

Transcripts

Consumer

Xponential Fitness, Inc. (XPOF) Q1 2026 Earnings Call Transcript

May 07, 2026, 10:31 PM ET | Xponential Fitness, Inc. (XPOF) Stock

**SA Transcripts**

159.9K Followers

Q1: 2026-05-07 Earnings Summary

Insights



EPS of -\$0.04 **misses by \$0.17** | Revenue of \$60.71M (-21.03% Y/Y) **misses by \$3.04M**

Xponential Fitness, Inc. (XPOF) Q1 2026 Earnings Call May 7, 2026 4:30 PM EDT

Company Participants

Michael Nuzzo - CEO & Director

Robert Julian - Interim Chief Financial Officer

Conference Call Participants

Patricia Nir - ADDO Investor Relations

John Heinbockel - Guggenheim Securities, LLC, Research Division

Richard Magnusen - B. Riley Securities, Inc., Research Division

Christopher O'Cull - Stifel, Nicolaus & Company, Incorporated, Research Division

Presentation

Operator

Greetings, and welcome to the Xponential Fitness's First Quarter 2026 Earnings Call.
[Operator Instructions] As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Patricia Nir, Investor Relations. Please go ahead.

Patricia Nir

ADDO Investor Relations

Thank you, operator. Good afternoon and thank you all for joining our conference call to discuss Xponential Fitness's first quarter 2026 financial results. I am joined by Mike Nuzzo, Chief Executive Officer; and Robert Julian, Interim Chief Financial Officer. A recording of this call will be posted on the Investors section of our website at investor.xponential.com.

We remind you that during this conference call, we will make certain forward-looking statements, including discussions of our business outlook and financial projections. These forward-looking statements are based on management's current expectations and involve risks and uncertainties that could cause our actual results to differ materially from such expectations. For a more detailed description of these risks and uncertainties, please refer to our most recent annual report on Form 10-K for the year ended December 31, 2025, filed with the SEC and subsequent filings with the SEC. We assume no obligations to update the information provided on today's call, except as required by applicable law.

In addition, we will be discussing certain non-GAAP financial measures in this conference call. We use non-GAAP measures because we believe they provide useful information about our operating performance that should be considered by investors in conjunction with the GAAP measures that we provide. A reconciliation of these non-GAAP measures to comparable GAAP measures is included in the earnings release that was issued earlier today prior to this call and in the investor presentation available on our website. We are not able to provide a quantitative reconciliation of forward-looking non-GAAP measures without unreasonable efforts to the most directly comparable GAAP measures due to the high variability, complexity and low visibility with respect to certain items.

Please also note that all numbers reported in today's prepared remarks refer to global figures, unless otherwise noted. As a reminder, in order to ensure period-over-period comparability and consistent with our reporting method since IPO, we present all KPIs on a pro forma basis, meaning for the full KPI history presented, we only include brands that are under our ownership as of the current reporting period. For the period ended March 31, 2026, this includes BFT, Club Pilates, Pure Barre, StretchLab and YogaSix.

I will now turn the call over to Mike Nuzzo, CEO of Xponential Fitness.

Michael Nuzzo

CEO & Director

Thanks, Patricia. Good afternoon, and thank you all for joining us today. Before I discuss the quarter, I'd like to highlight 3 important leadership additions. During the first quarter, we welcomed Robert Julian as Interim CFO; and Erik Quade as Chief Information Officer.

Robert brings over 30 years of proven financial leadership with experience guiding high-growth consumer brands, including the RealReal, Sportsman's Warehouse and Callaway Golf. Erik brings extensive hands-on experience across the full spectrum of multisite technology disciplines, scaling enterprise capabilities for consumer brands such as Tilly's, Hot Topic and Billabong.

Finally, in mid-May, we will be welcoming Steph So as our new Chief Marketing Officer. Steph was most recently Chief Growth Officer at Shake Shack and has led brand building and performance marketing efforts in senior roles at Ralph Lauren, Estee Lauder, Shopbop and Cover FX. Collectively, these highly accomplished leaders will strengthen execution across the organization, and we are very happy to welcome them to the Xponential team.

