

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

	December 31,	
	2022	2021
Assets		
Current Assets:		
Cash, cash equivalents and restricted cash	\$ 37,370	\$ 21,320
Accounts receivable, net (Note 10)	25,555	11,702
Inventories	10,864	6,928
Prepaid expenses and other current assets	6,294	5,271
Deferred costs, current portion	4,131	3,712
Notes receivable from franchisees, net (Note 10)	1,520	2,293
Total current assets	85,734	51,226
Property and equipment, net	18,524	12,773
Right-of-use assets	30,079	—
Goodwill	165,697	169,073
Intangible assets, net	137,175	136,863
Deferred costs, net of current portion	43,620	42,015
Notes receivable from franchisees, net of current portion (Note 10)	1,067	3,041
Other assets	795	553
Total assets	\$ 482,691	\$ 415,544
Liabilities, redeemable convertible preferred stock and equity (deficit)		
Current Liabilities:		
Accounts payable	\$ 16,185	\$ 14,905
Accrued expenses	12,295	21,045
Deferred revenue, current portion	31,996	22,747
Notes payable	—	983
Current portion of long-term debt	3,035	2,960
Other current liabilities	9,265	3,253
Total current liabilities	72,776	65,893
Deferred revenue, net of current portion	109,465	95,691
Contingent consideration from acquisitions (Note 17)	28,182	54,881
Long-term debt, net of current portion, discount and issuance costs	133,039	127,983
Lease liability	30,583	—
Other liabilities	8,633	4,675
Total liabilities	382,678	349,123
Commitments and contingencies (Note 17)		
Redeemable convertible preferred stock, \$0.0001 par value, 400 shares authorized, 200 shares issued and outstanding as of December 31, 2022 and 2021	308,075	276,890
Stockholders' equity (deficit):		
Undesignated preferred stock, \$0.0001 par value, 4,600 shares authorized, none issued and outstanding as of December 31, 2022 and 2021	—	—
Class A common stock, \$0.0001 par value, 500,000 shares authorized, 27,571 and 23,898 shares issued and outstanding as of December 31, 2022 and 2021, respectively	3	2
Class B common stock, \$0.0001 par value, 500,000 shares authorized, 21,647 and 22,969 shares issued, and 21,572 and 22,969 shares outstanding as of December 31, 2022 and 2021, respectively	2	2
Additional paid-in capital	505,186	—
Receivable from shareholder (Note 10)	(16,369)	(10,600)
Accumulated deficit	(641,903)	(643,833)
Treasury stock, at cost, 75 shares outstanding as of December 31, 2022, no shares outstanding as of December 31, 2021	(1,697)	—
Total stockholders' deficit attributable to Xponential Fitness, Inc.	(154,778)	(654,429)
Noncontrolling interests	(53,284)	443,960
Total stockholders' deficit	(208,062)	(210,469)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	\$ 482,691	\$ 415,544

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2022	2021	2020
Revenue, net:			
Franchise revenue	\$ 115,286	\$ 74,459	\$ 48,056
Equipment revenue	43,461	22,583	20,642
Merchandise revenue	27,073	20,140	16,648
Franchise marketing fund revenue	20,384	13,623	7,448
Other service revenue	38,750	24,274	13,798
Total revenue, net	244,954	155,079	106,592
Operating costs and expenses:			
Costs of product revenue	47,220	28,550	25,727
Costs of franchise and service revenue	18,447	12,716	8,392
Selling, general and administrative expenses (Note 10)	129,108	94,798	60,917
Depreciation and amortization	15,315	10,172	7,651
Marketing fund expense	17,290	13,044	7,101
Acquisition and transaction expenses (income)	2,438	26,618	(10,990)
Total operating costs and expenses	229,818	185,898	98,798
Operating income (loss)	15,136	(30,819)	7,794
Other (income) expense:			
Interest income	(1,805)	(1,164)	(345)
Interest expense (Note 10)	13,017	24,709	21,410
Other expense	523	—	—
Gain on debt extinguishment	—	(3,707)	—
Total other expense	11,735	19,838	21,065
Income (loss) before income taxes	3,401	(50,657)	(13,271)
Income taxes	526	783	369
Net income (loss)	2,875	(51,440)	(13,640)
Less: Net income (loss) attributable to noncontrolling interests	945	(32,611)	—
Net income (loss) attributable to Xponential Fitness, Inc.	<u>\$ 1,930</u>	<u>\$ (18,829)</u>	<u>\$ (13,640)</u>
Net loss per share of Class A common stock:			
Basic	\$ (0.87)	\$ (2.85)	N/A
Diluted	\$ (0.87)	\$ (2.85)	N/A
Weighted average shares of Class A common stock outstanding:			
Basic	25,295	22,403	N/A
Diluted	25,295	22,403	N/A

See accompanying notes to consolidated financial statements.

