14.4 million, or 207%. These amounts primarily represent the non-cash change in contingent consideration related to 2021 and 2024 business acquisitions.

|                          | Nine Months Ended September 30, |            | Change from Prior Year |       |
|--------------------------|---------------------------------|------------|------------------------|-------|
|                          | 2025                            | 2024       | \$                     | %     |
|                          | (\$ in thousands)               |            |                        |       |
| Interest income          | \$ (2,414)                      | \$ (1,231) | \$ (1,183)             | 96.1% |
| Other income             | (1,133)                         | —          | (1,133)                | NA    |
| Interest expense         | 37,280                          | 34,644     | 2,636                  | 7.6%  |
| Other expense            | 1,331                           | 913        | 418                    | 45.8% |
| Total other expense, net | \$ 35,064                       | \$ 34,326  | \$ 738                 | 2.1%  |

*Interest income.* Interest income primarily consists of interest on notes receivable and interest income received from various interest-bearing bank accounts, which was \$2.4 million in the nine months ended September 30, 2025, compared to \$1.2 million in the nine months ended September 30, 2024.

*Other income.* Other income consists of royalty payments from franchisees associated with the divested CycleBar and Rumble brands since the divestiture date, which was \$1.1 million in the nine months ended September 30, 2025, compared to \$0 in the nine months ended September 30, 2024.

*Interest expense.* Interest expense was \$37.3 million in the nine months ended September 30, 2025, compared to \$34.6 million in the nine months ended September 30, 2024, an increase of \$2.6 million, or 8%. Interest expense consists of interest on long-term debt, accretion of earn-out liabilities and amortization of deferred loan costs and debt discount. The increase was primarily due to higher average debt balances in the current year period, partly offset by lower average interest rates on our credit agreement.

*Other expense.* Other expense consists of TRA expense, which was \$1.3 million in the nine months ended September 30, 2025, compared to \$0.9 million in the nine months ended September 30, 2024.

|              | Nine Months Ended September 30, |        | Change from Prior Year |        |
|--------------|---------------------------------|--------|------------------------|--------|
|              | 2025                            | 2024   | \$                     | %      |
|              | (\$ in thousands)               |        |                        |        |
| Income taxes | \$ 1,063                        | \$ 216 | \$ 847                 | 392.1% |

*Income taxes.* Income taxes were (15.2%) of pre-tax book income (loss) in the nine months ended September 30, 2025, compared to (0.6%) in the nine months ended September 30, 2024.



## Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when collectively taken, is helpful to investors because it provides consistency and comparability with past financial performance. In addition, our management uses non-GAAP measures to compare our performance relative to forecasts and to benchmark our performance externally against competitors. 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 and present 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 measure as tools for comparison. A reconciliation is provided below 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.

We believe that the non-GAAP financial measures presented below, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook.

### *Adjusted EBITDA*

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 net of insurance reimbursements), 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 noncurrent assets, loss and expenses related to brand divestitures and wind down (including expenses directly related to the divested or wound down brands for arrangements that existed prior to divestiture or wind down), transformation initiative costs (primarily consisting of third-party professional consulting fees related to modifications of our business strategy and cost saving initiatives), other income (consisting of royalties received from divested brands), 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. For the nine months ended September 30, 2025, loss and expenses due to brand divestitures and wind down (excluding impairments) represents net gain on divestiture of \$1.2 million and certain other expenses recorded primarily in connection with brand divestitures and outsourcing of our retail merchandising, including write-off of accounts receivable determined no longer collectable of \$1.3 million, write-off of inventory of \$2.5 million, loss on franchisee loan guarantees of \$0.8 million, severance costs of \$0.3 million, and certain other costs of \$0.3 million. 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.

The following table presents a reconciliation of net loss, the most directly comparable financial measure calculated in accordance with GAAP, to adjusted EBITDA for the three and nine months ended September 30, 2025 and 2024:

|                                                                                   | Three Months Ended September 30, |             | Nine Months Ended September 30, |             |
|-----------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------------|-------------|
|                                                                                   | 2025                             | 2024        | 2025                            | 2024        |
|                                                                                   | (in thousands)                   |             |                                 |             |
| Net loss                                                                          | \$ (6,746)                       | \$ (18,149) | \$ (8,059)                      | \$ (36,242) |
| Interest expense, net                                                             | 11,823                           | 11,362      | 34,866                          | 33,413      |
| Income taxes                                                                      | 266                              | 131         | 1,063                           | 216         |
| Depreciation and amortization                                                     | 3,679                            | 4,226       | 9,608                           | 13,179      |
| EBITDA                                                                            | 9,022                            | (2,430)     | 37,478                          | 10,566      |
| Equity-based compensation                                                         | 2,394                            | 4,983       | 8,341                           | 13,121      |
| Employer payroll taxes related to equity-based compensation                       | 11                               | (7)         | 270                             | 415         |
| Acquisition and transaction expenses (income)                                     | 3,071                            | 3,664       | (7,482)                         | 6,962       |
| Litigation expenses (benefit)                                                     | (2,926)                          | 10,435      | 8,342                           | 14,521      |
| Financial transaction fees and related expenses                                   | 30                               | —           | 472                             | 620         |
| TRA remeasurement                                                                 | (644)                            | 51          | 1,331                           | 913         |
| Impairment of goodwill and other noncurrent assets                                | 17,568                           | 4,505       | 32,411                          | 16,594      |
| Loss and expenses due to brand divestitures and wind down (excluding impairments) | 3,919                            | 408         | 4,000                           | 1,272       |
| Executive transition costs                                                        | 7                                | —           | 7                               | 690         |
| Non-recurring rebranding expenses                                                 | —                                | —           | —                               | 331         |
| Transformation initiative costs                                                   | (15)                             | —           | 874                             | —           |
| Other income                                                                      | (1,133)                          | —           | (1,133)                         | —           |
| Restructuring and related charges (excluding impairments)                         | 2,175                            | 9,193       | 3,993                           | 19,403      |
| Adjusted EBITDA                                                                   | \$ 33,479                        | \$ 30,802   | \$ 88,904                       | \$ 85,408   |

### Liquidity and Capital Resources

As of September 30, 2025, we had \$24.9 million of cash and cash equivalents, excluding \$16.6 million of restricted cash consisting of marketing fund restricted cash of \$15.9 million and a standby letter of credit guarantee.

We principally require cash to fund day-to-day operations, finance capital investments, service our outstanding debt and address our working capital needs. Additionally, we require cash to fund the investments in our data warehouse project and other investments to become a data driven company. Based on our current level of operations, we believe that our available cash balance and the cash generated from our operations will be adequate to meet our anticipated debt service requirements and obligations under our TRA, capital expenditures, payment of tax distributions and working capital needs for at least the next twelve months beginning October 1, 2025 and beyond such twelve month period based on our current business plans. Our ability to continue to fund these items and continue to reduce debt could be adversely affected by the occurrence of any of the events described under “Risk Factors”, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our credit facility or otherwise to enable us to service our indebtedness, including our credit facility, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance the credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

### Credit Facility

On April 19, 2021, we entered into a Financing Agreement with Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders party thereto (the “Credit Agreement”), which consisted of a \$212 million senior secured term loan facility (the “Term Loan Facility”, and the loans thereunder, each a “Term Loan” and together, the “Term Loans”). Affiliates of the lenders also separately purchased 200,000 shares of our 6.50% Series A Convertible Preferred Stock for \$200 million. Our obligations under the Credit Agreement are guaranteed by Xponential Intermediate Holdings, LLC and certain of our material subsidiaries, and are secured by substantially all of the assets of Xponential Intermediate Holdings, LLC and certain of our material subsidiaries.