Now I'll turn to a more detailed discussion of the quarter. In Q1, we continued focusing on operating in a more integrated way, aligning marketing, operations, technology and brand building to drive stronger performance and set the foundation for continued operational improvement. These organic growth priorities, coupled with our sustained unit expansion, established brands and industry tailwinds, highlight the potential beyond our existing platform today and position Xponential strongly for future success.

With that backdrop, an overview of Q1 is as follows. Domestically, we opened 23 net new units and internationally, we opened 17 net new units, consistent with our midpoint expectation of 160 net new openings globally for 2026. We finalized Club Pilates unit expansion deals with 2 major domestic franchisee partners, securing commitments for approximately 160 future studio openings.

Internationally, Club Pilates opened its first studios in 3 new countries: Mexico, Belgium and Thailand. We also recently finalized the development agreement in the Philippines. Overall, our Club Pilates growth pipeline remains robust, and we have an expectation to expand to over 2,100 studios domestically. Internationally, we currently have 189 open studios across 14 countries with committed licenses for more than 499 additional studios in major markets in Europe and Asia, capitalizing on the growing Pilates wave across the world.

We also see studio growth potential across our other brands, and we will provide more updates as we move through 2026. Our Q1 same-store studio sales were down 6% overall and down 4% for Club Pilates, which was a modest change from the fourth quarter decrease of 3% in Club Pilates. These sales results, while below our standard, were expected given several factors I'll discuss shortly, in addition to the challenging year-over-year comparison with Q1 2025, which included 6% total company and 9% Club Pilates same-studio sales.

Importantly, we have seen signs of stabilization as we reaffirm our 2026 guidance. Specifically, with front-loaded marketing spend in Q1, we saw paid lead growth with a combination of enhanced national and local paid marketing match efforts. While still early, we expect ongoing improved performance and continued momentum as we further enhance organic top-of-funnel member acquisition capabilities and meaningfully improve our digital experience.

Operationally, we also made progress in Q1, including the following initiatives: completed the transition to a new national marketing and digital agency with extensive expertise in the rapidly changing performance, social and AI marketing landscape. We are seeing quick improved performance in our paid performance marketing efforts, launched an automated e-mail CRM program, which is now being used across all our brands and major new member cohorts with a second phase that includes the development of member retention outreach, accelerated critical work on all our brand digital properties that I am convinced is a key element to organic growth.

Our websites, in particular, are long overdue for upgrades to design, navigation, user experience and AI SEO. Initial improvements recently completed for a pilot group of StretchLab studio microsites are yielding a high single-digit initial booking lift. Once we expand this new navigation experience to our national site and full studio chain, we anticipate it will have a real impact on StretchLab trends.

I also recently saw the new proposed Club Pilates site redesign, and it is a significant change that will position us with best-in-class fitness digital experiences. I can't wait to leverage this work for all of our brands, web, mobile and app properties. We expect it to transform our top-of-funnel experience.

Nationally, we saw the recently launched Club Pilates Circuit class gain quick adoption across our chain and popularity with members, while we will also be launching a new Y6 core class for our YogaSix brand, which incorporates elements of hot mat Pilates.

We kicked off our remodel program in Club Pilates with Pure Barre planned as a fast follow. All new Club Pilates studio openings will feature our new design experience. We meaningfully enhanced our YogaSix, Pure Barre and BFT brand assets and introductory offers across all marketing channels. Leverage the pricing work we completed in Q4 to plan actions in upcoming quarters, including targeting an inflationary price adjustment in early Q3. And we continue to expand our engagement with studio operators with our field support teams with a focus on improving lead to new member conversion. These teams are providing more hands-on support through targeted sales coaching, enhanced marketing tools and newly developed KPI dashboards.

