UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

February 10, 2022
Date of Report (Date of earliest event reported)

Planet Fitness, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-37534**	**38-3942097**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

4 Liberty Lane West
Hampton, NH 03842
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: **(603) 750-0001**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**

☐ **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**

☐ **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**

☐ **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 Par Value	PLNT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

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. ☐

EXPLANATORY NOTE

This Current Report on Form 8-K/A (the "Amendment") amends the Current Report on Form 8-K previously filed by Planet Fitness, Inc. (the "Company") on February 10, 2022 (the "Initial Form 8-K") relating to the acquisition of Sunshine Fitness Growth Holdings, LLC and its subsidiaries (collectively, "Sunshine Fitness"). This Amendment files as exhibits hereto (1) the audited consolidated financial statements of Sunshine Fitness for the year ended December 31, 2021 and (2) the unaudited pro forma condensed combined financial statements of the Company for the year ended December 31, 2021, after giving effect to the acquisition of Sunshine Fitness. This Amendment should be read in conjunction with the Initial Form 8-K and the Company's other filings with the Securities and Exchange Commission. Except as provided herein, all information in the Initial Form 8-K remains unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) The audited consolidated financial statements of Sunshine Fitness for the year ended December 31, 2021 are filed as Exhibit 99.1

(b) The unaudited pro forma condensed combined financial statements of the Company for the year ended December 31, 2021 are filed as Exhibit 99.2

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Grant Thornton, LLP
99.1	Audited Consolidated Financial Statements of Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness) as of and for the year ended December 31, 2021
99.2	Unaudited Pro Forma Condensed Combined Balance sheet as of December 31, 2021 and Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2021
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL (included as Exhibit 101)

SIGNATURE

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 hereunto duly authorized.

PLANET FITNESS, INC.

By: /s/ Thomas Fitzgerald

Name: Thomas Fitzgerald
Title: Chief Financial Officer

Dated: April 26, 2022

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 12, 2022, with respect to the consolidated financial statements of Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness) included in the current report of Planet Fitness, Inc. on Form 8-K/A filed April 26, 2022. We consent to the incorporation by reference of said report in the Registration Statement of Planet Fitness, Inc. on Form S-3ASR (File No. 333-263230).

/s/ Grant Thornton LLP

Orlando, Florida
April 26, 2022

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness)

December 31, 2021

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Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Sunshine Fitness Growth Holdings, LLC and Subsidiaries

Opinion
We have audited the consolidated financial statements of Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness) (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations, changes in members' capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Grant Thornton

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Grant Thornton LLP

Orlando, Florida
April 12, 2022

Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness)

CONSOLIDATED BALANCE SHEET

December 31,

	2021
ASSETS	
Current assets	
Cash	$ 19,173,751
Other current assets	2,972,961
Total current assets	22,146,712
Property and equipment, net	
Fitness equipment	78,646,717
Leasehold improvements	102,947,294
Furniture and fixtures	6,344,837
Other equipment	6,702,449
Less: accumulated depreciation and amortization	(68,100,153)
Total property and equipment, net	126,541,144
Other assets	
Goodwill	118,390,628
Other intangible assets, net	99,600,460
Deposits	1,079,617
Total other assets	219,070,705
Total assets	$ 367,758,561
LIABILITIES AND MEMBERS' CAPITAL	
Current liabilities	
Accounts payable	$ 3,487,284
Accrued expenses	6,857,878
Deferred revenue	21,048,455
Current portion of long-term debt, net of debt discount	2,380,000
Total current liabilities	33,773,617
Deferred rent	8,078,769
Long-term debt, net of current portion and debt discount	225,497,389
Total liabilities	267,349,775
Commitments and contingencies (Note G)	
Members' capital	100,408,786
Total liabilities and members' capital	$ 367,758,561

The accompanying notes are an integral part of this consolidated financial statement.

Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness)

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31,

	2021
Net revenue	$ 172,335,736
Operating expenses	
Depreciation and amortization	39,628,915
Salaries and benefits	33,631,158
Rent	23,060,122
General and administrative	11,997,722
Club operations	14,775,224
Franchise and royalty fees	12,429,669
Advertising	13,533,176
Acquisition costs	151,667
Total operating expenses	149,207,653
Income from operations	23,128,083
Other income (expense)	
Interest expense	(13,874,576)
Interest income	79,287
Other income	136,409
Gain on disposal of property and equipment	951,134
Total other (expense)	(12,707,746)
NET INCOME	$ 10,420,337

The accompanying notes are an integral part of this consolidated financial statement.

Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness)

CONSOLIDATED STATEMENT OF MEMBERS' CAPITAL

Year ended December 31,

Balance, January 1, 2021	$ 90,138,449
Distributions to members	(150,000)
Net Income	10,420,337
Balance, December 31, 2021	$ 100,408,786

The accompanying notes are an integral part of this consolidated financial statement.