The Credit Agreement contains customary affirmative and negative covenants, including, among other things: (i) to maintain certain total leverage ratios, liquidity levels and EBITDA levels (in each case, as discussed further in the Credit Agreement); (ii) to use the proceeds of borrowings only for certain specified purposes; (iii) to refrain from entering into certain agreements outside of the ordinary course of business, including with respect to consolidation or mergers; (iv) restricting further indebtedness or liens; (v) restricting certain transactions with our affiliates; (vi) restricting investments; (vii) restricting prepayments of subordinated indebtedness; (viii) restricting certain payments, including certain payments to our affiliates or equity holders and distributions to equity holders; and (ix) restricting the issuance of equity. Additionally, on March 10, 2025, we obtained a waiver related to EBITDA levels as the Credit Agreement did not contain active exceptions for non-recurring legal expenses. The waiver permits the exclusion of certain non-recurring legal expenses from the calculation of EBITDA through March 31, 2026. As of September 30, 2025, we were in compliance with these covenants.

On March 14, 2025, we entered into an eighth amendment (the “Eighth Amendment”) to the Credit Agreement. The Eighth Amendment extends the final maturity date under the Credit Agreement to August 1, 2027 (the “Final Maturity Date”) and provides for, among other things, additional term loans in an aggregate principal amount of \$10.0 million (the “Eighth Amendment Incremental Term Loans”), an upfront fee equal to 3% of the (a) aggregate principal amount of term loans outstanding as of the amendment date and (b) the Eighth Amendment Incremental Term Loans funded on the funding date, which will be capitalized and added to the outstanding loan principal, and an exit fee of approximately \$7.2 million payable upon the earlier of the Final Maturity Date or the date all loans under the Credit Agreement have been repaid or prepaid. The proceeds of the Eighth Amendment will be used for general corporate purposes. The Eighth Amendment also increased the amount of the quarterly principal payments of the loans provided pursuant to the Credit Agreement (including the Eighth Amendment Incremental Term Loans) commencing on March 31, 2025 to \$1.4 million.

On July 24, 2025, we entered into a ninth amendment (the “Ninth Amendment”) to the Credit Agreement in connection with the divestiture of the Rumble and CycleBar brands. The Ninth Amendment did not modify the terms of the Credit Agreement. Instead, the Ninth Amendment requires us to apply the net proceeds received from the divestiture of the Rumble and CycleBar brands to repayment of the outstanding loan principal.

The total principal amount outstanding on the Term Loans, including exit fee, was \$376.4 million at September 30, 2025. See Note 8 of Notes to Condensed Consolidated Financial Statements for additional information about our debt.

### **Material Cash Requirements**

At September 30, 2025, there had been no material changes in our cash requirements from known contractual and other obligations as disclosed in Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations,” of our Annual Report on Form 10-K for the year ended December 31, 2024.

### **Cash Flows**

The following table presents summary cash flow information for the nine months ended September 30, 2025 and 2024:

|                                                                       | Nine Months Ended September 30, |               |
|-----------------------------------------------------------------------|---------------------------------|---------------|
|                                                                       | 2025                            | 2024          |
|                                                                       | (in thousands)                  |               |
| Net cash provided by (used in) operating activities                   | \$ 17,640                       | \$ 10,901     |
| Net cash provided by (used in) investing activities                   | (2,298)                         | (13,934)      |
| Net cash provided by (used in) financing activities                   | (6,618)                         | 3,713         |
| Net increase (decrease) in cash, cash equivalents and restricted cash | <u>\$ 8,724</u>                 | <u>\$ 680</u> |

### **Cash Flows from Operating Activities**

In the nine months ended September 30, 2025, cash provided by operating activities was \$17.6 million, compared to \$10.9 million in the nine months ended September 30, 2024, an increase in cash provided of \$6.7 million. Of the increase, \$20.9 million was due to higher net income after adjustments to reconcile net loss to net cash provided by operating activities and \$37.2 million in unfavorable changes in working capital related to accounts payable, accrued expenses, inventories, prepaid expenses and other current assets, deferred revenue, and other current liabilities, partially offset by \$23.0 million in favorable changes in working capital related to accounts receivable, deferred costs, other assets and other liabilities in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024.

#### *Cash Flows from Investing Activities*

In the nine months ended September 30, 2025 and 2024, cash used in investing activities was \$2.3 million and \$13.9 million, respectively. The change year over year of \$11.6 million was primarily attributable to cash used of \$8.5 million for acquisition of Lindora in the prior year and the decrease in cash used to purchase property and equipment of \$1.7 million in the current year and cash received of \$2.0 million from the divestiture of CycleBar and Rumble brands in the current year.

#### *Cash Flows from Financing Activities*

In the nine months ended September 30, 2025, cash used in financing activities was \$6.6 million, compared to cash provided of \$3.7 million in the nine months ended September 30, 2024, representing a year over year deterioration of \$10.3 million. The increase in cash used was primarily attributable to net borrowings on long-term debt of \$5.8 million in the current year compared to \$20.1 million in the prior period year, a decrease in cash used for payments of tax receivable agreement of \$2.3 million and a decrease in payments for distributions to Pre-IPO Members of \$6.5 million, partially offset by increased payments of \$2.3 million for taxes related to net share settlement of restricted share units in the current year.

#### **Off-Balance Sheet Arrangements**

As of September 30, 2025, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees. Our potential obligation under these agreements is approximately \$3.5 million and would only require payment upon default by the primary obligor. We determined the fair value of these guarantees at inception was not material, and as of September 30, 2025 a \$1.2 million accrual has been recorded for our potential obligation under the guaranty arrangements. See Note 16 of Notes to Condensed Consolidated Financial Statements for more information regarding these operating leases and guarantees.

In July 2022, we entered into an agreement with a third-party financing company, who provides loans to our qualified franchisees, pursuant to which we serve as guarantor for such loans. In addition, we issued a \$0.8 million standby letter of credit in connection therewith, which represents a portion of our potential aggregate liability under the guaranty. The standby letter of credit is contingent upon the failure of our franchisees to perform according to the terms of underlying contracts with the third party. We deposited cash in a restricted account as collateral for the standby letter of credit. The estimated fair value of these guarantees at inception was not material, and as of September 30, 2025, a \$0.8 million accrual has been recorded for our potential obligation under this guaranty arrangement. See Note 16 of Notes to Condensed Consolidated Financial Statements for more information.

#### **Critical Accounting Policies and Estimates**

There have been no significant changes to our critical accounting policies and estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the year ended December 31, 2024.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk represents the risk to our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily due to potential interest rate risk and potential increases in inflation. We do not hold financial instruments for trading purposes.

**Interest Rate Risk**

We are exposed to changes in interest rates as a result of the outstanding balance under our Credit Agreement. Our primary exposure is an increase in SOFR, which increases the interest rate we pay on the outstanding principal balance of our debt. The nature and amount of our long-term debt can be expected to vary as a result of future business requirements, market conditions and other factors. Any increases in our outstanding indebtedness will amplify the effects of increased interest rates.