Most importantly, this represents our scaled effort to deliver consistent in-market support, particularly for new studio openings, staff transitions and underperforming locations, which we believe will be a key driver of improved studio level performance over time. This is all positive progress, but let me talk more about our same studio sales, where we have spent considerable time focusing on the drivers of our trends.

First, importantly, our existing members are showing even more affinity and loyalty to our modalities and brand proposition. In fact, in Q1, year-over-year company-wide member retention improved 36 basis points, and March marked our best member retention month since Q1 2024. In particular, this strong member retention in Club Pilates continues to produce one of the strongest 3-year member LTV at over \$2,300. And recent surveys continue to indicate that approximately 80% of members expect to continue taking classes over the next 6 to 12 months.

Clearly, our strong member retention provides a foundation for driving organic growth. So with stronger existing member retention, we are laser-focused on accelerating top of funnel and new member conversion as the major opportunity. Here, we see the following factors at play.

First, across all our brands, we have seen lower digital traffic driven by industry-wide platform changes at Meta and Google. Meta represents a major share of our local marketing, specifically direct franchisee spend with company-approved local agency partners.

Starting in mid-2025, Meta began transitioning to Edramada. This AI-driven ad approach replaced focused audience targeting, which shifted the platform toward a more broad-based consolidated spend model. This challenged the efficacy of our structure of many distinct agency arrangements supporting individual studio markets. Essentially, we were not realizing the scale advantage with our Meta spend, and we believe this started to affect lead flow in late 2025 into 2026.

Also in the second half of 2025, organic search for us primarily Google, underwent significant AI-driven changes that have been widely reported to reduce traditional organic click-through rates across every sector by nearly 30%. Increasingly, search results now yield AI-generated content instead of clickable links or ads, a shift many of you have experienced firsthand.

Because virtually all prospective members begin their journey on our web and mobile platforms, these changes had a major impact on our organic website traffic and in turn, our new member lead generation. Second, our ability to convert new leads to members was impacted as changes to member privacy systems created confusion at the studio level and complicated lead outreach.

In addition, we had the anticipated transition period from our brand-based sales structure to our new field-based support team. The good news is that all these factors are within our control, and we are actively taking steps to address and capitalize on them.

On Meta, we are working to enhance our local account structure to better realize scale benefits from individual franchisee spend. On Google, short term, we are addressing organic traffic pressure with a more front-loaded increase in paid media spend, which you will see in our financial results, while our major planned website improvement projects across all brands will include a focus on all the ways to drive better AI SEO results. As the industry leader in the space, we expect to be at the forefront of making meaningful progress quickly.

On lead to member conversion, we have already addressed our studio system-related deficiencies created by privacy-related changes, and we are continuing to integrate our field ops team who are rolling out tools in support of driving our franchisee success. In addition, we expect that our recently launched automated e-mail program will support these efforts, and we will also evaluate other technology tools to improve introductory class booking and membership close rates.

My goal in all of this is to become best-in-class in partnering with our franchisees to generate new member lead flow, create the most seamless digital engagement and offer the best supported membership purchase process. With strong member retention as a foundation by bringing more advanced resources to lead generation with paid performance marketing, new member digital experience improvement and incremental in-studio membership conversion support, we plan to help our franchisee partners provide a best-in-class member experience.

As we look ahead, our focus is on restoring sustainable organic growth through a more disciplined and repeatable execution framework. We also remain focused on retention through ongoing class innovation, our studio remodel programs and enhanced brand positioning. And I want to thank our franchisees and studio teams for their partnership and continued focus on delivering a great member experience every day.

Finally, I would like to thank Chelsea, Jair and Bruce for their service to our Board and welcome our newest Board member, Nicole.

With that, I'll turn the call over to Robert for a review of the financials.

Robert Julian

Interim Chief Financial Officer

Thank you, Mike, and good afternoon, everyone. I'd like to begin by expressing my excitement to be stepping into the interim CFO role here at Xponential Fitness, and supporting the process for selecting and onboarding a new permanent CFO. It's been a pleasure for me to work with Mike again and to meet and work with the executive leadership team here at Xponential. Over the past couple of months, I've had the opportunity to work closely with Mike and the team here to gain a deeper understanding of the business and our financial priorities.