Sunshine Fitness Growth Holdings, LLC and Subsidiaries (d/b/a Planet Fitness)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31,

	2021
Cash flows from operating activities:	
Net income	$ 10,420,337
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	39,628,915
Amortization of intangible lease assets	63,209
Amortization of debt issuance costs	1,014,582
Gain on disposal of property and equipment	(951,134)
Capitalized interest	(1,383,850)
Changes in assets and liabilities:	
Other current assets	(378,111)
Accounts payable	(1,341,879)
Accrued expenses	(1,681,651)
Deferred rent	(1,062,529)
Deferred revenue	4,207,168
Net cash provided by operating activities	48,535,057
Cash flows from investing activities:	
Deposits paid	(73,277)
Purchase of property and equipment	(42,448,869)
Proceeds from sale of property and equipment	1,204,685
Payments for intangible assets	(230,000)
Net cash used in investing activities	(41,547,461)
Cash flows from financing activities:	
Repayments on long-term debt	(1,697,750)
Distributions to members	(150,000)
Net cash used in financing activities	(1,847,750)
CHANGE IN CASH	5,139,846
Cash, beginning of year	14,033,905
Cash, end of year	$ 19,173,751
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	$ 14,086,234

The accompanying notes are an integral part of this consolidated financial statement.

NOTE A - NATURE OF ORGANIZATION

Sunshine Fitness Growth Holdings, LLC (SFG) and its subsidiaries (d/b/a Planet Fitness) (collectively, the Company or we) operate franchise locations of Planet Fitness health clubs located in Florida, Georgia, Alabama, North Carolina and South Carolina. At December 31, 2021 there were 114 franchised Planet Fitness health clubs.

On November 29, 2017, TSG Consumer Partners, LLC (TSG), through a wholly owned newly formed entity, Sunshine Fitness Group Holdings, LLC (Group or Parent), acquired the majority of the equity securities of SFG.

On May 11, 2018, in connection with a debt financing with Ares Capital Corporation (Ares) as discussed further in Note D, SFG formed Sunshine Intermediate, LLC (Intermediate) and Sunshine Sub, LLC (Sub), with Sub acting as the borrower. SFG is the sole member of Intermediate and Intermediate is the sole member of Sub. All subsidiaries of SFG were reorganized as sole members of Sub.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of SFG and its subsidiaries, all of which are wholly owned, and have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant intercompany accounts and transactions between SFG and its subsidiaries have been eliminated in consolidation.

Business Combinations

The consolidated financial statements reflect the acquisition of businesses under the purchase method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations* (ASC 805), in which assets acquired and liabilities assumed are recorded at estimated fair values as of the date of acquisition.

Relevant accounting literature requires the acquiring entity in a business combination to recognize the assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose to investors and other users of the consolidated financial statements all of the information necessary to evaluate and understand the nature and financial effect of the business combination. Goodwill is recorded in a business combination to the extent the purchase price exceeds the estimated fair value of the net tangible and intangible assets acquired. If the estimated fair value of the net tangible and intangible assets acquired is in excess of the purchase price, the difference results in a bargain purchase and the acquirer shall recognize the resulting gain in earnings on the acquisition date. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which include consideration of future growth rates and margins, forecasts of new store openings, and other prospective financial information.

There were no business combinations during the year ended December 31, 2021.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or remaining lease period. Expenditures for repairs and maintenance are charged to operations as incurred. The range of useful lives is as follows:

	Years
Fitness equipment	5 - 10
Leasehold improvements	4 - 40
Furniture and fixtures	5 - 7
Other equipment	5 - 7

Depreciation and amortization of property and equipment was $23,510,544 for the year ended December 31, 2021.

Goodwill, Other Intangible Assets, and Long-lived Assets

Goodwill and other intangible assets that arise from acquisitions are recorded in accordance with ASC Topic 350, *Intangibles—Goodwill and Other*. In accordance with this guidance, specifically identified intangible assets must be recorded as a separate asset from goodwill if either of the following two criteria is met: (1) the intangible asset acquired arises from contractual or other legal rights; or (2) the intangible asset is separable. Intangibles are typically area development agreements, franchise agreements, leaseholds, and customer relationships. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination.

The fair values of the area development and franchise rights acquired are being amortized over an estimated useful life of 10 years based upon expected cash flows to be generated from those rights over that period. The favorable or unfavorable fair values of the leaseholds acquired are amortized as an increase (if an asset) and decrease (if a liability) to rent expense over the remaining life of the related lease. The useful lives of the related leaseholds range from approximately one to 11 years. The fair values of the customer relationships acquired are being amortized over an estimated useful life of seven years based upon expected cash flows to be generated over that period.

Goodwill and indefinite-lived intangible assets are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives on a straight-line basis, and are reviewed for impairment when events or circumstances suggest that the assets may not be recoverable.

The Company performs its annual test for impairment of goodwill and indefinite lived intangible assets on December 31 of each year. The annual goodwill test begins with a qualitative assessment, where qualitative factors and their impact on critical inputs are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines an indication of impairment based on the qualitative assessment, it is required to perform a quantitative assessment. During the period presented, the Company did not need to proceed beyond the qualitative analysis, and no goodwill impairments were recorded.

For indefinite lived intangible assets, the impairment assessment consists of comparing the carrying value of the asset to its estimated fair value. To the extent that the carrying value exceeds the fair value of the

asset, an impairment is recorded to reduce the carrying value to its fair value. The Company is also permitted to make a qualitative assessment of whether it is more likely than not an indefinite lived intangible asset's fair value is less than its carrying value prior to applying the quantitative assessment. If based on the Company's qualitative assessment it is not more likely than not that the carrying value of the asset is less than its fair value, then a quantitative assessment is not required. During the period presented, the Company did not need to proceed beyond the qualitative analysis, and determined that no impairment charges were required.