As of September 30, 2025, the outstanding principal balance, net of exit fee, of \$369.2 million on the Credit Agreement was subject to variable interest rates. Based upon a sensitivity analysis, a hypothetical 1% change in interest rates on our debt outstanding would change our annual interest expense by approximately \$3.7 million.

**Foreign Currency Risk**

There was no significant foreign currency risk for the nine months ended September 30, 2025 and 2024 since we operate primarily in the United States for the periods presented. Accordingly, we believe we do not have a material exposure to foreign currency risk. We may continue to increase our international footprint, which may increase our exposure to foreign currency exchange risk.

**Inflation Risk**

As of September 30, 2025, we do not believe that inflation has had a material effect on our business, financial condition or results of operations. However, to the extent inflation results in rising interest rates and has other adverse effects on the market, it may have an adverse impact on our operating results and financial condition.

**Item 4. Controls and Procedures.****Evaluation of Disclosure Controls and Procedures**

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended as of September 30, 2025.

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2025, as a result of the material weaknesses in our internal control over financial reporting discussed in the Company's annual report on Form 10-K for the year ended December 31, 2024, our disclosure controls and procedures were not effective.

Management has concluded that, notwithstanding the material weaknesses described below, the Company's condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows as of the date, and for the periods presented, in conformity with U.S. GAAP.

**Changes in Internal Control over Financial Reporting**

Except as described in "Management's Plan for Remediation Plan Status Update" below, there have been no changes in our internal control over financial reporting during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Management's Plan for Remediation Status Update**

As previously disclosed in Item 9 of our Annual Report on Form 10-K for the year ended December 31, 2024, management identified material weaknesses in our internal control over financial reporting including that (i) we did not maintain a sufficient complement of accounting and financial reporting personnel who had appropriate levels of knowledge, experience, and training in accounting and internal control matters commensurate with the nature, growth and complexity of our business, (ii) we have deficiencies in accounting controls over the assessment of goodwill and intangibles for impairment, and (iii) we have deficiencies in accounting controls to capture the completeness of new and modified contracts on a timely basis.

As of September 30, 2025, we have made progress against the remediation plan that we previously disclosed under Part II, Item 9A. Controls and Procedures in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. While we believe that our remediation plan, once fully implemented, is sufficient to remediate the material weaknesses, such a conclusion cannot be reached until applicable controls have been designed, implemented and have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As of September 30, 2025, this evaluation remains ongoing.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The material set forth in Note 16 (pertaining to information regarding legal contingencies) of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

### **Item 1A. Risk Factors.**

The Company has included in Part 1, Item 1A of Part 1 of its Annual Report on Form 10-K for the year ended December 31, 2024, a description of certain risks and uncertainties that could affect the Company's business, future performance or financial condition (the "Risk Factors"). There have been no material changes to the Risk Factors, except as described below and as set forth in our Form 10-Q for the quarter ended March 31, 2025 under the caption Item 1.A. Risk factors, which disclosure is incorporated by reference herein. Our operations could also be affected by additional factors that are not presently known to us or by factors that we currently consider immaterial to our business.

***Disruptions in the availability of financing for current or prospective franchisees, including the current U.S. federal government shutdown, could adversely affect our business, results of operations, cash flows and financial condition.***

Any decline in the capital markets, increases in financing costs, or limits on credit availability may negatively affect the ability of current or prospective franchisees to access the financial or management resources that they need to open or continue operating the studios contemplated by their agreements with us. Franchisees generally depend upon financing from banks or other financial institutions in order to construct and open new studios and to provide working capital. The ongoing U.S. federal government shutdown has affected, and continues to affect, prospective and current franchisees' ability to secure Small Business Administration (SBA) loans, which are a common source of financing for franchisees. If there is a decline in the credit environment or if the federal government shutdown is prolonged, financing may become difficult to obtain for some or all of our current and prospective franchisees. If current or prospective franchisees face difficulty obtaining financing, the number of our franchised studios may decrease, franchise fee revenues and royalty revenues could decline and our planned growth may slow, which would negatively impact our business, results of operations, cash flows and financial condition.

The majority of new franchisees' studio development is funded by franchisee investment and, therefore, our growth strategy is dependent on the ability of franchisees or prospective franchisees to access funds to finance such development. If franchisees (or prospective franchisees) are unable to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new studios, and our future growth could be adversely affected. In addition, if we offer financing and franchisees are unable to repay the amounts borrowed, our business, results of operations, cash flows and financial condition could be adversely affected.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures.**

Not applicable.

### **Item 5. Other Information.**

None.

## Item 6. Exhibits.

| Exhibit<br>Number | Description                                                                                                                                                                                                                                                                                         |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1*              | <a href="#"><u>Description of Securities</u></a>                                                                                                                                                                                                                                                    |
| 10.1***           | <a href="#"><u>Retail Supply Agreement dated July 3, 2025, between the Company and Fit Commerce, a California Corporation (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on July 10, 2025).</u></a>                                                   |
| 10.2*             | <a href="#"><u>Ninth Amendment, dated as of July 24, 2025, to the Credit Agreement, by and among the Company, Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders party thereto, including certain entities affiliated with MSD Partners.</u></a> |
| 10.3***+          | <a href="#"><u>Employment Agreement dated July 30, 2025 between the Company and Mike Nuzzo (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 7, 2025).</u></a>                                                                                 |
| 31.1*             | <a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                      |
| 31.2*             | <a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                      |
| 32.1**            | <a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                       |
| 32.2**            | <a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                       |
| 101.INS           | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.                                                                                                                                  |
| 101.SCH           | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                                      |
| 101.CAL           | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                                        |
| 101.DEF           | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                         |
| 101.LAB           | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                                                                                                                              |
| 101.PRE           | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                                                                                       |
| 104               | Cover Page Interactive Data File (embedded within the Inline XBRL document)                                                                                                                                                                                                                         |

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* Previously filed.

+ Denotes management contract or compensatory plan, contract or arrangement.



## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Xponential Fitness, Inc.  
(Registrant)

Date: November 7, 2025

By:

/s/ John Meloun

**John Meloun**

**Chief Financial Officer**

**(Duly Authorized Officer, Principal Financial Officer and Principal  
Accounting Officer)**



## DESCRIPTION OF CAPITAL STOCK

In this exhibit, “we,” “us,” “our” and “our company” refer to Xponential Fitness, Inc.

Our authorized capital stock consists of 500,000,000 shares of Class A common stock, par value \$0.0001 per share, 500,000,000 shares of Class B common stock, par value \$0.0001 per share, and 5,000,000 shares of preferred stock, par value \$0.0001 per share, of which 200,000 shares have been designated as Series A preferred stock and 200,000 shares have been designated as Series A-1 preferred stock (which together constitute the Convertible Preferred). Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

### **Common Stock**

#### ***Class A Common Stock***

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

Our Class A common stock are not subject to further calls or assessments by us. The rights, powers and privileges of our Class A common stock are subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

#### ***Class B Common Stock***

Holders of shares of our Class B common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class B common stock do not have cumulative voting rights in the election of directors.