I look forward to leveraging my 30-plus years of financial leadership experience to support the company with disciplined financial oversight and focused execution moving forward. It's really great to be here.

I'll now turn to an overview of our first quarter performance and then discuss our 2026 guidance, which we are reaffirming. While my remarks today will be more streamlined, we encourage you to review the earnings press release and the financial overview section of the investor presentation available on our website.

I'd also like to mention that unless otherwise stated, all financial remarks refer to the first quarter of 2026, and all comparisons will be year-over-year comparisons versus the first quarter of 2025. With that, let's turn to the results.

We ended the quarter with 3,137 global open studios, opening 66 gross new studios during Q1 with 43 in North America and 23 internationally. There were 26 global studio closures in the first quarter, in line with historic trends and concentrated primarily within StretchLab, BFT and Pure Barre. Moving forward, we expect unit closure rates to decline to the low to mid-single-digit range.

We sold 28 licenses globally during Q1, including 16 internationally and 12 in North America. In April, we completed the FDD update for the 2026 cycle as part of the normal renewal process. As of March 31, 2026, we had more than 780 licenses contractually obligated to open in North America and 750 international master franchise obligations.

While we continue to pursue terminations of inactive licenses, Q1 terminations was impacted by the annual FDD renewal process, and we expect slightly higher termination revenue and EBITDA over the next couple of quarters. First quarter North America system-wide sales of \$437 million were up approximately 2% year-over-year, and same-store sales were negative 6.2%, both on a pro forma basis, adjusting for divestitures. The increase in system-wide sales was driven primarily by growth from net new studio openings.

Mike addressed in his earlier comments, the challenges around the negative same-store sales performance in Q1 and the strategic actions that we are taking to address and improve these trends moving forward.

On a consolidated basis, revenue for the quarter was \$60.7 million, down \$16.2 million or 21% compared to Q1 2025. Approximately \$6.8 million of the year-over-year decline was in equipment revenue, which is related to new studio openings and largely a timing issue. \$5.6 million of the decline is from our transition from an in-house merchandising model where we previously recorded the full value of items sold as merchandise revenue to an outsourced model under which we now record only the royalty or net profit from retail items sold on the merchandise revenue line.

Franchise revenue was down \$2.7 million versus the prior year, primarily due to a decrease in same-store sales, coupled with the brand divestitures in 2025. The remaining \$1.1 million revenue shortfall was split evenly between marketing fund revenue and other services revenue.

Adjusted EBITDA was \$20.4 million in Q1, down \$6.9 million or 25% compared to prior year. Adjusted EBITDA margin was 34% in Q1 2026, down from 36% in the prior year period. Approximately \$2.9 million of the year-over-year decline in adjusted EBITDA is related to the timing of incremental marketing spend, net of marketing fund revenue as we front-loaded more in Q1 2026. And approximately \$2.1 million of the decline is associated with the timing of new studio openings and equipment revenue that I mentioned earlier.

Turning to the balance sheet. As of March 31, 2026, cash, cash equivalents and restricted cash were \$21.5 million, down from \$42.6 million as of March 31, 2025. During the quarter, we entered into and paid lease settlement agreements of approximately \$0.3 million. As of March 31, 2026, we had approximately \$8 million of lease liabilities remaining to be settled. We anticipate most of the remaining liabilities will be settled during the remainder of this year.

During Q1, we also paid out \$12.5 million related to our agreed settlement in the franchisee lawsuit. For the remainder of the year, we anticipate approximately \$16.4 million in additional payments related to the settlement of both the franchisee and FTC cases. Although we expect to fund these payments from normal operating cash flow, out of an abundance of caution, in April, we drew \$10 million on our \$25 million revolving credit facility to ensure maximum operating flexibility. This is a short-term timing issue, and we do not anticipate making further draws on the revolving line of credit this year.