The Company applies the provisions of ASC Topic 360, *Property, Plant and Equipment*, which requires that long-lived assets, including amortizable intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for impairment, then assets are required to be grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the undiscounted future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no assets that were impaired in the period presented.

Deferred Rent

Deferred rent represents provisions for future rent increases and leasehold improvement and incentives provided by the landlord. The difference between rent expense and leasehold improvement and incentives recorded and the amount paid is recorded as deferred rent liability in the accompanying consolidated balance sheets. Incentives receivable provided by landlords that have not yet been collected are classified within other current assets in the accompanying consolidated balance sheets. The deferred rent liability is amortized as a reduction of rent expense on a straight-line basis over the life of the lease.

Capitalized Interest

Interest is capitalized, up to an amount not to exceed total interest incurred, while properties are being prepared for their intended use. The capitalization period will end when the property is substantially complete and ready for its intended use. The amount of interest capitalized during an accounting period is determined by applying the Company's weighted-average interest rate on its debt to the weighted-average amount of accumulated expenditures related to the site being developed during the period of construction.

Risk and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies.

The Company's operations were impacted due to shutdowns, travel restrictions, social distancing requirements, stay at home orders and advisories and other restrictions that may be suggested or mandated by governmental authorities. The extent of the impact of the COVID-19 pandemic remains highly uncertain and difficult to predict. However, the continued spread of the virus have disrupted the Company's operations.

In response to the COVID-19 pandemic, the Company proactively closed all stores system-wide beginning in mid-March 2020, temporarily furloughed store employees while stores remained closed, suspended billing membership and annual fees while stores were closed and temporarily suspended sales and placement of equipment. The Company also took other actions, such as temporary rent deferrals and no longer prepaying rent, as additional measures to preserve cash and liquidity during closure periods. Further, the constantly evolving nature of the COVID-19 pandemic and the emergence of new variants of coronavirus, such as "Omicron," which the World Health Organization identified as a "variant of concern" in November 2021, may negatively impact our operating results in future periods. The significance of the ultimate operational and financial impact to us will depend on how long and widespread the disruptions caused by COVID-19, and the corresponding response to contain the virus and treat those affected by it, prove to be.

Revenue Recognition

The Company transitioned to FASB ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), on January 1, 2019 using the modified retrospective method. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company utilized a portfolio approach in assessing its contracts under ASC 606, due to the fact that all contracts are homogenous, short term in nature, and provide the same general terms and conditions. There was no material impact as a result of the adoption of ASC 606 on the Company's consolidated financial statements as of January 1, 2019.

The Company recognizes revenue from health club memberships that require both annual and monthly fees. The annual fees are received at the start of the membership and are recorded as a contract liability and recognized ratably over a 12-month period. The monthly fees are billed on the 17th of each month with a portion deferred until the following month, and recognized over the membership period as the stand-ready access to the health club is provided. As the Company does not perform credit checks on customers nor extends credit to customers, any uncollectible amounts or chargebacks are considered implicit price concessions, and such amounts are recorded as a direct reduction in revenue.

Buy-out fees, which are charged by the Company to the customer in the event of early termination of their membership contract, are a form of variable consideration as they are dependent on the occurrence of an early cancellation. These fees are constrained and recognized as revenue at the time the early termination occurs, due to uncertainty as to the timing of early termination of contracts.

The Company also sells Planet Fitness branded apparel, food, beverages, and other accessories. The revenue for these items is recognized at the point of sale, which is when the performance obligation is satisfied.

All revenue amounts are recorded net of applicable sales taxes.

The following table presents the Company's revenues by type disaggregated by timing of transfer of goods or services:

	2021
Health club membership revenue (over time)	$ 169,547,524
Merchandise and other revenue (point in time)	2,788,212
Total revenue	$ 172,335,736

Concentration of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk include cash. Cash includes accounts placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Company has not experienced any losses on such accounts.

Advertising

The Company expenses advertising costs as incurred. In accordance with its franchise agreements, the Company is required to pay 2% of gross revenues to a national advertising fund managed by Pla-Fit Franchise, LLC (the Franchisor). Total advertising costs incurred under these franchise agreements during the year ended December 31, 2021 amounted to $2,984,250.

Additional local advertising expenses amounted to $10,548,926 for the year ended December 31, 2021.

Franchise and Royalty Fees

The Company expenses franchise and royalty fees paid under franchise agreements as incurred. In accordance with franchise agreements, the Company also pays an initial upfront franchise fee of $20,000 upon execution of the franchise agreement, which is recorded as an intangible asset. In addition, the Company is required to pay a monthly royalty fee ranging from $500 to $10,000 per month or 7% of gross revenues. Total franchise and royalty fees incurred under these franchise agreements during the year ended December 31, 2021 amounted to $12,429,669, and are included in operating expenses in the consolidated statements of operations.