Except for transfers to us pursuant to the limited liability company agreement of Xponential Holdings LLC (the “Amended LLC Agreement”) or to certain permitted transferees, the holders of the limited liability company units of Xponential Holdings LLC (the “LLC Units”) are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock. Holders of shares of our Class B common stock vote together with holders of our Class A common stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

Holders of our Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of our company.

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## Preferred Stock

Unless required by law or any stock exchange, the authorized shares of preferred stock are available for issuance without further action by holders of our common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized share of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium over the market price of the shares of common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the New York Stock Exchange (“NYSE”), which would apply so long as the shares of Class A common stock remain listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or the then outstanding number of shares of Class A common stock (we believe the position of the NYSE is that the calculation in this latter case treats as outstanding shares of Class A common stock issuable upon redemption or exchange of outstanding LLC Units not held by us). These additional shares of Class A common stock may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

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One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

### ***Convertible Preferred***

#### ***Series A-1 preferred stock***

Our Series A-1 preferred stock are issued pursuant to and have the voting powers, designations, preferences and rights, and the qualifications, limitations and restrictions, set forth in the Series A-1 certificate of designations. The terms of our Series A-1 preferred stock are substantially identical to the terms of our Series A preferred stock, except that (i) our Series A preferred stock vote together with our Class A common stock on an as-converted basis, but the Series A-1 preferred stock do not vote with the common stock on an as-converted basis and (ii) our Series A preferred stock have certain board designation rights as described below, but our Series A-1 preferred stock do not have such board designation rights. When permitted under relevant antitrust restrictions, shares of our Series A-1 preferred stock will convert on a one-for-one basis to shares of voting Series A preferred stock.

#### ***Series A preferred stock***

Our Series A preferred stock are issued pursuant to and have the voting powers, designations, preferences and rights, and the qualifications, limitations and restrictions, set forth in the Series A certificate of designations. Capitalized terms used without definition under this heading “Series A preferred stock” have the meanings given to such terms under our Series A certificate of designations.

### ***Coupons***

Holders of our Series A preferred stock are entitled to quarterly coupon payments at the rate per annum of 6.50% of the Fixed Liquidation Preference per share, initially \$1,000 per share, of our Series A preferred stock (the “preferential coupon”). In the event we do not pay any preferential coupons in cash, the Fixed Liquidation Preference of the Series A preferred stock shall automatically increase at the PIK Rate of 7.50%, on a compounding basis, on the applicable coupon payment date (the “PIK coupon” and, together with the preferential coupon, the “preferred coupons”). Thereafter, the preferential coupons shall accrue and be payable on such increased Fixed Liquidation Preference and such increased Fixed Liquidation Preference shall be Fixed Liquidation Preference with respect to such Series A preferred stock.

In addition, subject to certain exceptions set forth in the certificate of designations, no dividend or distribution shall be declared or paid on our common stock or any other class or series of Junior Securities, and none of our common stock or any other class or series of Junior Securities shall be purchased, redeemed or otherwise acquired for consideration by us, unless, in each case, (x) (1) after giving pro forma effect to any such dividend or distribution, purchase, redemption or other acquisition, our Total Leverage Ratio would not exceed 6.5x on a pro forma basis, (2) our Market Capitalization, minus the amount of such dividend or distribution, purchase, redemption or other acquisition, as of such date equals or exceeds \$500.0 million and (3) no event of default under the Convertible Preferred shall have occurred and be continuing, (y) where, if holders of the Series A preferred stock participated in such dividend or distribution on an as-converted basis, such holders would receive an amount that exceeds the amount payable per annum in cash at the preferential coupon rate, such holders of Series A preferred stock participate in such dividend or distribution at an amount equal to such excess, and (z) all accumulated and unpaid preferred coupons (including any PIK coupons) for all preceding coupon periods and the then current coupon period have been and will be paid in full in cash, on all outstanding shares of Series A preferred stock.

### ***Seniority and Liquidation Preference***

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Our Series A preferred stock, with respect to dividend rights and/or distribution rights upon the liquidation, winding-up or dissolution, as applicable, ranks (i) senior to each class or series of Junior Securities (including our common stock), (ii) on parity with each class or series of Parity Securities, (iii) junior to each class or series of Senior Securities and (iv) junior to our existing and future indebtedness and other liabilities. Our Series A preferred stock has a liquidation preference equal to the greater of (x) the Fixed Liquidation Preference per share of our Series A preferred stock, plus the applicable premium (as described below) and (y) the amount such holder would be entitled to receive on an as-converted to Class A common stock basis if such holder elected to convert its Series A preferred stock, as described below, on the date of such liquidation, winding-up or dissolution, plus an amount equal to accumulated and unpaid dividends on such share, whether or not declared, to, but excluding, the date fixed for liquidation, winding-up or dissolution to be paid out of our assets legally available for distribution to our stockholders, after satisfaction of debt and other liabilities owed to our creditors and holders of shares of any Senior Securities and before any payment or distribution is made to holders of any Junior Securities, including, without limitation, our common stock.

The “applicable premium” means (i) with respect to a redemption or liquidation occurring on or prior to the fifth anniversary of the initial issuance date of the Convertible Preferred, the sum of (1) all required and unpaid preferential coupons due on the Series A preferred stock payable at the preferential coupon rate from the applicable date of redemption through the date that is five years after the initial issuance date of the Convertible Preferred plus (2) 5.0% of the Fixed Liquidation Preference of the Series A preferred stock being so redeemed and (ii) with respect to a redemption or liquidation occurring after the fifth anniversary of the initial issuance date of the Convertible Preferred, but on or prior to the sixth anniversary of the initial issuance date of the Convertible Preferred, 5.0% of the Fixed Liquidation Preference.

#### *Voting Rights; Consent Rights*

Each holder of Series A preferred stock is entitled to the whole number of votes equal to the number of whole shares of Class A common stock into which such holder’s Series A preferred stock would be convertible and shall otherwise have voting rights and consent rights per share equal to the voting rights and consent rights of our Class A common stock to the fullest extent permitted by law. Each holder of Series A preferred stock shall vote as a class with the holders of our Class A common stock as if they were a single class of securities upon any matter submitted to a vote of our stockholders, except those matters required by law or by the terms of the certificate of designations to be submitted to a class vote of the Series A preferred stock, in which case the holders of Series A preferred stock only shall vote as a separate class.

Pursuant to the certificate of designations, we will not, without the affirmative vote or consent of the holders of a majority of the outstanding shares of our Convertible Preferred at the time outstanding and entitled to vote thereon, voting together as a single class (a “holder majority”), among other things: (i) amend our organizational documents so as to authorize or create, or increase the authorized number of, any class or series of Senior Securities or Parity Securities or adversely affect the special rights, preferences or voting powers of the shares of the Convertible Preferred or impose any additional obligations on the holders of the Convertible Preferred; (ii) issue any Parity Securities or Senior Securities; (iii) make any dividends or distributions, purchase, redeem or otherwise acquire any shares of capital stock or any securities convertible into, exercisable for or exchangeable into capital stock, except as permitted under “—Coupons” above, or cause any Spin-Off to occur; (iv) enter into certain transactions with our affiliates; (v) enter into merger or consolidation transactions where either we are not the surviving entity of such transaction or the surviving entity is not organized and existing under the laws of the United States or any state thereof, the District of Columbia or any territory thereof and does not assume the Convertible Preferred; or (vi) so long as the MSD Investor and the Initial Holders continue to hold a specified amount of our Convertible Preferred, incur certain additional indebtedness or sell or dispose of any assets unless, among other things, our Total Leverage Ratio would not exceed 6.5x on a pro forma basis, our Market Capitalization equals or exceeds \$500 million on a pro forma basis and no event of default under the Convertible Preferred (other than a default in our obligation to provide information rights) has occurred and is continuing, except for dispositions of assets not exceeding \$40.0 million.