We expect to pay down the line through our normal healthy cash flow generation by year-end or shortly thereafter. In the meantime, we have substantially reduced regulatory and legal uncertainty in the business.

Total long-term debt was \$523.7 million as of March 31, 2026, compared to \$379.1 million as of March 31, 2025. The increase in total long-term debt is primarily due to retiring the convertible preferred security during the fourth quarter of 2025.

Let's now discuss our outlook for 2026. Based on current business conditions and our expectations as of the date of this call, we are reiterating guidance for 2026 as follows: we expect global studios open net of closures to be in the range of 150 to 170. We expect the number of closures to be 3% to 5% of the global system this year as a percentage of total open studios.

We project North America system-wide sales to range from \$1.72 billion to \$1.80 billion. Total 2026 revenue is expected to range from \$260 million to \$270 million. Adjusted EBITDA is expected to range from \$100 million to \$110 million. This translates into 39.6% adjusted EBITDA margin at the midpoint.

In closing, we are encouraged by the early traction on the organic growth initiatives Mike outlined, and we remain focused on disciplined execution to drive more consistent performance. Our priorities are straightforward: stabilize lead generation, improve lead to member conversion, and support our franchisees and field teams with tools and operating rigor that translate into stronger studio level results.

Before opening the call to questions, I would like to note that we are actively engaged in the company's recently announced review of strategic alternatives. We will not be addressing questions regarding that initiative at this time, but we'll provide additional information on the process when appropriate.

Thank you all for your time today. We will now open the call for questions. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] The first question we have is from John Heinbockel of Guggenheim Partners.

John Heinbockel

Guggenheim Securities, LLC, Research Division

Mike, can you talk to kind of the health of the Club Pilates member base and their behavior, right, in terms of number or growth in members, packages that they're buying, visitation, speak to that. And then I guess, when do you think -- I know the comps are not going to grow very much. But when do you think you at least return to sort of a flattish trend line?

Michael Nuzzo*CEO & Director*

Yes. John, thanks for your question. Yes, I would start by saying one of the things we feel really good about around the Club Pilates business specifically is the member retention that we called out in our prepared remarks. So we've always had really strong member retention and to even have it increase in the quarter was a really good sign. We -- and that, to me, shows continued affinity and loyalty to the brand.

When we dig into our member statistics, again, we see broad-based participation in the brand. We see some really, what I would say is very good concentration in what I would call the middle age customer. And these are members that tend to be very loyal, as I said before, very high frequency. So when we were doing the pricing work, we were identifying that these members tend to come to us between 8x and 13x. And I think just under half of them are on our unlimited plan. Those are all great signs, clearly signs of a very healthy member base.

We also see it in our new studio openings. Our new studio openings continue to be really, really strong. Each cohort just seems to be getting a little bit better than the previous one. So that's what we have continued to see.

I'm also feeling better that we talked a lot about this sort of top of funnel. And I feel better that we've been able to identify it as the major opportunity in the business. We have seen better results in our paid media investment with our new agency partner, which is a really good thing. And then we've seen with very modest changes in one of our digital properties for StretchLab, we've seen better results. So this tells me that we're clearly on the right track and focusing on the top of funnel, specifically the organic traffic that comes to our digital properties is really what we need to continue to do good work around. I think we do that. We'll obviously see that return to better comp results than we had in the quarter.

John Heinbockel*Guggenheim Securities, LLC, Research Division*

All right. Maybe my follow-up is other than the timing issues around marketing and equipment, right? So that was, I guess, \$5 million in the quarter. Aside from that, what do you need to do to get to your EBITDA target for the year? Any changes? And you referenced this third quarter inflationary adjustment or something to that effect. What does that entail?