Income Taxes

SFG and its subsidiaries were formed as limited liability companies and are classified as partnerships under the provisions of the Internal Revenue Code and applicable state laws, and therefore, are not directly subject to federal or state income taxes. The results of the operations of these entities are included in the tax returns of their respective members. Accordingly, no provision for federal or state income taxes has been included in the accompanying consolidated financial statements. The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires recognition of lease assets and lease liabilities on the balance sheet of lessees. The new guidance is effective for public business entities in fiscal years beginning after December 15, 2018. The effective date for most other entities is deferred for one year, meaning that most calendar-year private companies were to be required to adopt the new standard in 2021. Early adoption is permitted for all entities. ASU 2016-02 requires a modified retrospective transition approach and provides certain optional transition relief. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides entities relief from the transition requirements in ASU 2016-02 by allowing them to elect not to recast prior comparative periods.

In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)*, delaying the implementation of ASC 842 for private companies by one year, making this provision effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU and anticipates it will have a material impact on the amount of total assets and liabilities in its consolidated financial statements, given all the club locations are presently leased.

NOTE C - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

At December 31, 2021, the Company had $118,390,628 of goodwill. Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. We do not amortize goodwill; however, we perform an annual review each year, or more frequently if indicators of potential impairment exist (i.e., that it is more likely than not that the fair value of the reporting unit is less than the carrying value), to determine if the carrying value of the recorded goodwill or indefinite lived intangible assets is impaired.

Management concluded there was no goodwill impairment for the year ended December 31, 2021.

Changes in goodwill for the year ended December 31, 2021:

	2021
Goodwill, beginning	$ 118,390,628
Activity	-
Goodwill, ending	$ 118,390,628

Area Development Agreements

The Company secures area development agreements (ADA) with the Franchisor as part of the ordinary course of business. The ADA requires the Company to open a set number of clubs in a defined geographical location within a set time frame. At December 31, 2021, the Company has ten active ADA's, which require the Company to open a set amount of new clubs through November 30, 2025. The Company is currently on schedule and plans to continue developing new clubs at the pace outlined in the ADA.

For costs incurred to acquire upfront ADA fees as part of opening new clubs, the Company defers the amount until the opening of the first club, at which time it is expensed. The costs incurred for upfront ADA fees are generally immaterial.

For costs incurred to record an ADA that is acquired in a business combination, these amounts are recorded at fair value as an intangible asset in accordance with ASC 805 and amortized over an estimated useful life of 10 years, which corresponds to the period of the ADA agreement.

Franchise Fees

The Company enters into a franchise agreement upon the opening of a club as required by the ADA and pays an upfront franchise fee. Franchise agreements acquired in a business combination are recorded at fair value as an intangible asset in accordance with ASC 805 and amortized over an estimated useful life of 10 years.

At December 31, 2021, other intangible assets, net consist of the following:

	Cost Basis	Accumulated Amortization	Net Book Value
Area development agreements	$ 100,549,000	$ (29,140,778)	$ 71,408,222
Franchise agreements	33,972,750	(14,725,308)	19,247,442
Favorable leaseholds	3,021,303	(2,185,659)	835,544
Unfavorable leaseholds	(1,896,596)	930,272	(966,324)
Customer relationships	18,890,000	(9,814,524)	9,075,476
Total	$ 154,536,457	$ (54,935,997)	$ 99,600,460

Amortization of other intangible assets was $16,118,371 for the year ended December 31, 2021. Future amortization of other intangibles is as follows as of December 31, 2021:

Years Ending December 31,	
2022	$ 16,118,573
2023	16,126,096
2024	16,004,691
2025	14,284,752
2026	13,328,416
Thereafter	23,737,932
Total	$ 99,600,460

NOTE D - LONG-TERM DEBT

On May 25, 2018, Intermediate and Sub entered into a Credit Agreement with Ares which provided the Company with a term loan of $153 million that included a Delayed Draw Term Loan (DDTL) commitment available to fund future acquisitions of up to $60 million, as well as a revolving credit line commitment of up to $10 million.

On March 18, 2019, the Company entered into Amendment No. 1 to the Credit Agreement to increase the DDTL commitment by $25 million and increase the revolving credit commitment by $10 million. Contemporaneously with this amendment, the Company drew down the DDTL in the amount of $85 million to pay for the acquisition of Anchor.

The outstanding balance on the term loan (including the DDTL commitment) as of December 31, 2021 was $230,307,500. There were no amounts outstanding under the revolving line of credit as of December 31, 2021.

Principal payments under the term loan are due quarterly, and the required principal payment is 0.25% of the total principal outstanding under the term loan at the end of each quarter, reduced by a mandatory principal payment based on excess cash flow, as defined. Interest is due monthly and is based on the one-month LIBOR rate plus 5.25% (5.75% at December 31, 2021). The revolving credit line and DDTL carries an annual unused fee of 0.5% and 1%, respectively, which is payable monthly.

The term loan, revolving credit commitment and draws under the DDTL loans mature in May 2024. Intermediate and all subsidiaries of Sub serve as guarantors under the Credit Agreement. The revolving

credit commitment permits the issuance of one or more letters of credit and the making of one or more revolving credit loans. There were no outstanding letters of credit as of December 31, 2021. The term loan, revolving credit commitment and draws under the DDTL are secured and collateralized by a first priority security interest in all of the equity interest of the Company.