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In addition, if the MSD Investors hold shares of our Series A preferred stock, then for so long as 50% of the shares of Convertible Preferred initially issued to the MSD Investors remains outstanding and held by the MSD Investors (including any shares of Series A preferred stock issued upon conversion of Series A-1 preferred stock as described below), the MSD Investors will be entitled to elect one director to our board of directors.

#### *Redemption at our Option*

At any time after the date that is five years after the initial issue date of the Convertible Preferred until the date that is six years after the initial issue date of the Convertible Preferred, we have the right to redeem all, but not less than all, of the Series A preferred stock at a redemption price in cash equal to the product of (x) the Fixed Liquidation Preference of the Series A preferred stock then outstanding and (y) 105%, plus accumulated and unpaid dividends to, but not including, the date of redemption. At any time after the date that is six years after the initial issue date of the Convertible Preferred, we have the right to redeem all, but not less than all, of the Series A preferred stock at a redemption price in cash equal to the Fixed Liquidation Preference of the Series A preferred stock then outstanding, plus accumulated and unpaid dividends to, but not including, the date of redemption.

#### *Mandatory Redemption*

At any time after the date that is eight years after the initial issue date of the Convertible Preferred, upon a Sale of the Company or at any time after the occurrence and continuance of an event of default of the Series A preferred stock, the holders of the Series A preferred stock have the right to require us to redeem all, but not less than all, of the Series A preferred stock then outstanding at a redemption price in cash equal to the greater of (i) the fair market value per share of Series A preferred stock (based on the average volume-weighted average price per share of our Class A Common Stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the mandatory redemption notice), calculated on an as-if converted basis and (ii) the Fixed Liquidation Preference, plus accrued and unpaid dividends to, but not including, the date of redemption; provided that if a Sale of the Company occurs prior to the date that is six years after the initial issue date of the Convertible Preferred, the amount in (ii) above would also include a cash amount equal to the applicable premium.

#### *Optional Conversion*

Each holder of shares of Series A preferred stock has the option to convert its Series A preferred stock, in whole or in part at any time, into a number of shares of our Class A common stock equal to the Fixed Liquidation Preference for such shares of Series A preferred stock (plus any accrued and unpaid dividends to, but excluding, such conversion date) divided by the applicable conversion price as of the applicable conversion date.

#### *Mandatory Conversion*

If at any time, or from time to time, from and after the second anniversary, but on or prior to the third anniversary, of the initial issue date of the Convertible Preferred, the last reported sale price of our Class A common stock has equaled or exceeded 150% of the applicable conversion price for at least 20 out of any 30 consecutive trading days immediately preceding the mandatory conversion notice date, and certain conditions relating to the liquidity of our Class A common stock are met, we have the right to require the holders of Series A preferred stock to convert all, or any portion, of the outstanding Series A preferred stock into a number of shares of our Class A common stock equal to the Fixed Liquidation Preference for such shares of Series A preferred stock (plus any accrued and unpaid dividends to, but excluding, such mandatory conversion date) divided by the applicable conversion price as of the applicable mandatory conversion date.

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If at any time, or from time to time, after the third anniversary of the initial issue date of the Convertible Preferred, the last reported sale price of our Class A common stock has equaled or exceeded 125% of the applicable conversion price for at least 20 out of any 30 consecutive trading days immediately preceding the mandatory conversion notice date, and certain conditions relating to the liquidity of our Class A common stock are met, we have the right to effect a mandatory conversion of the outstanding Series A preferred stock into a number of shares of our Class A common stock equal to the Fixed Liquidation Preference for such shares of Series A preferred stock (plus any accrued and unpaid dividends to, but excluding, such mandatory conversion date) divided by the applicable conversion price as of the applicable mandatory conversion date.

In addition, at such time as any transfer, other than to certain permitted transferees, of our Series A preferred stock by an Initial Holder (or its permitted transferee) occurs, then all shares of the Series A preferred stock transferred by such Initial Holder (or its permitted transferee) will immediately and automatically upon such transfer convert on a one-for-one basis to shares of our non-voting Series A-1 preferred stock.

#### *Events of Default; Certain Remedies*

If any of the following occurs, it will be an event of default under our Series A preferred stock:

- we fail to pay the mandatory redemption price when due and such breach continues for a period of three days after written notice from the holders of our Series A preferred stock;
- we fail to issue shares of our Class A common stock upon conversion of our Series A preferred stock and such breach continues for a period of three days after written notice from the holders of our Series A preferred stock;
- we or any of our affiliates default in the performance or compliance of any term contained in the Credit Agreement or any other indebtedness in excess of \$5.0 million, which default results in an acceleration, and such acceleration shall continue unremedied after its applicable grace or cure period;
- we breach any covenant or other obligation to the holders of our Series A preferred stock contained in the certificate of designations or in any purchase agreement, subscription agreement or other agreement pursuant to which our Series A preferred stock was acquired from us, and such breach continues for a period of 20 days (or, in the case of a breach of our obligation to provide the Initial Holders with certain information rights, 30 days) after written notice from the holders of our Series A preferred stock; or
- certain bankruptcy or insolvency events involving us occur.

Upon the occurrence and during the continuation of any event of default under our Series A preferred stock, (i) the preferential coupon rate applicable to our Series A preferred stock shall immediately be increased by 10.00% per annum, and (ii) we will be required, upon the demand of the holders of our Series A preferred stock, to redeem the issued and outstanding shares of our Series A preferred stock at the mandatory redemption price plus the applicable premium (if any) payable in cash.

In addition, with respect to our Series A preferred stock only, if we fail to complete a required mandatory redemption within 30 days of the date required for redemption, and so long as such event of default with respect to such mandatory redemption is continuing, the holder majority will have the right: (i) to immediately appoint one additional individual to our board of directors, (ii) to, after such event of default has continued for six months, appoint an additional number of individuals to our board of directors such that the holder majority have the right to appoint not less than 25% of the directors to our board of directors and (iii) after such event of default has been continuing for a year, appoint an additional number of individuals to our board of directors such that the holder majority have the right to appoint not less than a majority of the directors to our board of directors.

#### *Preemptive Rights*

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If we intend to offer to sell newly issued equity or equity-linked securities to third parties, Initial Holders holding at least 50% of the shares of the Convertible Preferred initially issued to such Initial Holders on the initial issuance date of the Convertible Preferred will have the right to purchase such securities from us before we may offer them to other parties. Such preemptive rights would not apply, among other things, to issuances of securities by us in an underwritten public offering under the Securities Act or pursuant to a customary marketed Rule 144A offering under the Securities Act (or any successor rule thereto), including any related capped call, call spread or similar derivative security issued in connection therewith.