Michael Nuzzo*CEO & Director*

Yes. I'll take it in 2 parts. You're right. On the question about the expectation for full year EBITDA, we anticipated that there would be 4 -- roughly 4 things that would impact our Q1 EBITDA. One was, you called it out, front-loaded marketing spend. The second was lower terminations. That's related to the FTD renewal process that we did. Lower equipment sales. And then you know this and we knew it, obviously. We would have the toughest comparison from a comp standpoint. So we shaped the full year expectation assuming improvement in each of these line items. And most importantly, that the sales trend would improve to that negative low single-digit comp level that we use to base the guidance on. So that's obviously the focus for us.

Around the pricing question, I'll go back and talk a little bit about the work that was done there. We did a comprehensive pricing analysis in Q4. It was really helpful on a lot of levels. We're now in what I would call the planning and implementation stage related to that. I would emphasize, we are not getting aggressive around price increases. That's probably the worst thing anybody can do in the current pricing environment. The way I would think about it is this is pricing hygiene that probably should have been part of our structure and process before.

So we're looking at the pricing tiers. We have probably too many pricing tiers, and so we're going to try to narrow those down a little bit. We're going to provide some additional coaching around tier opportunities within markets. We are setting up a structure that would allow our franchise partners to do inflationary price increases. Again, we're talking modest, consistent with the market. And then we're also looking at the discounts that we provide across our business, especially when it comes to new studio openings. We were giving some pretty generous discounts, legacy founder, forever discounts, and we realized we don't have to do as much of that. So I think it's good work. I think it will benefit us, obviously, on the top line for our studios and for us. But again, I want to put it in context.

Operator

The next question we have is from Richard Magnusen of B. Riley Securities.

Richard Magnusen*B. Riley Securities, Inc., Research Division*

I just was wondering if you could provide an update and maybe more specifics on how you're using tools like maybe CRM to target specific audiences such as older adults. I think you talked a bit about that last time, but have there been any more metrics that could show a displayed improvement around conversion? Or can you provide any other results?

Michael Nuzzo

CEO & Director

Yes, Richard, thanks for the question. I guess I would say that in our switch to a new national agency, that was all part of the work that we did, which was working very closely with them to understand a lot better our target markets, our target member base and to really create assets and outbound material that would appeal to them through all of our channels.

The other piece that we've done specifically around the CRM front is we've done this national coordinated e-mail campaigns that would automate e-mails to a number of our key lead cohorts. So for example, if you fill out a lead form but don't show up for that introductory class, we're now outbounding to you to get you to come in for that class. So we're starting to see -- we're actually starting to see the conversion from some of that e-mail work, and it's going to be a huge focus for us as we go over the next couple of months.

We started to see better performance from our paid media spend. And I think we're just doing as much as we can and I think a better job of just making sure that our messaging is much more targeted to the appropriate member for our different brands because obviously a StretchLab customer is going to be a little bit different than Club Pilates and Pure Barre and YogaSix, et cetera.

Operator

The next question we have is from Chris O'Cull of Stifel.

Christopher O'Cull

Stifel, Nicolaus & Company, Incorporated, Research Division

Mike, thanks for the details regarding the Meta and Google advertising issues. And I apologize if I missed it, but do you have a time line for those issues being addressed? And I guess also, what gives you confidence that the company won't need to make additional marketing investments in the back half of the year to support lead generation?

Michael Nuzzo*CEO & Director*

Yes. Good question, Chris. You're right. I'll take the second question first. We planned heavier spend in Q1, part of Q2. We're going to have to judge based on the ROI. If we're getting some good ROI from that, that will sort of help judge how much more we spend over the back part of the year. But I would expect that middle to back part of the year, we'll start to make some meaningful progress around both the Meta and the Google issues, which will meaningfully help our organic top of funnel because we really need that to work for us.

You can't do what we do around member acquisition with just paid. There's always a big part that's organic. So fixing that is a major focus. I think we can make some really good progress over the next couple of quarters.

Christopher O'Cull*Stifel, Nicolaus & Company, Incorporated, Research Division*

Okay. And then I had a question about just franchisee consolidation that seems to be occurring across the Club Pilates system. Has the number of franchisees in that system fallen materially during the past year? And is there a goal in terms of the number of franchisees you'd like to see in that system? And then lastly, just curious how you see that impacting your ability to kind of manage and grow the brand, I would assume and make it easier.