The Company incurred debt issuance costs of $1,360,300 during 2019 in connection with Amendment No. 1 and issuance of the term loan. The debt issuance costs are recorded as a debt discount which reduces the loan balance and are being amortized to interest expense over the six-year term of the loan using the effective interest method. Total amortization of debt discount during the year ended December 31, 2021 was $1,014,581, and was recorded as interest expense on the accompanying consolidated statements of operations. The unamortized debt discount at December 31, 2021 was $2,430,111, respectively, and is recorded as a reduction of the term loan.

The aggregate maturities of the term loan and debt discount over future fiscal years as of December 31, 2021 are as follows:

	Term Loan	Unamortized Debt Discount	Total
2022	$ 2,380,000	$ (1,011,392)	$ 1,368,608
2023	2,380,000	(1,011,392)	1,368,608
2024	225,547,500	(407,327)	225,140,173
Total	$ 230,307,500	$ (2,430,111)	$ 227,877,389

NOTE E - MEMBERS' CAPITAL

The members of the Company conduct business under its Amended and Restated Operating Agreement (the Operating Agreement), which became effective November 29, 2017, and governs the rights and obligations of the Company and its members. The Company shall continue indefinitely unless sooner terminated as provided in the Operating Agreement.

The interests of the Company are divided into the following classes of units: Class A Preferred; Class T Common; Class F Common; and Class M Common. The Class A Preferred, Class T Common, and Class F Common classes of units are entitled to one vote per unit. Income or loss of the Company and distributions are allocated to the members in accordance with the Operating Agreement. A total of $150,000 was paid to the members for their tax withholding payments during the year ended December 31, 2021, as reported on the accompanying consolidated statements of members' capital.

The Class A Preferred units earn a preferred return, which is equal to an 8% annual return on the capital contributions of Class A Preferred members. Upon the occurrence of a financing event, as defined in the Operating Agreement, the Company shall redeem any or all outstanding Class A Preferred units at a price per unit equal to the Class A redemption price as defined in the Operating Agreement, using the proceeds of such financing event. There were no Class A preferred units outstanding as of December 31, 2021.

Class M Common units may be awarded by the Board of Managers pursuant to the 2017 Equity Incentive Plan and up to 997 Class M Common units are available for grant. The Class M Common units are considered profits interests, which are granted in exchange for services provided or to be provided to or for the benefit of the Company and are only payable upon a liquidation event, as defined. These units are non-voting and are subordinated to the Class A Preferred and Class T and F Common units and are, therefore, considered to be recognized as a profit-sharing arrangement and not a substantive class of members' capital. Class M Common units are subject to time and performance vesting conditions. Compensation

costs are not recognized until the event of a sale of the Company becomes probable. There was no compensation recorded during the year ended December 31, 2021 related to the Class M Common units. At December 31, 2021, all of the Class M Common units were issued and outstanding, and approximately 100 units vested during the year, with approximately 375 united vested as of December 31, 2021.

NOTE F - EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) retirement savings plan covering substantially all employees who have reached the age of 18 and completed one year of service, as defined. The plan provides for discretionary employer matching and profit-sharing contributions. Discretionary matching contributions amounted to approximately $290,000 during the year ended December 31, 2021. There were no discretionary profit-sharing contributions made in 2021.

NOTE G - COMMITMENTS AND CONTINGENCIES

Lease Agreements

The Company leases their club locations under operating leases expiring at various dates through 2031. Certain leases contain provisions for scheduled rent increases. The leases also typically provide for renewal options. At December 31, 2021, future minimum rental payments required under the terms of these leases are as follows:

Years Ending December 31,	
2022	$ 16,802,046
2023	16,831,312
2024	16,315,469
2025	15,076,377
2026	14,948,070
Thereafter	45,122,431
Total	$ 125,095,705

Rent expense for club locations amounted to $23,060,122 for the year ended December 31, 2021.

Contingencies

During the normal course of business, the Company may become subject to lawsuits and claims with respect to actions arising in the normal course of business. Management believes that currently any liability resulting from such lawsuits and claims will not materially affect the results, liquidity, or financial position of the Company.

NOTE H - SUBSEQUENT EVENTS

The Company evaluated its December 31, 2021 consolidated financial statements for subsequent events through April 12, 2022, the date the consolidated financial statements were available to be issued.

On January 10, 2022, the Company entered into an Equity Purchase Agreement with Planet Fitness, Inc., a Delaware corporation and Pla-Fit Holdings, LLC, a Delaware limited liability company, to sell 100% of the equity interests of the Company. The purchase price of the acquisition was approximately $800,000,000 including approximately $425,000,000 in cash consideration and approximately $375,000,000 of equity

considerations, including 517,358 shares of Class A Common Stock, par value $0,0001, of Planet Fitness Inc. and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock, par value $0.0001, of Planet Fitness, Inc. The Equity Purchase Agreement closed on February 10, 2022.

On February 10, 2022, the Company paid off the outstanding balance on the term loan (including the DDTL commitment) of $230,307,500 to Ares.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following sets forth the unaudited pro forma condensed combined financial statements (the "Pro Forma Financial Statements") of Planet Fitness, Inc. (the "Company") after giving effect to the acquisition of Sunshine Fitness Growth Holdings, LLC and its subsidiaries (collectively, "Sunshine Fitness"). On February 10, 2022, the Company and Pla-Fit Holdings, LLC (together with the Company, the "Buyers") acquired 100% of the equity interests of Sunshine Fitness, a Delaware limited liability company and Planet Fitness franchisee (the "Acquisition"). At the date of Acquisition, Sunshine Fitness operated 114 locations in Alabama, Florida, Georgia, North Carolina, and South Carolina.