#### *Information Rights*

Each Initial Holder who owns at least 50% of the Convertible Preferred initially issued to such Initial Holder (including any shares of Series A preferred stock issued upon conversion of Series A-1 preferred stock) is entitled to certain financial information from us.

#### *Dividends*

The Delaware General Corporation Law (“DGCL”) permits a corporation to declare and pay dividends out of “surplus” or, if there is no “surplus,” out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. “Surplus” is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equal the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend is subject to the discretion of our board of directors and the rights and preferences of the Convertible Preferred under our certificate of designations.

#### *Stockholder Meetings*

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that annual stockholder meetings be held at a date, time and place, if any, as exclusively selected by our board of directors. Our amended and restated bylaws provide that special stockholder meetings may be called only by or at the direction of our board of directors, the Chairman of our board of directors or Chief Executive officer. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

#### *Transferability, Redemption and Exchange*

Under the Amended LLC Agreement, the holders of LLC Units (other than us) have the right to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends, and reclassifications) or the net proceeds from a substantially contemporaneous offering of our Class A common stock in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement.

The Amended LLC Agreement provides that, except for transfers: (i) to us, (ii) to certain permitted transferees, (iii) as a grant of a security interest in, or pledge of, LLC Units to J.P. Morgan Chase & Co. or an affiliated entity or other financial institution approved by us, or (iv) approved by us in writing, subject to certain limitations, the LLC Units may not be sold, transferred or otherwise disposed of.

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Pursuant to the purchase agreement for the Convertible Preferred, the Initial Holders may transfer all or any portion of its shares of Convertible Preferred. In addition, the Initial Holders may sell all or any portion of such shares of our Class A common stock issued to it upon conversion of the Convertible Preferred.

#### ***Other Provisions***

Neither our Class A common stock nor our Class B common stock has any preemptive or other subscription rights.

At such time when no LLC Units remain redeemable or exchangeable for shares of our Class A common stock, our Class B common stock will be cancelled.

#### ***Corporate Opportunity***

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law and subject to certain exceptions, the doctrine of “corporate opportunity” does not apply to directors, officers, stockholders or any of their respective affiliates.

#### ***Certain Certificate of Incorporation, Bylaws and Statutory Provisions***

The provisions of our certificate of incorporation and bylaws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that you might consider in your best interest, including an attempt that might result in your receipt of a premium over the market price for your shares of Class A common stock.

#### ***Anti-Takeover Effects of our Certificate of Incorporation and Bylaws***

Our amended and restated certificate of incorporation and amended and restated bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of our company unless such takeover or change in control is approved by our board of directors. These provisions include:

*Election of directors; no cumulative voting.* Our board of directors consists of between three and seven directors. The exact number of directors will be fixed from time to time by resolution of our board of directors. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting.

*Removal of directors; vacancies.* Our amended and restated certificate of incorporation provides that directors may only be removed for cause, and only by the affirmative vote of holders of at least two-thirds in voting power of all outstanding shares of common stock of our company entitled to vote thereon, voting together as a single class. Any vacancy occurring on our board of directors and any newly created directorship may be filled only by a majority of the remaining directors in office.

*Staggered board.* Our board of directors is divided into three classes serving staggered three-year terms. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of our board of directors.

*Limits on written consents.* Our amended and restated certificate of incorporation and our amended and restated bylaws provide that holders of our common stock will not be able to act by written consent without a meeting, except for any action required or permitted to be taken by the holders of Class B Common Stock.

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*Special stockholder meetings.* Our amended and restated certificate of incorporation and our amended and restated bylaws provide that special meetings of our stockholders may be called only by (i) the Chairman of our board of directors, the Vice Chairman or the Chief Executive Officer, or (ii) a majority of our directors. Our amended and restated certificate of incorporation and our amended and restated bylaws specifically deny any power of any other person to call a special meeting.

*Amendment of certificate of incorporation.* The provisions of our amended and restated certificate of incorporation described under “—Removal of directors,” “—Vacancies and Newly Created Directorships,” “—Staggered board,” “—Action by Written Consent,” “—Meetings of Stockholders,” “—Business Combinations,” “—Adoption, Amendment or Repeal of By-Laws,” “—Adoption, Amendment and Repeal of Certificate,” “—Forum for Adjudication of Disputes” and the voting thresholds described in this section may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least two-thirds in voting power of all outstanding shares of stock of our company entitled to vote thereon, voting together as a single class. The affirmative vote of holders of at least a majority of the voting power of our outstanding shares of stock is generally required to amend other provisions of our amended and restated certificate of incorporation.

*Amendment of bylaws.* Our board of directors is expressly authorized to make, alter, amend or repeal our amended and restated bylaws subject to the power of the holders of two-thirds of the voting power of our outstanding shares of voting stock, voting together as a single class, to make, alter, amend or repeal our amended and restated bylaws.

*Authorized but unissued shares.* The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing rules of the NYSE. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. See “—Preferred Stock” and “—Anti-Takeover Effects of our Certificate of Incorporation and Bylaws—Authorized but unissued shares” above.

*Business combinations with interested stockholders.* In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation’s voting stock for a period of three years following the date the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- prior to the time that such stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder) shares owned (a) by persons who are directors and also officers, and (b) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or after the time the stockholder became interested, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
  - any sale, transfer, pledge, or other disposition of 10% or more of the assets of the corporation, except proportionately as a stockholder of such corporation, to or with the interested stockholder;
  - subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation owned by the interested stockholder;
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- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges, or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with, controlling, or controlled by such entity or person.

*Exclusive forum.* Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by applicable law, the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain types of actions or proceedings under Delaware statutory or common law. The provisions of this Article 14 do not apply to claims arising under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. These exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons.

#### **Directors’ Liability; Indemnification of Directors and Officers**

Our amended and restated certificate of incorporation limits the liability of our directors to the fullest extent permitted by the DCGL. We entered into customary indemnification agreements with each of our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is Computershare Trust Company, N.A.

#### **Securities Exchange**

Our Class A common stock is listed on the NYSE under the symbol “XPOF.”

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### NINTH AMENDMENT TO FINANCING AGREEMENT

NINTH AMENDMENT TO FINANCING AGREEMENT, dated as of July 24, 2025 (this “Amendment”), to the Financing Agreement, dated as of April 19, 2021 (as amended by the First Amendment to Financing Agreement, dated as of July 27, 2021, as amended by the Second Amendment to Financing Agreement, dated as of October 8, 2021, as amended by the Third Amendment to Financing Agreement, dated as of September 30, 2022, as amended by the Fourth Amendment to Financing Agreement, dated as of January 9, 2023, as amended by the Fifth Amendment to Financing Agreement, dated as of August 3, 2023, as amended by the Sixth Amendment to Financing Agreement, dated as of February 13, 2024, as amended by the Seventh Amendment to Financing Agreement, dated as of August 23, 2024, as amended by the Eighth Amendment to Financing Agreement, dated as of March 14, 2025, and as may be further as amended, restated, supplemented or otherwise modified, the “Existing Financing Agreement”, and, the Existing Financing Agreement as amended by this Amendment, the “Financing Agreement”), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the “Parent”), Xponential Fitness LLC, a Delaware limited liability company (“XF”), each Subsidiary (as defined therein) of Parent listed as a “Borrower” on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a “Borrower” thereunder, each a “Borrower” and collectively, the “Borrowers”), each other Subsidiary of Parent listed as a “Guarantor” on the signature pages thereto (together with the Parent and each other Person that executes a joinder agreement and becomes a “Guarantor” thereunder or otherwise guaranties all or any part of the Obligations (as defined therein), each a “Guarantor” and collectively, the “Guarantors”), the lenders from time to time party thereto (each a “Lender” and collectively, the “Lenders”), Wilmington Trust, National Association (“Wilmington Trust”), as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the “Collateral Agent”) and Wilmington Trust, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the “Administrative Agent” and together with the Collateral Agent, each an “Agent” and collectively, the “Agents”). All terms used herein that are defined in the Financing Agreement and not otherwise defined herein shall have the meanings assigned to them in the Financing Agreement (as amended hereby).