Michael Nuzzo*CEO & Director*

Yes. Yes, we haven't -- I wouldn't characterize that we've lost a lot of franchisees from that -- from the brand at all. But what we are doing is we're fortifying our relationships with some of our larger franchisee partners. So we mentioned we completed 2 deals after the quarter. We've got another couple in the works. So those relationships with larger franchisees continue to pay dividends. They are great operating partners. They partner with us very closely around the real estate side of the business, identifying new studios, white space opportunities, fill-in opportunities. So it benefits us a lot when it comes to the growth of the brand.

However, again, I think that for that brand and the success of that brand, there will always be a mix, a mix of smaller scale franchisees and some larger franchisees. And I think the dynamics there create a really healthy overall franchise base.

Operator

The next question we have is from Arpine Kocharyan of UBS.

Unknown Analyst

This is Darren [Pelvican] on behalf of Arpine. You had previously guided to approximately a 4% decline in same-store sales continuing into the first quarter, but the actual performance appears to have come in somewhat softer than that expectation. Could you walk us through the key drivers behind this variance, particularly how much of the change was driven by pricing versus volume?

Michael Nuzzo

CEO & Director

Yes. So we guided for 2026 to a low single-digit negative comp. We -- if you take a look at the comparison to the 2025 comp performance, we knew that Q1 was going to be the biggest anniversary or anniversaring the strongest quarter from last year. So the comp performance there didn't necessarily surprise us. But I think I called out the factors. Most of it is around sort of the top of funnel. So the new member acquisition side as being the bigger contributor to it. So that will give you some insight there.

Operator

[Operator Instructions] The next question we have is from Owen Rickert of Northland Capital Markets.

Unknown Analyst

This is [Ketan] on for Owen. On the innovation side, which newer formats or studio refresh initiatives are generating the strongest early engagement from members and franchisees?

Michael Nuzzo

CEO & Director

That's a good question. I'll talk a little bit about the work that we're doing there. We just launched the Club Pilates refresh effort. So we are now engaging with franchisees around that refresh format. We're also going to utilize that for all of our new studio openings. So we're excited about it. Anytime you have a chance to go out and refresh studios, especially we've got some studios that are up in age. So I think that's going to be a really big opportunity for us.

In my past, when you do that, obviously, you don't expect there to be a big uplift, but I'm usually surprised that oftentimes, that's exactly what you see. Obviously, better member acquisition, better member retention just from having a new studio environment. So that's something we're excited about.

We're also making progress on a similar refresh program for Pure Barre. And I've seen some of the initial designs for that, and it looks great. So studio refresh is a really big focus for us.

The other thing that we're working on is in the innovation front is some new classes. So we've launched the circuit class in Club Pilates. That, at this point, is about 75% of the chain is incorporating that, which is great. And then we have new classes in both YogaSix and Pure Barre, and they will be launching and rolling out in the next couple of months.

So again, I think the more we can do to keep our brands fresh and new and changing for the members, I think the better. And it's an area that I have a lot of passion around. And I know the teams get pretty excited and the franchisees get excited to see these new elements roll out.

Operator

Ladies and gentlemen, we have reached the end of the question-and-answer session. And I would like to turn the call back to Mike Nuzzo for closing remarks.

Michael Nuzzo

CEO & Director

Yes. I wanted to thank you all for your questions and for joining us today. We appreciate the continued interest in Xponential, and we look forward to updating you on our progress as we move through the year. Thank you.

Operator

That concludes today's conference. Thank you for joining us. You may now disconnect your lines.

Read more current XPOF [analysis and news](#)

View all [earnings call transcripts](#)

Comments

Sort by

Newest



If you type a company or ETF ticker symbol in capital letters we will automatically link to the symbol page. You can remove the link by deleting the \$ in the comment.