The purchase price of the Acquisition was approximately $825.7 million including approximately $431.9 million in cash consideration and approximately $393.7 million of equity consideration, including 517,348 shares of Class A Common Stock, par value $0.0001, of the Company and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with an equivalent number of shares of Class B Common Stock, par value $0.0001, of the Company.

Also closing on February 10, 2022, the Company issued the Series 2022-1 Class A-2 Fixed Rate Senior Secured Notes (the "2022 Class A-2 Notes"), which consist of two tranches: the 2022 Class A-2-I Senior Secured Notes with an anticipated repayment term of five years, with an aggregate principal amount of $425.0 million and a fixed interest rate of 3.251% per annum, payable quarterly, and the 2022 Class A-2-II Senior Secured Notes with an anticipated repayment term of ten years, with an aggregate principal amount of $475.0 million and a fixed interest rate of 4.008% per annum, payable quarterly. The 2022 Class A-2 Notes were issued in a privately placed securitization transaction. In conjunction with the issuance, the Company used a portion of the net proceeds for the repayment in full of approximately $556.3 million in aggregate principal amount of the Series 2018-1 Class A-2-I Notes (together with any accrued and unpaid interest on such Series 2018-1 Class A-2-I Notes), and paid the transaction costs, funded the reserve accounts associated with the securitized financing facility and funded a portion of the Acquisition. The Acquisition of Sunshine Fitness and related refinancing are collectively referred to as the "Transaction."

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 (the "Pro Forma Statements of Operations") gives effect to the Transaction as if it were consummated on January 1, 2021. The unaudited pro forma condensed combined balance sheet as of December 31, 2021 (the "Pro Forma Balance Sheet") gives effect to the Transaction as if it were consummated on December 31, 2021. The historical consolidated financial information has been adjusted in the Pro Forma Financial Statements to reflect the pro forma impact of the Transaction. These Pro Forma Financial Statements do not include the effects of any transactions that took place subsequent to February 10, 2022.

The Pro Forma Financial Statements do not reflect any cost savings or associated costs to achieve such savings from operating efficiencies, synergies, or other restructuring that may result from the Acquisition. The Pro Forma Financial Statements are preliminary and are not necessarily indicative of the operating results or financial position that would have occurred if the Transaction had been completed on the date assumed, nor are they necessarily indicative of the future operating results or financial position of the combined company. The assumptions and estimates underlying the unaudited adjustments to the Pro Forma Financial Statements are described in the accompanying notes, which should be read together with the Pro Forma Financial Statements.

The Pro Forma Financial Statements have been derived from and should be read in conjunction with the consolidated financial statements and the related notes of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2021.

Planet Fitness, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 2021

(in thousands)	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	Planet Fitness, Inc	Sunshine Fitness			
Assets					
Current assets:					
Cash and cash equivalents	$ 545,909	$ 19,174	$ (106,133)	3(a)	$ 458,950
Restricted cash	58,032	—	4,941	3(a)	62,973
Accounts receivable, net	27,257	—	(381)	3(d)	26,876
Inventory	1,155	—	—		1,155
Prepaid expenses	12,869	2,973	—		15,842
Other receivables	13,519	—	2,936	3(c)	16,455
Income tax receivable	3,673	—	—		3,673
Total current assets	662,414	22,147	(98,637)		585,924
Property and equipment, net	173,687	126,541	26,007	3(f)	326,235
Investments, net of allowance for expected credit losses	18,760	—	—		18,760
Right-of-use assets, net	190,330	—	165,847	3(c)	356,177
Intangible assets, net	200,937	99,600	183,840	3(e)	484,377
Goodwill	228,569	118,391	331,414	3(b)	678,374
Deferred income taxes	539,264	—	(53,752)	3(g)	485,512
Other assets, net	2,022	1,079	—		3,101
Total assets	$ 2,015,983	$ 367,758	$ 554,719		$ 2,938,460
Liabilities and stockholders' deficit					
Current liabilities:					
Current maturities of long-term debt	$ 17,500	$ 2,380	$ 870	3(a)	$ 20,750
Accounts payable	27,892	3,487	(381)	3(d)	30,998
Accrued expenses	51,714	6,858	—		58,572
Equipment deposits	6,036	—	—		6,036
Deferred revenue, current	28,351	21,048	(228)	3(d)	49,171
Payable pursuant to tax benefit arrangements, current	20,302	—	—		20,302
Other current liabilities	24,815	—	18,076	3(c)	42,891
Total current liabilities	176,610	33,773	18,337		228,720
Long-term debt, net of current maturities	1,665,273	225,497	102,000	3(a)	1,992,770
Borrowings under 2018 Variable Funding Notes	75,000	—	—		75,000
Deferred rent, net of current portion	—	8,079	(8,079)	3(c)	—
Lease liabilities, net of current portion	197,682	—	150,707	3(c)	348,389
Deferred revenue, net of current portion	33,428	—	(1,567)	3(d)	31,861
Payable pursuant to tax benefit arrangements, net of current portion	507,805	—	—		507,805
Other liabilities	3,030	—	—		3,030
Total noncurrent liabilities	2,482,218	233,576	243,061		2,958,855
Stockholders' equity (deficit):					
Class A common stock	8	—	—		8
Class B common stock	1	—	—		1
Accumulated other comprehensive income	12		—		12
Additional paid in capital	63,428		390,999	3(h)	454,427
Members' equity	—	100,409	(100,409)	3(h)	—
Accumulated deficit	(708,804)	—	—		(708,804)
Total stockholders' deficit attributable to Planet Fitness, Inc.	(645,355)	100,409	290,590		(254,356)
Non-controlling interests	2,510	—	2,731	3(j)	5,241
Total stockholders' deficit	(642,845)	100,409	293,321		(249,115)
Total liabilities and stockholders' deficit	$ 2,015,983	$ 367,758	$ 554,719		$ 2,938,460