WHEREAS, the Loan Parties have requested that the Agents and the Required Lenders amend the Existing Financing Agreement in certain respects to make the amendments contemplated hereby, and the Agents and the Required Lenders are agreeable to such request for amendment on and subject to the terms and conditions set forth herein, including but not limited to the payment of the 2025 Specified Dispositions Prepayment (as defined below); and

**NOW THEREFORE**, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Amendments to Existing Financing Agreement. The Existing Financing Agreement is, subject to satisfaction of each of the conditions set forth in Section 3, amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended to add the following definitions:

““2025 Specified Dispositions” means the Dispositions of Cyclebar Holdco, LLC, Cyclebar Franchising, LLC, Cyclebar Worldwide Inc., Rumble Franchise, LLC, Rumble Franchise SPV, LLC, Cyclebar Franchising SPV, LLC and/or any rights and obligations held by Xponential Fitness Brands International, LLC under contracts with any of the foregoing pursuant to the Asset Purchase Agreement (the “APA”), dated as of July 24, 2025, by and among CycleBar Holdco, LLC, a Delaware limited liability company, CycleBar Franchising SPV, LLC, a Delaware limited liability company, CycleBar Franchising, LLC, an Ohio limited liability company, XPOF Assetco, LLC, a Delaware limited liability company, Rumble Franchise, LLC, a Delaware limited liability company, Rumble Franchise SPV, LLC, a Delaware limited liability company, Xponential Fitness Brands International, LLC, a Delaware limited liability company, Extraordinary Brands, LLC, a Virginia limited liability company, EB CycleBar Franchising, LLC, a Virginia limited liability company, EB Rumble Franchising, LLC, a Virginia limited liability company and, solely for purposes of Section 5.4 and Section 7.13, Paul Flick and AE Capital, LLC, a Virginia limited liability company) (which, for the avoidance of doubt, shall include the Disposition of the Acquired Assets (as defined in the APA)).”

(b)Section 1.01 of the Financing Agreement is hereby amended to (i) delete the word “and” at the end of clause (o) of the definition of “Permitted Dispositions”, (ii) delete the “.” at the end of clause (p) of the definition of “Permitted Dispositions and substitute “; and” therefor and (iii) add the following clause (q) to the definition of “Permitted Dispositions”:

“(q) Dispositions constituting the 2025 Specified Dispositions”

(c)Section 7.02(e) of the Financing Agreement is hereby amended to (i) delete the word “and” at the end of clause (xxii) of Section 7.02(e), (ii) delete the “.” at the end of clause (xxiii) of Section 7.02(e) and substitute “; and” therefor and (iii) add the following clause (xxiv) to Section 7.02(e):

“(xxiv) seller notes and/or other indebtedness provided by a Loan Party or any of its Subsidiaries (each, a “2025 Disposition Seller Note”) to any purchaser in connection with the 2025 Specified Dispositions.”

(d)Section 7.02(u) of the Financing Agreement is hereby amended and restated in its entirety with the following:

(u) Amendments to Material Contracts. Agree to any material amendment or other material change to or material waiver of (i) any of its rights under any Material Contract in any manner that, taken as whole, would be materially adverse to the interests of any Loan Party or the Lenders, (ii) any agreement governing the 2025 Specified Disposition or (iii) any 2025 Disposition Seller Note (other than extensions of the maturity date thereunder by up to 30 days).

2.Representations and Warranties. Each Loan Party hereby jointly and severally represents and warrants to the Agents and the Lenders, as of the date hereof and Ninth Amendment Effective Date, as follows:

(a)Representations and Warranties; No Event of Default. The representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered by or on behalf of any Loan Party to any Secured Party pursuant thereto on or prior to the Ninth Amendment Effective Date are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified as to “materiality” or “Material Adverse Effect” in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to “materiality” or “Material Adverse Effect” in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), and no Default or Event of Default has occurred and is continuing as of the Ninth Amendment Effective Date or would result from this Amendment becoming effective in accordance with its terms.

(b)Authorization; Enforceability. The execution and delivery of this Amendment by each Loan Party, and the performance of the Financing Agreement, as amended hereby, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Requirement of Law or (C) any Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties other than any such Lien that constitutes a Permitted Lien, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties except, in the case of clauses (ii)(B), (ii)(C) and (iv), as could not reasonably be expected to have a Material Adverse Effect. This Amendment constitutes the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and general principles of equity.

3.Conditions Precedent to Effectiveness. This Amendment shall become effective upon the satisfaction of the following conditions (the first date upon which all such conditions shall have been satisfied being herein called the “Ninth Amendment Effective Date”):

(a)The receipt by the Agent and the Required Lenders of this Amendment, duly executed by the Loan Parties, each Agent and the Required Lenders, both before and after giving effect to the transactions contemplated hereby.

(b)The 2025 Specified Dispositions shall be consummated concurrently with the effectiveness of this Amendment.



4.Conditions Subsequent. Within five (5) Business Days of receipt of any Net Cash Proceeds by a Loan Party or any of their Subsidiaries in connection with any 2025 Specified Disposition (upon closing of such disposition or to the extent repayment of principal pursuant to a 2025 Disposition Seller Note) Borrower shall (i) prepay the Term Loans in an amount equal to the Net Cash Proceeds (for the avoidance of doubt, (x) Net Cash Proceeds shall not include any interest received by the Loan Parties or their Subsidiaries paid in connection with the 2025 Disposition Seller Note or retained revenue amounts in connection with the 2025 Specified Dispositions and (y) Net Cash Proceeds may be reduced by the amount of any deductions set forth in the definition of "Net Cash Proceeds" that were previously incurred in connection with the 2025 Specified Dispositions but not applied to a prior prepayment (including due to the amount of a prior prepayment being less than zero) received on such date, (ii) make a payment equal to the Applicable Prepayment Premium on the principal amounts repaid pursuant to clause (i) above as if such Applicable Prepayment Premium was otherwise due as of such date and (iii) pay accrued and outstanding interest on the principal amounts repaid pursuant to clause (i) above as of such date. Borrower shall provide notice of any principal prepayment described in the foregoing sentence in accordance with Section 2.05(g) of the Credit Agreement, mutatis mutandis, as if the reference therein to "Section 2.05(c)" were a reference to this Section 4 of this Amendment and any such principal prepayment shall be applied against the remaining installments of principal of the Term Loans (including the final payment of the Term Loans on the Final Maturity Date) in the inverse order of maturity. Failure to make such payments on the dates specified in this paragraph shall be an automatic Event of Default.