Xponential Fitness, Inc.
Consolidated Statements of Changes to Stockholders'/Member's Equity (Deficit)
(amounts in thousands)

	Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In Capital	Member's Contribution	Receivable from Member/Shareholder	Accumulated Deficit	Noncontrolling interests	Total Equity (Deficit)	Redeemable noncontrolling interests
	Shares	Amount	Shares	Amount	Shares	Amount							
Balance at January 1, 2020	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ 152,265	\$ (31,735)	\$ (93,852)	\$ —	\$ 26,678	\$ —
Equity-based compensation	—	—	—	—	—	—	—	1,751	—	—	—	1,751	—
Member contributions	—	—	—	—	—	—	—	32,884	—	—	—	32,884	—
Distributions to Member	—	—	—	—	—	—	—	(73,203)	—	—	—	(73,203)	—
Payment received from Member, net	—	—	—	—	—	—	—	—	30,279	—	—	30,279	—
Net loss	—	—	—	—	—	—	—	—	—	(13,640)	—	(13,640)	—
Balance at December 31, 2020	—	—	—	—	—	—	—	113,697	(1,456)	(107,492)	—	4,749	—
<i>Activity prior to Reorganization Transactions and IPO</i>													
Equity-based compensation	—	—	—	—	—	—	—	708	—	—	—	708	—
Parent contribution of Rumble assets	—	—	—	—	—	—	—	20,483	—	—	—	20,483	—
Distributions to Member	—	—	—	—	—	—	—	(10,600)	—	—	—	(10,600)	—
Payment received from Member, net	—	—	—	—	—	—	—	—	1,456	—	—	1,456	—
Net loss	—	—	—	—	—	—	—	—	—	(13,342)	—	(13,342)	—
Balance prior to Reorganization Transactions and IPO	—	—	—	—	—	—	—	124,288	—	(120,834)	—	3,454	—
<i>Activity in connection with Reorganization Transactions and IPO</i>													
Effect of Reorganization Transactions	12,99		23,54		—	—	—	(124,288)	(10,600)	(202,374)	—	(337,259)	282,513
	4	1	3	2	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock at the IPO, net of underwriting and offering costs	10,00		—	—	—	—	104,387	—	—	—	—	104,388	—
Purchase of shares from LCAT shareholders	—	—	—	—	—	—	(104,387)	—	—	(46,598)	—	(150,985)	—
Issuance of Class A common stock for underwriters' option to purchase additional shares	904	—	—	—	—	—	10,116	—	—	—	—	10,116	—
Redemption of Class B shares	—	—	(750)	—	—	—	(9,000)	—	—	—	—	(9,000)	—
Balance post the Reorganization Transactions and IPO	23,89		22,79		—	—	1,116	—	(10,600)	(369,806)	—	(379,286)	282,513
	8	2	3	2	—	—	—	—	—	—	—	—	—
<i>Activity after the Reorganization Transactions and IPO but prior to the amendment of the LLC agreement</i>													
Net loss	—	—	—	—	—	—	—	—	—	(17,155)	—	(17,155)	(17,568)
Equity-based compensation	—	—	—	—	—	—	2,089	—	—	—	—	2,089	5,731
Fair value adjustment for redeemable noncontrolling interest	—	—	—	—	—	—	(2,065)	—	—	(172,385)	—	(174,450)	174,450
Removing the redeemable feature of the noncontrolling interest	—	—	—	—	—	—	—	—	—	—	445,126	445,126	(445,126)
Balance subsequent to the amendment of the LLC agreement	23,89		22,79		—	—	1,140	—	(10,600)	(559,346)	445,126	(123,676)	—
	8	2	3	2	—	—	—	—	—	—	—	—	—
<i>Activity subsequent to the amendment of the LLC agreement</i>													
Vesting of Class B shares	—	—	176	—	—	—	—	—	—	—	—	—	—
Adjustment of preferred stock to redemption value	—	—	—	—	—	—	(1,116)	—	—	(77,378)	—	(78,494)	—
Equity-based compensation	—	—	—	—	—	—	283	—	—	—	535	818	—
Payment of preferred stock dividends	—	—	—	—	—	—	(307)	—	—	(5,435)	—	(5,742)	—
Net loss	—	—	—	—	—	—	—	—	—	(1,674)	(1,701)	(3,375)	—
Balance at December 31, 2021	23,89		22,96		—	—	—	—	(10,600)	(643,833)	443,960	(210,469)	—
	8	2	9	2	—	—	—	—	—	—	—	—	—
Equity based compensation	—	—	—	—	—	—	12,925	—	—	—	12,193	25,118	—
Net income (loss)	—	—	—	—	—	—	—	—	—	1,930	945	2,875	—
Conversion of Class B shares to Class A shares	—	—	(3,30)	—	—	—	—	—	—	—	—	—	—
	—	—	3	—	—	—	—	—	—	—	(510,382)	—	—
Vesting of Class B Shares	—	—	1,981	—	—	—	—	—	—	—	—	—	—
Vesting of restricted share units, net of shares withheld for taxes	370	1	—	—	—	—	(1,909)	—	—	—	—	(1,908)	—
Loan to shareholder and accumulated interest	—	—	—	—	—	—	—	—	(5,769)	—	—	(5,769)	—
Payment of preferred stock dividend	—	—	—	—	—	—	(13,000)	—	—	—	—	(13,000)	—
Adjustment of preferred stock to redemption value	—	—	—	—	—	—	(31,185)	—	—	—	—	(31,185)	—
Settlement of contingent consideration	—	—	—	—	—	—	29,070	—	—	—	—	29,070	—
Purchase of treasury stock	—	—	—	—	75	(1,697)	(1,097)	—	—	—	—	(2,794)	—
Balance at December 31, 2022	27,57		21,64		75	(1,697)	\$ 505,186	\$ —	\$ (16,369)	\$ (641,903)	\$ (53,284)	\$ (208,062)	\$ —
	1	\$ 3	7	\$ 2	75	\$ (1,697)	\$ —	\$ —	\$ (16,369)	\$ (641,903)	\$ (53,284)	\$ (208,062)	\$ —