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Planet Fitness, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2021

(in thousands, except per share amounts)	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	Planet Fitness, Inc.	Sunshine Fitness			
Revenue:					
Franchise	$ 237,570	$ —	$ (14,640)	3(k)	$ 222,930
Commission income	779	—	—		779
National advertising fund revenue	52,361	—	(2,983)	3(k)	49,378
Corporate-owned stores	167,219	172,336	—		339,555
Equipment	129,094	—	(10,130)	3(k)	118,964
Total revenue	587,023	172,336	(27,753)		731,606
Operating costs and expenses:					
Cost of revenue	100,993	—	(6,356)	3(k), 3(m)	94,637
Store operations	110,716	97,429	(18,529)	3(k), 3(m)	189,616
Selling, general and administrative	94,540	12,150	—		106,690
National advertising fund expense	59,442	—	—		59,442
Depreciation and amortization	62,800	39,629	20,315	3(l)	122,744
Other loss	15,137	—	(874)	3(n)	14,263
Total operating costs and expenses	443,628	149,208	(5,444)		587,392
Income from operations	143,395	23,128	(22,309)		144,214
Other income (expense), net:					
Interest income	878	79	—		957
Interest expense	(81,211)	(13,874)	970	3(i)	(94,115)
Other income (expense), net	(11,102)	1,087	—		(10,015)
Total other expense, net	(91,435)	(12,708)	970		(103,173)
Income (expense) before income taxes	51,960	10,420	(21,339)		41,041
Equity earnings (losses) of unconsolidated entities, net of tax	(179)	—	—		(179)
Provision for income taxes	5,659	—	(2,708)	3(o)	2,951
Net income (loss)	46,122	10,420	(18,631)		37,911
Less net income attributable to non-controlling interests	3,348	—	1,997	3(p)	5,345
Net income (loss) attributable to Planet Fitness, Inc.	$ 42,774	$ 10,420	$ (20,628)		$ 32,566
Net income per share of Class A common stock:					
Basic	$ 0.51				$ 0.39
Diluted	$ 0.51				$ 0.39
Weighted-average shares of Class A common stock outstanding:					
Basic	83,296		518	3(q)	83,814
Diluted	83,894		518	3(q)	84,412

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis of presentation

The Pro Forma Financial Statements are based on historical financial statements of the entities, as adjusted to give effect to the Transaction. The Pro Forma Statements of Operations gives effect to the Transaction as if it were consummated on January 1, 2021. The Pro Forma Balance Sheet gives effect to the Transaction as if it were consummated on December 31, 2021. In addition to the historical financial statements included as an exhibit to this Form 8-K/A, the Pro Forma Financial Statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2022.

Sunshine Fitness' historical results of operations are presented in the pro forma combined condensed statement of operations for the year ended December 31, 2021, their most recent fiscal year end.

The Pro Forma Financial Statements have been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States ("U.S. GAAP"). The acquisition method of accounting is dependent upon certain valuations that are pending. The final determination of fair value of assets acquired and liabilities assumed could result in material changes from the amounts presented in these Pro Forma Financial Statements.

In order to prepare the Pro Forma Financial Statements, the Company performed a preliminary review of Sunshine Fitness' accounting policies to identify significant differences from the Company's accounting policies used to prepare its historical financial statements and no significant differences were noted. The Company will conduct an additional review of Sunshine Fitness' accounting policies to determine if differences in accounting policies require further adjustment or reclassification of their results of operations, assets or liabilities to conform to the Company's accounting policies and classifications. As a result of that review, the Company may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on its future consolidated financial statements.

The Pro Forma Financial Statements are preliminary, provided for illustrative purposes only and do not purport to represent what the combined Company's actual consolidated results of operations or consolidated financial position would have been had the Transaction occurred on the date assumed, nor are they indicative of the combined Company's future consolidated results of operations or financial position. The actual results reported in periods following the Transaction may differ significantly from those reflected in these Pro Forma Financial Statements for a number of reasons, including, but not limited to, differences between the assumptions used to prepare these Pro Forma Financial Statements and actual amounts, cost savings or associated costs to achieve such savings from operating efficiencies, synergies, or other costs that may result from the Transaction.