5.Continued Effectiveness of the Financing Agreement and Other Loan Documents. Each Loan Party hereby (i) acknowledges and consents to this Amendment, (ii) confirms and agrees that the Financing Agreement and each other Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the Ninth Amendment Effective Date all references in the Financing Agreement or any other Loan Document to "Financing Agreement", the "Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Financing Agreement shall mean the Financing Agreement as amended by this Amendment, and (iii) confirms and agrees that to the extent that the Financing Agreement or any such other Loan Document purports to assign or pledge to the Collateral Agent for the benefit of the Lenders, or to grant to the Collateral Agent for the benefit of the Lenders a security interest in or Lien on, any Collateral as security for the Obligations or Guaranteed Obligations, as the case may be, of any Loan Party from time to time existing in respect of the Financing Agreement (as amended hereby) and the other Loan Documents, such pledge, assignment and/or grant of the security interest or Lien is hereby ratified and confirmed in all respects as of the date hereof. This Amendment does not and shall not affect any of the obligations of any Loan Party, other than as expressly provided herein, including, without limitation, the Borrowers' obligation to repay the Loans in accordance with the terms of Financing Agreement, or the obligations of any other Loan Party under any Loan Document to which it is a party, all of which obligations shall remain in full force and effect. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agents or any Lender under the Financing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Financing Agreement or any other Loan Document.

6.Reaffirmation of Loan Parties. Each Loan Party hereby reaffirms its obligations under the Financing Agreement and each other Loan Document to which it is a party as of the date hereof. Each Loan Party hereby further ratifies and reaffirms as of the date hereof the validity and enforceability of all of the Liens and security interests heretofore granted by it, pursuant to and in connection with the Financing Agreement or any other Loan Document to the Agents, on behalf and for the benefit of the Agents and each Lender, as collateral security for the obligations under the Financing Agreement and the other Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged by it as security for such obligations, continues to be and remain collateral for such obligations. Although each of the Guarantors have been informed of the matters set forth herein and have acknowledged and agreed to same, each of the Guarantors understands that the Agents and the Lenders shall have no obligation to inform the Guarantors of such matters in the future or to seek the Guarantors' acknowledgement or agreement to future amendments, waivers, or modifications, and nothing herein shall create such a duty.

7.Miscellaneous.

(a)This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party may request in writing that parties delivering an executed counterpart of this Amendment by electronic mail also deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(b)Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(c)THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

(d)This Amendment constitutes a "Loan Document" under the Financing Agreement.

(e)Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(f) The Borrowers will pay (or cause to be paid) promptly upon receipt of a reasonably detailed invoice therefor, all reasonable and documented fees and out-of-pocket costs and expenses of the Agents and the Lenders in connection with the preparation, execution and delivery of this Amendment in accordance with and pursuant to Section 12.04 of the Financing Agreement, including, without limitation, reasonable and documented fees, costs and expenses of (x) Paul Hastings LLP, counsel to the Lenders and (y) Arnold & Porter Kaye Scholer LLP, counsel to the Agents.

(g) By its execution hereof, each of the Lenders party hereto, constituting the Required Lenders party to the Financing Agreement both before and after giving effect to the transaction contemplated hereby, hereby (i) authorizes and directs each Agent to (x) execute and deliver this Amendment and (y) perform its obligations hereunder, including under Section 7 hereof and (ii) acknowledges and agrees that (x) the authorization and direction in this Section 6(g) constitutes an authorization and direction from the Required Lenders under the provisions of Article X of the Financing Agreement and (y) Article X (including, for the avoidance of doubt, Sections 10.03 and 10.05 thereof) of the Financing Agreement shall apply to any and all actions taken by either Agent in accordance with such direction.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

**XPONENTIAL FITNESS LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

GUARANTORS:

**XPONENTIAL INTERMEDIATE HOLDINGS, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**CLUB PILATES FRANCHISE, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**CYCLEBAR HOLDCO, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**CYCLEBAR FRANCHISING, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

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**CYCLEBAR WORLDWIDE INC.**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**STRETCH LAB FRANCHISE, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**YOGA SIX FRANCHISE, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**AKT FRANCHISE, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**PB FRANCHISING, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

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**XPONENTIAL FITNESS BRANDS INTERNATIONAL, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**RUMBLE FRANCHISE, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**BFT FRANCHISE HOLDINGS, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**AKT FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**XPOF ASSETCO, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

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**STRETCH LAB FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**RUMBLE FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**PB FRANCHISING SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**CYCLEBAR FRANCHISING SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

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**CLUB PILATES FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**YOGA SIX FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

**BFT FRANCHISE SPV, LLC**

By: /s/ John Meloun  
Name: John Meloun  
Title: Chief Financial Officer

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ADMINISTRATIVE AGENT AND  
COLLATERAL AGENT:

**WILMINGTON TRUST, NATIONAL ASSOCIATION**, as Administrative Agent and Collateral Agent

By: /s/ Teisha Wright  
Name: Teisha Wright  
Title: Vice President

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LENDERS:

MSD Investment Corp., as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD BDC CLO I, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD PCOF PARTNERS XXXIX, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD PCOFECI2 SPV, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD PRIVATE CREDIT OPPORTUNITY MASTER (ECI) FUND, L.P., as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

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MSD SBAFLA SPV, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD BDC SPV II, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD BDC SPV I, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

MSD XPO Partners, LLC, as a Lender

By: /s/ Kenneth Gerold  
Name: Kenneth Gerold  
Title: Authorized Signatory

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LENDERS:

REDWOOD ENHANCED INCOME, CORP.,  
as a Lender

By: Redwood Capital Management, LLC, its adviser

By: /s/ Sean Sauler  
Name: Sean Sauler  
Title: Deputy CEO

REDWOOD MASTER FUND, LTD.,  
as a Lender

By: Redwood Capital Management, LLC, its investment manager

By: /s/ Sean Sauler  
Name: Sean Sauler  
Title: Deputy CEO

REDWOOD OPPORTUNITY MASTER FUND, LTD. CORP., as a Lender

By: Redwood Capital Management, LLC, its investment manager

By: /s/ Sean Sauler  
Name: Sean Sauler  
Title: Deputy CEO

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LENDERS:

DELALV Portfolios, L.L.C., as a Lender

By: /s/ Seth Charnow  
Name: Seth Charnow  
Title: Authorized Signatory

DELALV Cayman C-1, Ltd., as a Lender

By: /s/ Seth Charnow  
Name: Seth Charnow  
Title: Authorized Signatory

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mike Nuzzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xponential Fitness, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2025

By:

/s/ Mike Nuzzo  
**Mike Nuzzo**  
**Chief Executive Officer**  
(Principal Executive Officer)





**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Meloun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xponential Fitness, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2025

By:

/s/ John Meloun  
**John Meloun**  
**Chief Financial Officer**  
(Principal Financial Officer)



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xponential Fitness, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mike Nuzzo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2025

By:

/s/ Mike Nuzzo  
**Mike Nuzzo**  
**Chief Executive Officer**  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Xponential Fitness, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Meloun, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2025

By:

/s/ John Meloun  
**John Meloun**  
**Chief Financial Officer**  
(Principal Financial Officer)

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