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	\$ 2,875	\$ (51,440)	\$ (13,640)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	15,315	10,172	7,651
Amortization and write off of debt issuance cost	126	5,749	3,096
Amortization and write off of discount on long-term debt	613	2,704	—
Change in contingent consideration from acquisitions	2,440	25,640	(10,990)
Amortization of right-of-use assets	2,655	—	—
Bad debt expense (recovery)	(712)	410	2,766
Equity-based compensation	29,044	9,699	1,751
Non-cash interest	(1,069)	583	1,321
Gain on debt extinguishment	—	(3,707)	—
Loss (gain) from disposal of assets	(78)	483	68
Impairment of studio assets	—	781	—
Impairment of brand assets	3,656	—	—
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(12,720)	(6,608)	2,977
Inventories	(3,936)	(768)	(1,392)
Prepaid expenses and other current assets	(1,023)	(4,220)	(2,904)
Operating lease liabilities	(2,496)	—	—
Deferred costs	(2,024)	(7,122)	(1,204)
Notes receivable, net	33	137	210
Accounts payable	469	(3,013)	1,709
Accrued expenses	(5,008)	3,596	1,914
Related party payable	—	(1)	(28)
Other current liabilities	2,226	1,449	(955)
Deferred revenue	18,223	30,011	7,005
Other assets	(240)	1	(196)
Other liabilities	3,301	(85)	113
Net cash provided by (used in) operating activities	51,670	14,451	(728)
Cash flows from investing activities:			
Purchases of property and equipment	(8,955)	(3,638)	(1,880)
Purchase of studios	—	(450)	(1,150)
Proceeds from sale of assets	65	433	58
Purchase of intangible assets	(7,177)	(1,220)	(1,010)
Notes receivable issued	(1,782)	(2,258)	(619)
Notes receivable payment received	3,236	820	—
Acquisition of businesses	—	(44,322)	—
Net cash used in investing activities	(14,613)	(50,635)	(4,601)
Cash flows from financing activities:			
Borrowings from line of credit	—	—	10,000
Payments on line of credit	—	—	(18,000)
Borrowings from long-term debt	7,425	255,980	188,665
Payments on long-term debt	(2,978)	(310,600)	(149,219)
Debt issuance costs	(55)	(996)	(5,158)
Proceeds from the issuance of Class A common stock, net of underwriting costs	—	122,016	—
Payments of costs related to IPO	—	(3,082)	—
Payments to purchase 750,000 LLC units/Class B Shares	—	(9,000)	—
Proceeds from issuance of redeemable convertible preferred stock, net of offering costs	—	198,396	—
Payment to purchase all of the shares of LCAT from LCAT shareholders	—	(144,485)	—
Payment of H&W Cash Merger Consideration	—	(11,720)	—
Payments to acquire the Preferred Units and LLC Units	—	(20,493)	—
Exchange of LLC units for Class B shares	—	2	—
Payment of preferred stock dividend and deemed dividend	(16,250)	(8,992)	—
Payment of contingent consideration	(2,190)	(12,154)	(3,250)
Payments on loans from related party (Note 10)	—	(85)	(111)
Member contributions	—	562	27,286
Payments for taxes related to net share settlement of restricted share units	(1,909)	—	—
Distributions to Member	—	(10,600)	(73,203)
Loan to shareholder (Note 10)	(5,050)	—	—
Receipts from Member, net (Note 10)	—	1,456	30,279
Net cash provided by (used in) financing activities	(21,007)	46,205	7,289
Increase in cash, cash equivalents and restricted cash	16,050	10,021	1,960
Cash, cash equivalents and restricted cash, beginning of year	21,320	11,299	9,339
Cash, cash equivalents and restricted cash, end of year	<u>\$ 37,370</u>	<u>\$ 21,320</u>	<u>\$ 11,299</u>

See accompanying notes to consolidated financial statements.