Note 2. Preliminary purchase price allocation

The Pro Forma Financial Statements include various assumptions, including those related to the preliminary purchase price allocations of the assets acquired and liabilities assumed of Sunshine Fitness based on preliminary estimates of fair value by management and third-party valuation experts. The final purchase price allocations may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities as well as final post-closing adjustments, if any. Accordingly, the pro forma adjustments are preliminary and may be subject to change. The preliminary estimate of goodwill related to the Acquisition is based on the excess of the estimated purchase price paid over the estimated fair market value of the identifiable assets and liabilities acquired. These estimates are preliminary and will be refined once the valuation process is completed.

The total estimated preliminary purchase price allocation of the Acquisition was $824.5 million and as a result of the Acquisition, the Company incurred an estimated preliminary loss on unfavorable reacquired franchise rights of $1.2 million. The following table summarizes the preliminary allocation of the purchase price based on the estimated fair value of the acquired assets and assumed liabilities as of December 31, 2021 (in thousands except share and per share amounts):

(in thousands)	Amount
Cash	$ 19,174
Prepaid expenses	2,973
Other receivables	2,936
Property and equipment	152,548
Right-of-use assets	165,847
Reacquired area development rights	1,440
Reacquired franchise rights	256,800
Customer relationships	25,200
Goodwill	450,441
Other assets	1,079
Deferred income taxes	(53,752)
Accounts payable	(3,487)
Accrued expenses	(6,858)
Lease liabilities	(168,783)
Deferred revenue	(21,048)
Total assets and liabilities acquired	824,510
Loss on reacquired franchise rights	1,160
Total consideration	$ 825,670

Note 3. Pro forma adjustments

The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

a. Reflects the repayment of Sunshine Fitness' existing debt by the Sellers (as defined in the Equity Purchase Agreement entered into to effect the Acquisition) in conjunction with the Acquisition and the refinancing of a portion of the Company's existing debt consisting of repayment of $556.3 million under the Company's 2018-1 4.262% Fixed Rate Senior Secured Notes, Class A-2-I and issuance of $425.0 million Series 2022-1 3.251% Fixed Rate Senior Secured Notes, Class A-2-I and $475.0 million Series 2022-1 4.008% Fixed Rate Senior Secured Notes, Class A-2-II, net of deferred financing costs of $16.2 million. As a result of the increased principal balance, the Company's restricted cash balance increased in order to service the debt. A portion of the Acquisition was funded by the net cash received from this refinancing.

b. Reflects the elimination of Sunshine Fitness' historical goodwill and the preliminary estimate of goodwill recognized as a result of the Acquisition, which represents the amount by which the estimated consideration transferred exceeds the fair value of Sunshine Fitness' assets acquired and liabilities assumed, based on the preliminary purchase price allocation.

c. As a non-public company, Sunshine Fitness was not yet required to adopt ASU 2016-02, Leases (Topic 842), requiring a lessee to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with a term of more than twelve months. As of the date of the Acquisition closing, the Company was required to account for Sunshine Fitness' leases under ASC 842. Accordingly, the Pro Forma Financial Statements have been adjusted to remove Sunshine Fitness' deferred rent balance, record an operating lease right of use asset and an operating lease liability, as well as a tenant improvement allowance receivable for those leases which contain tenant improvement allowances that have not been collected as of the date of the Acquisition.

d. The balance has been adjusted to eliminate certain intercompany assets and liabilities between the Company and Sunshine Fitness.

e. Reflects the elimination of Sunshine Fitness' historical intangible assets and the addition of intangible assets acquired by the Company as a result of the Acquisition, which are based upon a preliminary valuation by management and third-party experts.

f. Reflects the adjustment to fair value of the acquired property and equipment of Sunshine Fitness, based upon a preliminary valuation by management and third-party experts.

g. Represents deferred tax assets and liabilities created as a result of the Acquisition.

h. Represents the elimination of the historical equity of Sunshine Fitness and the issuance of Class A and Class B common shares of the Company to finance the Acquisition.

i. Represents the net decrease in interest expense as a result of the extinguishment of the historical Sunshine Fitness debt, and addition of increased debt balance from the Company's refinancing.

j. Represents an increase to non-controlling interest as a result of the issuance of both Class A and Class B common shares, which caused the non-controlling interest percentage to increase from approximately 3.5% to approximately 7.4%.

k. Includes the impact of the elimination of intercompany revenues and expenses between the Company and Sunshine Fitness.

l. Represents the elimination of historical depreciation and amortization expense of Sunshine Fitness, and addition of estimated depreciation and amortization based upon the preliminary third-party valuations of intangible assets and property and equipment resulting from the Acquisition.

m. Includes reclassification of an expense of $1.8 million from store operations to cost of revenue in order to conform Sunshine Fitness' financial statement presentation to the Company's.

n. Includes a $2.0 million gain on settlement of preexisting contractual rights partially offset by a $1.2 million loss on reacquired franchise rights as valued in the preliminary purchase price allocation.

o. Represents a net income tax benefit on the pro forma adjustments partially offset by income tax expense on income before taxes of the historical Sunshine Fitness business at the Company's blended statutory tax rate of 24.8%.

p. Represents the non-controlling interest impact of the pro forma adjustments at the non-controlling interest rate of 7.4%, the applicable rate after the impact of the issuance of shares in connection with Acquisition.

q. Represents the shares issued to the Sellers in the Acquisition, as detailed above.